United Pacific Industries

United Pacific Industries Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 176)

Websites: www.upi.com.hk, www.irasia.com/listco/hk/upi

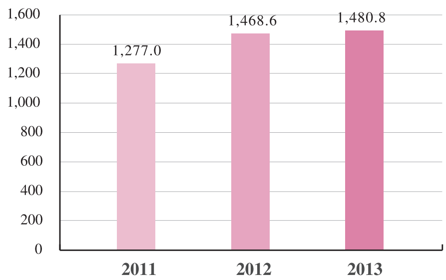
ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

FINANCIAL HIGHLIGHTS

	2013	2012	
	HK$'m	*HK$'m*	% Change
Revenue	**1,480.8**	1,468.6	+0.83%
EBIT (before restructuring and other non-operating costs and credits)	**88.2**	74.4	+18.6%
EBITDA	**109.0**	95.2	+14.5%
Profit attributable to Owners of the Company	**73.1**	60.6	+20.6%
Earnings per share (Hong Kong cents)	**7.42**	6.20	+19.7%

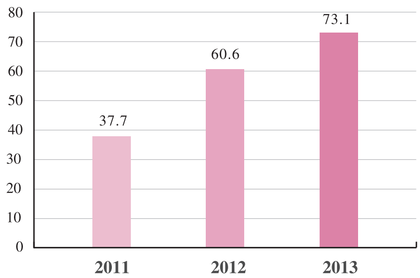
Revenue

HK$m



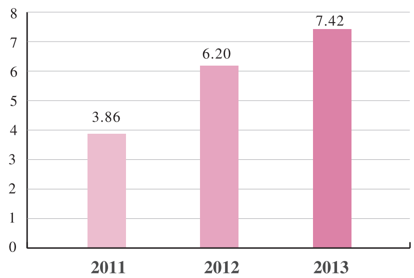
Profit Attributable to Owners of the Company

HK$m



Earnings per Share

HKcents



CHAIRMAN'S STATEMENT

To Our Shareholders,

In a difficult environment for our type of manufacturing businesses, I am pleased to report that United Pacific Industries ("UPI", the Company") has achieved a positive result for fiscal 2013. Confirming the sluggish economic backdrop mentioned in our Interim Report, our full year revenue came in at HK$1.48 billion, a minor increase of only 0.83% over last year's results. However, due to initiatives taken in earlier periods and during the year, our 2013 profit after tax was HK$73.1 million, an excellent increase of 20.6% over the same period in 2012. And, UPI's all important earnings per share was 7.42 HK cents, an increase of 19.7% over last year.

Our divisional management is to be congratulated for a year of diligent work and good results. It is important to note that, for the first time in many years, every entity in our Company was profitable this year. I am also particularly pleased that our net cash position has again increased significantly and at 30 September 2013 was HK$113.6 million.

When new management came in June 2010, UPI had a balance sheet with too much debt and the Company was losing money. Our mission at that time was to fix the balance sheet and get all continuing divisions profitable. In this sense, the two most important goals set out to be done have both been accomplished. As a result, now is an appropriate time for United Pacific Industries to consider developing a new chapter by implementing new strategies to bring better benefits to shareholders as the future unfolds.

Two items come to mind which UPI must consider in looking at ways to improve future growth and opportunities. The first is that UPI has an out-sized amount of its business in Europe, a slow growth area. The second, something we mentioned in our Interim Report, is that our largest operation, Spear & Jackson, headquartered in England, has a huge underfunded pension liability which consumes a very high percentage of its cash flow. Put together, these two items behave like an enormous brake on UPI's growth prospects. Your Board is actively looking at this situation and various ways to correct it.

In June 2013, Mr. Chan Kin Sang and Mr. Liu Ka Lim resigned from the UPI Board and in October 2013, Mr. Robert Machinist resigned from the UPI Board due to his heavy business commitments in New York. I would like to thank these fine gentlemen for their wise counsel and many contributions to our Company. All three of them remain friends to UPI and friends to me personally.

We would like to welcome Ms Nancy Hu Gin Ing, who was appointed to the UPI Board in early November 2013. Nancy, who is a Certified Public Accountant, has undergraduate and graduate degrees from universities in both Taiwan and the United States. She comes with an excellent and diverse business background and will make a fine contributing Board member.

PROSPECTS

There has been little change in world economic conditions in the last year. While improvement is happening it is spotty and at a very slow pace. We, therefore, see a continued sluggish environment for our businesses. Last year, at this time, we predicted modest growth for UPI in 2013, which, in the end, we achieved. Looking ahead to 2014, on the assumption of no dramatic strategic move, we see modest growth for UPI.

David H. Clarke
Chairman
9 December 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Despite challenging market conditions, the year ended 30 September 2013 has seen the Company maintain revenues and increase profitability. Operating profit has risen 18.6% to HK$88.2 million and earnings per share have increased 19.7% to 7.42 HK cents per share.

Financial and Operations Review

The increase in profitability experienced in fiscal 2012 has continued into the year ended 30 September 2013 where further significant profit improvements have been delivered, particularly as a result of strong operating performances in the Contract Manufacturing, Magnetic Technologies and Precision Measurement divisions.

The Consumer Electronics division has built on the increased revenues experienced in fiscal 2012 and achieved current year sales of HK$226.3 million, an increase of 13.5% over the prior year. This increase in sales has been the exception rather than the rule across our divisions as very competitive markets have seen overall sales revenues remain flat year on year.

The increase in profitability has been driven by manufacturing efficiencies and specific cost reduction initiatives implemented in the UK and Australia. Of particular significance was the performance of our PRC-based hacksaw blade manufacturing operation. In fiscal 2012, this operation encountered high scrap levels and labour inefficiencies but these problems were successfully addressed and profitability improved significantly as a result.

Elsewhere in the Tools division, soft retail demand and poor spring and summer weather adversely affected UK and French garden product sales. These shortfalls were partially compensated by good trading results from Spear & Jackson Australia, which, despite weak consumer demand, delivered a strong trading performance in fiscal 2013 driven by increased revenues and overhead savings.

The Group continues to benefit from zero gearing. Net cash generated in the year was HK$34.0 million. This inflow is stated after the inclusion of approximately HK$23.5 million of payments made to the Company's underfunded UK defined benefit pension plan in annual contributions and to the UK Pension Protection Fund in respect of annual levies.

Group Results

In the year ended 30 September 2013, United Pacific Industries Limited, ("UPI", the "Group") recorded a turnover of HK$1,480.8 million, an increase of 0.83% when compared to the turnover of HK$1,468.6 million for the year ended 30 September 2012.

In an increasingly competitive market and under difficult trading conditions, gross margins of 29.8% remained static when compared to the prior year. However, the Group's operating profit (before restructuring costs, net finance costs, share of associate's profits, other non-operating items and taxation) increased to HK$88.2 million in the year, up by HK$13.8 million, or 18.6%, over the prior year.

Consistent with the increase in operating profit, the Group's EBITDA (i.e. earnings before restructuring costs, net finance costs, share of associate's profits, other non-operating items, taxation, depreciation and amortisation) for the year under review amounted to HK$109.0 million (2012 - HK$95.2 million), an increase of HK$13.8 million, or 14.5%, over the prior year.

The Group's profit before tax was HK$100.6 million (2012 - HK$85.4 million).

The tax charge for the year ended 30 September 2013 was HK$27.5 million (2012 - HK$24.8 million).

The profit attributable to Owners of the Company was HK$73.1 million (2012 - HK$60.6 million), an increase of 20.6% compared to the prior year.

2013 earnings per share were 7.42 HK cents compared to earnings per share of 6.20 HK cents in 2012.

Divisional Results Overview

Contract Manufacturing Division (Pantene Group)

Despite promising manufacturing data from the US and Asia, there is still some uncertainty affecting confidence in the electronics sector. The overwhelming trend was one of slowing demand and this was reflected in a decrease in Pantene's revenues from its existing customer base in fiscal 2013.

Overall, Pantene's performance in 2013 was adverse to the prior year with sales being approximately 8.5% lower. Pantene faced issues such as labour shortages, worker wage increases, adverse exchange movements and electricity shortages which were all factors that drove up costs in the year.

To mitigate these cost increases, the Pantene management team worked continuously on the control of cash, expenses and the improvement of operational efficiency in order to maintain the prior year profit levels. Despite these efforts, Pantene's profit before tax fell by approximately 10% compared to fiscal 2012.

The labour and technical staff shortages referred to above are likely to continue into fiscal 2014. Another significant challenge will be the renegotiation of product pricing in a highly competitive environment where all increases are resisted. Our sales teams are working with key customers to resolve these pricing issues on as favourable terms as possible.

Based on latest sales order levels, the indications are that business is continuing to slow which will adversely affect Pantene's revenues in the first quarter of 2014. In general, fiscal 2014 is expected to be a challenging year and our sales teams are working hard on proactive marketing activity to generate new business and to find new customers. Pantene will take all measures, including cost saving, productivity improvement and the streamlining of operational efficiency to maintain profit levels and to generate increased revenues.

Tools Division

UK Tools

S&J UK (Domestic)

Despite a poor start to the garden season due to adverse weather conditions in March and April, the overall trading environment has been positive with new listings or increased sales volumes secured in most key accounts. This has driven sales growth, year on year, of approximately 6%. A key factor was the launch of the Spear & Jackson "Kew" garden tool range in March 2013 which delivered significant incremental sales in a segment of the market (independent garden centres) where previously we had poor brand representation.

Year on year sales growth came from new woodsaw and garden tools listings with major UK DIY and garden multiple retailers. Unfortunately, this positive news was diluted by sales underperformance in the independent and industrial distribution segments.

Margins remained in line with last year while cost reduction programmes implemented in the year resulted in annual overhead savings.

Business challenges were sector specific. In the DIY /Garden multiple retail sector, securing price increases from key customers was virtually impossible without triggering a full scale re-tender of the listings. Consequently, we bolstered revenues by negotiating increased listings and volumes with a more favourable sales mix.

In the Builders' Merchant and Construction sectors, we are seeing a recovery following five years of severe downturn.

In the Industrial Distribution sector, key distributors continue to pursue their own private label strategies to the detriment of heritage brands such as Eclipse and Spear & Jackson. Independent High Street retailers continue to be under pressure from major corporates who are following aggressive branch opening strategies. We do have good representation in these corporates, but the business that migrates to them is at significantly lower margins.

E-commerce, incorporating M-commerce (mobile) and 'Click and Collect', continues to be the key factor driving the strategic direction of all our big corporate customers. Most are scrambling to implement new on-line platforms compatible with smart phones in order to compete with Amazon. This enables them to reduce their store footprints and then sub-let the freed space to other non-compete retailers.

Looking ahead to fiscal 2014, additional volume has been secured for garden and other tools but, as in previous years, much will depend on favourable weather in the UK garden season.

S&J UK (Export)

Overall, export sales experienced a small decline compared to the prior year, with decreased sales in Africa and the Far East only partially compensated by an improved performance in the Middle East.

Revenues from the Far East were adverse to fiscal 2012 against a backdrop of excess inventories held by some distributors in certain territories. Sales of Eclipse products into the China domestic market exceeded expectations and we experienced strong growth in hand tools in other Far East markets. Products in the Eclipse "Workholding", "Gripping" and "Engineering" ranges all featured in this growth.

Increased costs and import restrictions into Central Africa impacted on sales during the first half of the year. We experienced a partial recovery during the second half, however market conditions remain challenging in this region. In contrast, we saw much better growth in South Africa as distributors reported growing demand for the Eclipse brand. Developing our Industrial Hand Tool range remains a key driver for business in that region.

Sales into the Americas improved during the second half of the year but still finished behind fiscal 2012. However, this is a good result considering the continuing economic pressure in the region. Capitalising on last year's initial success we continued to develop our Garden Tools business in the USA, heavily promoting the Spear & Jackson brand with specialist wholesalers in East and West Coast states. The Spear & Jackson Kew Range was particularly well received and has delivered a very encouraging order bank for the 2014 garden season. Developing distribution and sales capability in the USA remains a key objective for S&J UK (Export).

Business in the Middle East exceeded expectations with sales finishing 40% above fiscal 2012. This growth was primarily as a result of increased market penetration of the Eclipse Tools programme.

Moving into 2014, we are targeting additional growth from the launch of several new products. We will be introducing a comprehensive range of Eclipse branded jig saw blades during the first quarter to complement and further strengthen our leading position in metal cutting products. In addition, we will also be expanding our workholding and gripping product portfolios in response to customer demand.

Expansion into Asia, Middle East and USA markets remains key to our long term strategy. The Far East is a target market for growth together with the various ranges under the Eclipse Professional Tools banner. The S&J UK marketing and product management team has recently been strengthened to ensure that continuous innovation and rapid range development are maintained.

Robert Sorby

Robert Sorby is still regarded as the market leader in its niche wood-working sector. Its trade benefits from its name, quality and reputation and it has continued to profit in fiscal 2013 from the concerted effort to promote the Sorby brand.

The year saw very difficult market conditions with increasing competition typified by the closure of three customers' stores. Despite this testing market environment, Sorby's results have exceeded all expectations. It has also been an exciting year for Turners Retreat (Sorby's retail arm) with the purchase of certain of the assets of a small trading competitor which has expanded Sorby's reach into the true hobbyist market.

Jointly, Sorby and Turners have seen sales 12% up on last year and operating profit has improved significantly driven by this top-line growth. To put the results for 2013 further into context, a number of our competitors have reduced staffing and have had periods of short time working.

The new Turnmaster range has continued to perform very well and, along with the ProEdge, these two relatively new products have gone a long way to provide the success of 2013.

The outlook for 2014 is uncertain, with the main concern being a lack of new product. However, we are increasing our presence in the market place with many initiatives including demonstrations to turning clubs, hobby associations, the production of promotional videos available on CD or via YouTube, the use of Flash codes on product packaging and investing in merchandising units to ensure our product is professionally merchandised in stores across the world.

Spear & Jackson France

The business struggled in fiscal 2013 as a result of the general economic situation in France and adverse weather conditions in the early part of the year. Sales activity was particularly patchy from October 2012 to April 2013 where the company saw revenues 10% down, in Euro terms, on the comparable period in fiscal 2012. This was attributable to a significant reduction in customers visiting stores in the period combined with very rainy weather conditions during two of the three best sales months of the year.

However, in terms of the full year trading performance it is interesting to note that we maintained operating profit. This was in part due to improved trading activity from May to September where we managed to recover a part of the sales lost earlier in the year. The situation would have been much worse had it not been for gaining a private cutting tools range. At the same time, the performance of new products has done much to mitigate the loss of turnover on established products.

In addition to the soft retail environment which suppressed sales demand, we also had to face the negative impact of losing two important customers. The negative effect of this was offset by the new private label cutting tools range, referred to above, and the positive impact of new products launched in the period.

The company continues to invest significantly in new products in order to maintain sales revenues. Increasingly innovative approaches are taken. For example, the name of the St. Etienne football club has been licensed on a range of garden products. This provides us with a good image with our customers in the region where the Company is based due to the fact that the team is highly regarded because of its successful past and its Premier League status in France.

In term of operating results, the company has faced price increases from its Chinese vendors and sales price pressure from our customers in the face of competition from rival suppliers. We were able to increase some prices at the beginning of the year which has helped us to maintain margins.

The outlook for 2014 should show improvements over fiscal 2013 if weather conditions in the early part of the garden season are better than last year. We will continue to try to secure additional range listings through the major retail multiples but concerns remain, however, about the financial standing of certain customers who have experienced poor trading levels over the last six months.

Spear & Jackson Australia and New Zealand

During fiscal 2013 the Australian and New Zealand business units experienced difficult trading conditions for the second consecutive year as rising food, fuel, and utility costs and higher unemployment saw consumers cut their discretionary spend in favour of paying down debt. As a result, sales within both the DIY and industrial sectors declined. This forced retailers to discount price points to attract the available consumer dollar as well as increasing expectations from their supply base for additional promotional support. Despite these difficult trading conditions, the Australian and New Zealand business units increased fiscal 2013 sales, in local currency terms, by 2.2% when compared to the prior year, indicating that we continued to grow our sales and market share in most product categories in which we compete.

With regard to profitability, our trading margins remained under pressure from the declining AUD, retailer house brands and the increased demand from retail customers for additional price support. The effect in fiscal 2013 was a flat gross margin when compared to the prior year, despite the 2.2% increase in sales. However the overhead costs reduction program implemented at the start of fiscal 2013 offset the neutral gross margin to enable the business to achieve an overall increase in operating profit year on year.

Looking ahead to fiscal 2014, management will continue to drive incremental revenues and profit via our proven sales and new product development strategies which have delivered consistent revenue and earnings growth over the past ten years. While there is little indication that the prevailing economic conditions in either country will improve dramatically in the near term, management believes that the strength of our brands and retail offering will assist the Australian and New Zealand business units to continue to deliver improved revenues and profit performance going forward.

Precision Measurement Division

Overall, sales for the year saw a marginal increase on the previous year. The UK market was buoyant while export performance was varied; the Eurozone is still struggling to recover and domestic sales into China remained flat. The positive news for export was Bowers' performance in North America which was a record high, indicating a solid recovery in that market.

The underlying mix of the sales performance underlines the varied market conditions that we faced this year. The Machine Tool Association reported good order intake for the year in the UK with a forecast increase for 2014 and 2015. A buoyant machine tool sector is good news for measurement products as demand for high end instruments such as ours increases. The global machine tool forecast is generally positive for 2014 onwards with USA, UK and Germany leading the way. China is the main concern with little growth expected.

The main challenge in the year was to re-structure the Bowers UK manufacturing, warehouse and sales and service operation, vacating tired premises in Bordon, Hampshire. Air Gauge manufacture was moved to our group's manufacturing site in Bradford, with the warehouse and service/repair function being managed at the newly extended Burgess Hill site. Both home and export sales are now managed by a single team in excellent, newly refitted premises in a high tech industrial park in Camberley, Surrey. The premises include impressive ground floor showroom and conference facilities which will facilitate customer visits and which have already generated orders. Recruitment of new team members has been completed in an impressively short time frame and we are now looking to build experience within the newly formed export sales team.

New products unveiled at the Control Show in Stuttgart included non-contact vision systems from Baty and a new Digital Readout ("DRO") system for profile projectors. Feedback from the show was extremely positive with a significant level of interest levelled at the DRO which features an integral touch screen display and full PC capability in an industrial enclosure. Distributors were in agreement that the retrofit opportunities are significant. The finished product is due to be released for sale at the end of November.

The outlook for 2014 is mixed, with real uncertainty across much of the Eurozone. Currency exchange rates are also a factor affecting development of high growth potential markets such as India. However, with our strongest markets of the UK, USA and Germany leading the recovery in manufacturing and with steady growth predicted for the Automotive, Aerospace and Energy sectors, there are clear areas on which to focus our sales resource.

Magnetic Technologies Division

Magnetics' overall sales grew by 4% over the previous year. Improvements in the UK and in Europe on the previous year's performance were testimony to our determination to continuously improve our position and sales in all regions. This was against a market backdrop where conditions were publicised as indicating no growth in our two main sales regions of the UK and Europe.

Our Materials based business remained a firm foundation for our UK sales and brand. The start-up of a dedicated Plumbing Division with the Boilermag filter for domestic heating protection also recorded good performance for a new entrant into an established market.

Separation recorded excellent results in the UK and Europe (particularly Germany and France) with good external partners married to high quality design and product.

Filtration is our key product driver into export regions, mainly Eastern Europe and Asia. Asia saw a 68% sales improvement on the previous year and established partners in China and Thailand will develop sales increases further in the next fiscal period.

Our earnings and cash flow also benefitted from strong results in our joint venture company in Ningbo.

Our main challenges in the year were in sales resource and the potentially adverse impact of departmental changes. The Magnetics division was restructured in quarter 2 and required changes to the management structure. This reorganisation had some adverse impact on our sales team but this was successfully managed to ensure disruption was kept to a minimum and normal operational activity was restored by quarter 3. In key areas of sales we require a high level of expertise and competence to be successful and talent retention will be a key element of our success going forward.

The business launched the new product range for the domestic and industrial HVAC industry, Boilermag, in 2012. Boilermag has gained good market recognition and we expect the market to accept this range and to be able to increase sales in 2014. The Boilermag XL and XT commercial filters were also launched in 2013 and these additions to the range should provide further opportunities to grow sales.

The overall outlook for 2014 is positive and we have several areas of business that will benefit from work done in 2013. For the UK we have recruited high quality, experienced sales and management personnel to lead the sales drive of the Boilermag Heating Filters in the UK. We have also added to the team for Materials and Assemblies to gain a foothold in the high-end OEM market in the Automotive, Aerospace and Energy sectors.

Filtration systems still supply the main growth for export markets in Magnetic Technologies. Asia is key to this growth and had good repeat sales during 2013 in the automotive manufacturing sector in China. India and Thailand have established representation and opportunities with global manufacturing companies in their respective territories will provide the next raft of sales potential for 2014.

The challenge in Asia will be to build a sustainable and regular sales pattern. The larger "Capital Expenditure" level Filtration system sales with a typically long gestation period therefore need to be balanced with regular distribution sales of the basic filter product.

At our North American distribution operation, Eclipse Tools North America ("ETNA"), sales activity (especially large capital spend but also general distribution business) in both Canada and the USA started to soften in January/ February, 2013 and dramatically declined over the summer months. This was most notably felt in our sales of large filtration equipment.

Markets remain weak and to grow sales and profitability in the coming year, ETNA intends to secure new business through the introduction of new products, revive Magnetic Filtration sales, expand sales of the Eclipse Blue Range and target capital equipment sales for our Precision Measuring Range.

Consumer Electronics Division (Alford Industries)

Sales revenues for the year ended 30 September 2013 increased 13.5% over the previous financial year and achieved a profit before tax of HK$11.6 million.

The global economic environment remained challenging throughout fiscal 2013, especially in the electronics manufacturing industries. Material costs were relatively stable during the period, however several key components rose in price because of serious market shortages. Renminbi appreciation continued during the period and a further gentle uptrend in the coming year is expected.

Both labour cost and manufacturing overhead in China keep rising. This made both recruitment and retention of workers one of the major operational issues and Alford implemented a retention programme that accelerated the timing of the increase in workers' minimum wages in March 2013 by two months.

Despite all of these challenges, management has continued to mitigate cost pressure by further automation, product optimisation and process improvement. We have managed our operating costs diligently and have maintained a lean company structure so as to retain our competitiveness over rival manufacturers.

Baby monitors still represent the biggest portion of total sales revenue with the bulk of those sales exported to USA and Canada. Expansion of the sales network was achieved in this fiscal year with sales being made to South America, the Middle East as well as to other Asian countries. Currently we are now exporting to more than twenty countries in the world.

Going forward, it is anticipated that North America will remain our principal export market where baby monitoring products are widely accepted as a necessity. Sales into this sector are enhanced by our supply agreement with an internationally recognised brand.

Our principal product range of baby monitors was expanded by the launch of a pet monitor series in July 2013 and further customer expansion strategies were also realised during the year via baby monitoring and security products.

It is expected that competition in the baby monitor market will increase when several key brands enter the market next year. We anticipate that pricing pressures will intensify in quarter two of fiscal 2014 when these new entrants become more active. Alford must therefore implement strict cost control and outsourcing programmes to minimise labour and overhead costs to retain their lead EMS manufacturer role in the baby monitor field. Additionally, product range expansion in the pet monitor and pet training system markets are seen as routes for further sales expansion in the next fiscal year and as a means to support current profitability levels.

Brands

Significant emphasis within the Group's operations is focused on branding and brands strategy, principally through Spear & Jackson and its subsidiaries.

Spear & Jackson has held leading brand names in its core business since 1760. These include Eclipse, WHS Tyzack, Elliott Lucas and Spear & Jackson. Robert Sorby is a recognised specialist in marketing its wood turning tools. In France, our gardening and agricultural tools brand, Forges de Lavieu, is backed by over 100 years of quality design and manufacturing excellence.

In the Precision Measurement division, the Moore & Wright brand has been recognised for over 100 years for its traditional craftsmanship while the Bowers name has been at the forefront of international precision measuring equipment for over 50 years. The 2010 acquisition of Baty added another long-standing, quality name to the existing portfolio of brands.

Eclipse Magnetics is a recognised brand name in the UK manufacturing industry because of its long history of supplying quality magnetic tools and magnetic applications.

Liquidity and Cash Resources

The Group's net cash position at 30 September 2013, together with the prior year comparatives, is summarised as follows:

	2013	2012
	HK$million	*HK$million*
Cash and cash equivalents and pledged bank deposits	**187.6**	156.3
Less: interest-bearing bank borrowings and obligations under finance leases	**(74.0)**	(76.7)
Net cash	**113.6**	79.6
Total equity	**455.9**	381.9
Ratio of interest-bearing bank borrowings and obligations under finance leases to total equity	**16.23%**	20.08%

The working capital position of the Group remains healthy. At 30 September 2013, the liquidity ratio (ratio of current assets to current liabilities) was 219% (2012 - 213%). It is the intention of the Group to maintain an appropriate mix of equity and debt to ensure an efficient capital structure.

Cash Flow from Operating Activities

Net cash generated from operating activities was HK$57.2 million (2012 - HK$70.5 million). Contributing to the decreased 2013 cash inflow were higher pension contributions paid into the UK Retirement Benefit Plan (HK$19.1 million in 2013 compared to HK$12.2 million in 2012), working capital increases of HK$26.8 million and restructuring costs paid of HK$4.3 million, offset by higher levels of operating profit.

Cash Flow from Investing Activities

The 2013 net cash inflow from investing activities amounted to HK$1.2 million (2012 - HK$7.8 million outflow). Included in the inflow is a HK$3.7 million dividend received from our associate undertaking and HK$5.0 million in relation to the release of pledged bank deposits, offset by HK$7.8 million of property, plant and equipment purchases. The 2012 outflow included HK$8.1 million of property, plant and equipment purchases, HK$2.0 million in relation to the purchase of available-for-sale financial assets and a HK$2.7 million dividend receivable from the associate undertaking.

Cash Flow from Financing Activities

The net cash outflow from financing activities amounted to HK$21.8 million (2012 - HK$48.3 million), which includes HK$14.8 million of dividends paid. The 2012 comparative includes HK$32.0 million in relation to net decreases in bank borrowings and HK$4.9 million in relation to the payment of an interim dividend.

Capital Expenditure

Capital expenditure in the year, financed by internal resources and credit facilities, amounted to HK$10.3 million (2012 - HK$17.4 million).

Treasury Management

During the year, there was no material change in the Group's funding and treasury policy. The Group had a sufficient level of cash and banking facilities for the conduct of its trade in the normal course of business.

For exchange risk management, the Group adopted cautious financial measures to manage and minimise the exchange risk exposure and, in this regard, the Group endeavoured to match the currencies of sales with those of purchases in order to neutralise the effect of currency exposure.

It is the Group's policy not to engage in speculative activities. The management continues to actively monitor foreign exchange exposure to minimise the impact of adverse currency movements.

Major Customers and Major Suppliers

For the year under review, sales to the largest customer and the five major customers accounted for 14% and 32%, respectively, of total sales for the year.

Purchases from the largest supplier and the five largest suppliers accounted for 9% and 21%, respectively, of total purchases for the year.

As far as the Directors are aware, none of the Directors of the Company, their associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) has any interest in the customers or suppliers of the Company disclosed above other than portfolio interests.

Employees

At 30 September 2013, the Group employed 591 executive and clerical staff and 1,672 factory workers. These numbers have decreased in the year as the Group has implemented various restructuring initiatives in certain of its trading operations.

The remuneration of such staff and workers is determined by overall guidelines within the relevant industries. The Group has also adopted certain bonus programs, share option schemes, pension provision, medical and personal accident insurance and other employee welfare and benefit programs for its various categories of employees. Awards, under award programs, are determined annually based on certain criteria which relate to the performance of employees, individually, or to business divisions.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with employees.

The Group benefited from a motivated workforce and is fully committed to investing in the growth and development of its people. The Group organises training sessions in many disciplines, including SAP, for the benefit of its staff on a worldwide basis to upgrade their skills.

Prospects and Strategies

Building on the strong trading performance of fiscal 2012, further significant profit improvements were delivered in the current year, with the star performers being the Contract Manufacturing, Magnetic Technologies and Precision Measurement divisions.

Notably, a key feature of these results was the fact that, the Consumer Electronics division aside, sales revenues, overall, were flat year on year and the increase in profitability was generated by manufacturing efficiencies and specific cost reduction initiatives. Of particular significance was the performance of our PRC-based hacksaw blade manufacturing operation. In fiscal 2012, this operation encountered high scrap levels and labour inefficiencies but these problems were successfully addressed and profitability increased as a result.

Steady earnings growth has been achieved over the last four financial years and this has established a sustainable profit and cash flow base that will be a key component in supporting the Group's future growth and development strategies. It is clear, however, that to continue to secure increases in profitability, top line growth must be targeted.

In looking at ways to drive future growth and earnings opportunities, two important points need to be considered. Firstly, UPI has a significant amount of its business footprint in Europe which is a slow growth area. Secondly, our largest operation, Spear & Jackson, has a huge underfunded pension liability which consumes a very high percentage of its cash flow. Low gilt yields have driven up the plan's liabilities and introduced unwelcome volatility into not only the measurement of UPI's consolidated net assets but also, moving forward, the amounts that will have to be contributed by the Company to support the UK defined benefit pension plan.

The Group continues to benefit from zero gearing and net cash generated in the year was HK$34.0 million. This inflow is stated after the inclusion of approximately HK$23.5 million of payments made to the UK defined benefit pension plan in annual contributions and to the UK Pension Protection Fund in respect of annual levies. Given the increase in the pension deficit, these amounts are therefore highly likely to increase.

Putting the European-centric profile of the business and the pension issues together, these two items are an impediment on UPI's growth prospects and the Company's Board of Directors is actively looking at ways to address this issue. When new management came into UPI in June 2010, the aims were to strengthen the balance sheet and to return all continuing divisions to profitability. Those immediate goals have both been accomplished and now is an appropriate time for UPI to consider developing a fresh chapter by implementing new strategies to bring better benefits to shareholders in the future.

In last year's Annual Report we reported a sluggish trading environment for our businesses and there has been little change in world economic conditions in the intervening twelve months. Entering 2014, the global economic landscape is far from certain and it is clear that fragile consumer and industry confidence and softening demand are affecting a number of our operations. We are therefore likely to face continuing margin pressures as a result of labour rate increases, manpower shortages and general cost increases, together with a slowing of orders.

We believe, however, that the Group's diverse portfolio of companies with their strong asset base backed by sound cash flow will help to shield the Group from the worst effects of any adverse market changes. Assuming no significant shift in market conditions or in the Group's strategic direction, we can again see modest growth for UPI in fiscal 2014.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 12 February 2014 at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Monday, 10 February 2014 to Wednesday, 12 February 2014, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 7 February 2014.

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

The Company has not purchased, sold or redeemed any of the Company's listed securities during the year. Pantronics Holdings Limited, a subsidiary undertaking of the Company, sold 1,072,000 of the Company's ordinary shares of HK$0.10 each ("Treasury Shares") in the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct governing Directors' securities transactions. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year under review.

Employees who are likely to be in possession of inside information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance of the guidelines by employees was noted by the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors: Ms. Hu Gin Ing (Chairman), Dr. Wong Ho Ching and Mr. Ramon Sy Pascual.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the consolidated financial statements for the year ended 30 September 2013.

CORPORATE GOVERNANCE CODE

The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. Throughout the year ended 30 September 2013, the Company complied with all applicable code provisions of the CG Code except for the following deviation:

Under the code provision A.4.1 of the CG Code, Non-executive Directors should be appointed for a specific term. Under the code provision A.4.2 of the CG Code, every Director should be subject to retirement by rotation at least once every three years. Currently, Mr. Ramon Sy Pascual and Dr. Wong Ho Ching, Independent Non-executive Directors, are appointed for a one-year term until the next Annual General Meeting, while other Non-executive Directors are not appointed for a specific term. However, as all Directors are subject to retirement by rotation at least once every three years at each Annual General Meeting and any new Director appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following Annual General Meeting of the Company (in the case of an addition to the Board), and they will be eligible for re-election at the meeting, under the Bye-Laws of the Company, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are on terms no less exacting than those in the CG Code.

PUBLICATION OF THE ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND THE COMPANY'S WEBSITES

This announcement is published on the Company's websites (www.irasia.com/listco/hk/upi and www.upi.com.hk) and on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

By Order of the Board
United Pacific Industries Limited
DAVID HOWARD CLARKE
Chairman

Hong Kong, 9 December 2013

As at the date hereof, the Executive Directors of the Company are Mr. David Howard Clarke, Mr. Simon Hsu Nai-Cheng, Mr. Henry Woon-Hoe Lim, Mr. Patrick John Dyson and Ms. Kelly Lee; the Non-executive Director is Mr. Anthony Lee; and the Independent Non-executive Directors are Mr. Ramon Sy Pascual, Dr. Wong Ho Ching, Mr. Lan Yen-Po and Ms. Hu Gin Ing.

RESULTS

The Board of Directors ("the Board") of United Pacific Industries Limited ("United Pacific Industries", "UPI" or the "Company") is pleased to announce the consolidated results of UPI and its subsidiaries (the "Group") for the year ended 30 September 2013 as set out below compared with the audited consolidated results for the year ended 30 September 2012.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Revenue	3	**1,480,767**	1,468,610
Cost of sales		**(1,039,831)**	(1,030,994)
Gross profit		**440,936**	437,616
Other income		**7,530**	4,354
Interest income		**12,395**	11,796
Selling and distribution costs		**(226,918)**	(223,534)
Administrative costs		**(133,383)**	(144,058)
Restructuring costs		**(3,916)**	(3,284)
Finance costs		**(3,345)**	(3,921)
Share of results of an associate		**6,922**	4,452
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income		**1,186**	600
Cash flow hedge recycled from other comprehensive income		**(839)**	1,361
Profit before tax	4	**100,568**	85,382
Income tax charge	5	**(27,518)**	(24,808)
Profit for the year		**73,050**	60,574
Attributable to Owners of the Company		**73,050**	60,574
Earnings per share	7		
Basic		**7.42 cents**	6.20 cents
Diluted		**7.42 cents**	6.18 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**73,050**	60,574
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Recognition of actuarial gains/(losses) on defined benefit pension plan, net of tax	**15,917**	(99,724)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on the translation of foreign operations	**(2,759)**	9,856
Cash flow hedge loss recognised in equity	**(351)**	(839)
Cash flow hedge recycled to the income statement	**839**	(1,361)
Deficit on revaluation of available-for-sale financial assets	**(681)**	(113)
Realised exchange differences on the liquidation of a subsidiary undertaking recycled to the income statement	**(1,186)**	(600)
Other comprehensive income for the year, net of tax	**11,779**	(92,781)
Total comprehensive income for the year attributable to the Owners of the Company	**84,829**	(32,207)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**177,694**	187,854
Prepaid land lease payments under operating leases		**459**	494
Goodwill		**2,419**	2,432
Other intangible assets		**75**	164
Interest in an associate		**10,052**	7,007
Available-for-sale financial assets		**1,921**	2,593
Deferred tax assets		**48,005**	72,203
		240,625	272,747
Current assets			
Inventories		**289,815**	272,735
Trade and other receivables	8	**295,593**	281,915
Pledged bank deposits		**—**	5,000
Cash and cash equivalents		**187,565**	151,357
		772,973	711,007
Current liabilities			
Trade and other payables	9	**266,297**	251,911
Interest-bearing bank borrowings - amounts due within one year		**63,020**	57,103
Obligations under finance leases - amounts due within one year		**6,112**	8,127
Provisions		**3,860**	4,121
Derivative financial instruments		**351**	2,874
Tax payable		**13,478**	9,020
		353,118	333,156
Net current assets		**419,855**	377,851
Total assets less current liabilities		**660,480**	650,598

	2013	2012
	HK$'000	*HK$'000*
Non-current liabilities		
Interest-bearing bank borrowings - amounts due after one year	**—**	2,400
Obligations under finance leases - amounts due after one year	**4,847**	9,104
Retirement benefit obligations	**189,627**	245,217
Deferred tax liabilities	**10,140**	11,973
	204,614	268,694
Net assets	**455,866**	381,904
Capital and reserves		
Share capital	**100,744**	99,338
Reserves	**355,122**	282,566
Total equity attributable to Owners of the Company	**455,866**	381,904

NOTES

1. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (together referred to as "the Group") made up to 30 September each year. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

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

For business combinations, the acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the consolidated income statement as incurred, unless they are incurred by equity investments in which case the costs are deducted from equity.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 (Revised) are recognised at their fair values, except that: deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with HKFRS 2 Share-based Payment; and assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. Non-controlling interests that represent parent ownership interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other non-controlling interests are measured at fair value unless another measurement basis is required by Hong Kong Financial Reporting Standards.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 October 2012.

Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

The Group has concluded that the adoption of the new and revised HKFRSs, to the extent that they are relevant to the Group, have had no significant impact on the Group's results of operations and financial position.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle(1)
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities(2)
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-financial Assets(2)
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities(1)
HKFRS 9	Financial Instruments(3)
HKFRS 10	Consolidated Financial Statements(1)
HKFRS 12	Disclosure of Interests in Other Entities(1)
HKFRS 13	Fair Value Measurement(1)
HKAS 27 (2011)	Separate Financial Statements(1)
HKAS 28 (2011)	Investments in Associates and Joint Ventures(1)
HKAS 19 (2011)	Employee Benefits(1)
Amendments to HKFRS 1	Government Loans(1)

Notes:

1 Effective for annual periods beginning on or after 1 January 2013

2 Effective for annual periods beginning on or after 1 January 2014

3 Effective for annual periods beginning on or after 1 January 2015

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRSs (Amendments) - Annual Improvements 2009-2011 Cycle

The improvements contain amendments to four standards which are applicable to the Group as follows:

(i) *HKAS 1 Presentation of Financial Statements*

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) *HKAS 16 Property, Plant and Equipment*

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) *HKAS 32 Financial Instruments: Presentation*

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances, these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) *HKAS 34 Interim Financial Reporting*

The amendments clarify that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment needs to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 - Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 9 - Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 - Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 13 - Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKAS 19 (2011) - Employee Benefits

HKAS 19 (2011) abandons the corridor approach with the result that changes in defined benefit obligations and the fair value of plan assets are recognised in the period in which they occur. The revised standard requires the changes in the Group's net defined benefit liability (or asset) to be separated into three components: service cost (including current and past service cost and settlements) recognised in profit or loss; net interest on the net defined benefit liability recognised in profit or loss; and re-measurements of the defined benefit liability (or asset) recognised in other comprehensive income. The revised standard distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". This change may result in more plans being classified as long-term employee benefit plans that will need to be accounted for in a similar way to defined benefit plans. HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided, including those that increase if additional service is provided, are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs. This could lead to later recognition of voluntary termination benefits in some cases.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. Based on the Directors' preliminary assessment, when the Group applies the amendments to HKAS 19 for the first time for the year ending 30 September 2014, profit after tax for the year ended 30 September 2013 would be reduced by HK$21,206,000, the other comprehensive income for that year would be increased by HK$17,999,000 and the net assets at 30 September 2012 would be increased by HK$21,896,000. The increase in net assets of HK$18,689,000 at 30 September 2013 would be reflected in both the retirement benefit obligation and deferred tax asset at that date.

This net effect reflects a number of adjustments: (a) recognition of expected return on plan assets in other comprehensive income; (b) deducting costs relating to the management of the plan assets from the return on plan assets and recognising other administration costs as period costs when incurred and a decrease in the net pension deficit; (c) immediate recognition of past service cost in profit or loss and an increase in the net pension deficit; and (d) reversal of the difference between the gain arising from the expected rate of return on the pension plan assets and the discount rate through profit or loss.

3. REVENUE AND SEGMENT INFORMATION

The Group's segmental information is based on regular internal financial information reported to the Company's Executive Directors for their decisions about resources allocation to the Group's business components and their review of these components' performance.

The Group's principal segments for internal reporting purposes are: the contract manufacture, on OEM and EMS bases, of a wide range of power-related and electrical/electronic products ("Contract Manufacturing"); the manufacture, procurement and distribution of a broad line of hand, lawn and garden tools ("Tools"); the procurement and assembly of magnetic tools and products including the provision of magnetic-based industrial solutions ("Magnetic Technologies"); the manufacture, assembly and procurement of metrology and measurement tools ("Precision Mesurement") and the manufacture of electronic consumer products ("Consumer Electronics"). These five business segments are the basis upon which the Group reports its primary segment information.

Revenue, which is also the Group's turnover, represents the total invoiced value of goods supplied less discounts and returns.

3. **REVENUE AND SEGMENT INFORMATION (continued)**

	Contract Manufacturing	Tools	Precision Measurement	Magnetic Technologies	Consumer Electronics	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2013						
Revenue						
External customers	325,245	615,222	182,111	131,907	226,282	1,480,767
Inter-segment sales	—	1,666	4,303	358	—	6,327
	325,245	616,888	186,414	132,265	226,282	1,487,094
Profit before tax						
Segment profit	27,474	22,550	29,461	24,069	11,708	115,262
Restructuring (costs)/credits	(541)	(2,491)	851	—	—	(2,181)
Share of results of an associate	—	—	—	6,922	—	6,922
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	1,186	—	—	—	—	1,186
Net finance costs	6	2,337	(131)	—	(124)	2,088
	28,125	22,396	30,181	30,991	11,584	123,277
Assets						
Segment assets	178,066	429,327	193,349	124,914	124,008	1,049,664
Liabilities						
Segment liabilities	84,982	378,013	82,165	36,725	65,394	647,279
Other information						
Additions of property, plant and equipment	1,958	1,866	2,171	378	881	7,254
Depreciation of property, plant and equipment	2,199	3,702	2,198	85	2,322	10,506
Amortisation of other intangible assets	—	12	90	63	—	165
Amortisation of prepaid land lease payments under operating leases	35	—	—	—	—	35
(Reversal of impairment loss)/impairment loss on trade receivables	(1,009)	289	205	(92)	10	(597)
Impairment loss/(reversal of impairment loss) on inventories	1,897	897	392	156	(1,320)	2,022

Inter-segment sales are charged at prevailing market rates.

3. REVENUE AND SEGMENT INFORMATION (continued)

	Contract Manufacturing	Tools	Precision Measurement	Magnetic Technologies	Consumer Electronics	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 30 September 2012						
Revenue						
External customers	355,405	606,943	181,206	125,685	199,371	1,468,610
Inter-segment sales	—	2,036	4,425	1,521	—	7,982
	355,405	608,979	185,631	127,206	199,371	1,476,592
Profit before tax						
Segment profit	31,347	2,921	29,619	22,789	8,246	94,922
Restructuring (costs)/credits	—	(1,035)	(2,795)	546	—	(3,284)
Share of results of an associate	—	—	—	4,452	—	4,452
Net finance costs	(242)	1,458	(148)	—	(139)	929
	31,105	3,344	26,676	27,787	8,107	97,019
Assets						
Segment assets	170,122	397,284	151,677	104,252	98,131	921,466
Liabilities						
Segment liabilities	85,994	358,631	41,590	52,277	47,493	585,985
Other information						
Additions of property, plant and equipment	4,629	5,948	3,157	955	889	15,578
Depreciation of property, plant and equipment	2,776	7,664	3,245	882	2,289	16,856
Amortisation of other intangible assets	—	—	367	23	—	390
Amortisation of prepaid land lease payments under operating leases	35	—	—	—	—	35
Impairment loss/(reversal of impairment loss) on trade receivables	202	(199)	277	106	(225)	161
Impairment loss/(reversal of impairment loss) on inventories	86	(534)	(3,276)	1,376	2,591	243

3. REVENUE AND SEGMENT INFORMATION (continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2013	2012
	HK$'000	*HK$'000*
Reportable segment revenues	**1,487,094**	1,476,592
Elimination of inter-segment revenues	**(6,327)**	(7,982)
Total revenue	**1,480,767**	1,468,610

	2013	2012
	HK$'000	*HK$'000*
Reportable segment profit	**123,277**	97,019
Cash flow hedge recycled from other comprehensive income	**(839)**	1,361
Realised exchange differences on the liquidation of a subsidiary undertaking recycled from other comprehensive income	**—**	600
Unallocated corporate net finance credits	**6,962**	6,946
Unallocated corporate costs	**(27,097)**	(20,544)
Unallocated corporate restructuring costs	**(1,735)**	—
Profit before tax	**100,568**	85,382

	2013	2012
	HK$'000	*HK$'000*
Reportable segment assets	**1,049,664**	921,466
Deferred tax assets	**48,005**	72,203
Goodwill	**2,419**	2,432
Other intangible assets	**75**	164
Interest in an associate	**10,052**	7,007
Available-for-sale financial assets	**1,921**	2,593
Consolidation and Group assets	**(98,538)**	(22,111)
Total assets	**1,013,598**	983,754

3. REVENUE AND SEGMENT INFORMATION (continued)

	2013	2012
	HK$'000	*HK$'000*
Reportable segment liabilities	**647,279**	585,985
Deferred tax liabilities	**10,140**	11,973
Consolidation and Group liabilities	**(99,687)**	3,892
Total liabilities	**557,732**	601,850

Geographical information

The Group's continuing operations are mainly located in Mainland China, Hong Kong, the United Kingdom ("UK"), the United States of America ("USA"), France and Australia. The following provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

Revenue by geographical market

	2013	2012
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")		
Mainland China	**45,084**	29,066
Hong Kong (place of domicile)	**8,655**	32,528
	53,739	61,594
USA	**377,085**	399,599
UK	**347,064**	318,356
France	**103,533**	104,313
Australia	**225,957**	217,859
Others	**373,389**	366,889
	1,480,767	1,468,610

"Others", above, represents sales to various countries which, individually, represent less than 10% of the total revenue of the Group.

One customer contributed 14% (HK$206,180,000 — Consumer Electronics) of the Group's total revenue in the year ended 30 September 2013. Two customers contributed 10% (HK$146,879,000 - Tools) and 11% (HK$161,913,000 — Consumer Electronics), respectively, of the Group's total revenue in the year ended 30 September 2012.

3. **REVENUE AND SEGMENT INFORMATION (continued)**

The following is an analysis of the carrying amount of non-current assets (excluding deferred tax assets and financial assets) analysed by the geographical areas in which the assets are located:

Carrying amount of non-current assets:

	2013	2012
	HK$'000	*HK$'000*
UK	**128,937**	134,235
Mainland China	**42,083**	40,929
France	**15,229**	16,094
Australia	**2,682**	4,235
Hong Kong	**1,614**	1,961
Others	**154**	497
	190,699	197,951

4. **PROFIT BEFORE TAX**

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

	2013	2012
	HKS$'000	*HKS$'000*
Labour and related costs:		
Directors' remuneration	**9,703**	8,472
Staff salaries, allowances and welfare	**158,617**	150,015
Defined contribution plans	**4,476**	4,646
Provident fund contributions	**5,491**	6,159
Mandatory provident fund obligations	**756**	700
Defined benefit retirement plan charge	**3,497**	2,940
Direct labour costs	**99,361**	93,199
	281,901	266,131
Other items:		
Amortisation of lease payments under operating leases	**35**	35
Auditors' remuneration	**5,965**	6,011
Exchange losses	**1,305**	3,865
Depreciation of property, plant and equipment	**20,609**	20,405
Amortisation of other intangible assets	**165**	390
(Reversal of impairment loss)/impairment loss on trade receivables	**(597)**	161
Impairment loss on inventories	**3,304**	243
Minimum lease payments in respect of rented premises	**12,349**	14,231
Cost of inventories recognised as expenses	**1,039,831**	1,030,994
Gain on disposal of property, plant and equipment	**—**	(34)
Cash flow hedge recycled from other comprehensive income	**839**	(1,361)
Restructuring costs	**3,916**	3,284

5. INCOME TAX CHARGE

The income tax charge for the year comprises:

	2013 *HK$'000*	2012 *HK$'000*
Current income tax - Hong Kong:		
Provision for the year	**3,390**	409
Under provision in respect of prior years	**—**	760
	3,390	1,169
Current income tax - Overseas:		
Provision for the year:		
Australia	**1,487**	3,107
United Kingdom	**276**	1,878
Mainland China	**4,864**	5,505
Canada	**1,393**	1,714
United States	**34**	(36)
France	**481**	597
New Zealand	**297**	298
	8,832	13,063
Deferred tax	**15,296**	10,576
Income tax charge for the year	**27,518**	24,808

(a) Hong Kong profits tax is calculated at 16.5 % (2012 — 16.5%) on the estimated assessable profits for the year. Taxation arising in other jurisdictions is provided on the estimated taxable profits arising in those jurisdictions at the prevailing local rates.

(b) The income tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2013 *HK$'000*	2012 *HK$'000*
Profit before tax	**100,568**	85,382
Tax thereon at domestic rates applicable to profits or losses in the jurisdictions concerned	**(25,110)**	(22,110)
Tax effect of expenses not deductible for tax purposes	**(6,731)**	(3,765)
Tax effect of income not taxable for tax purposes	**3,454**	1,342
Tax effect of losses not recognised	**(443)**	(3,716)
Utilisation of tax losses previously not recognised	**4,612**	8,580
Over/(under) provision in respect of prior years	**1,994**	(2,179)
Decrease in recoverable amount of UK deferred tax assets (note c)	**(4,953)**	(3,080)
Others	**(341)**	120
Income tax charge for the year	**(27,518)**	(24,808)

5. **INCOME TAX CHARGE (continued)**

(c) The majority of the Group's deferred tax assets relate to temporary differences originating in its UK subsidiaries. Such deferred tax balances have been provided at 20% (2012 — 23%). Legislation formally enacted during the year has had the effect of reducing the effective tax rate from 23% to 20% from April 2014. Included in the HK$15,296,000 deferred charge for the year is a charge of HK$4,953,000 to reflect this change in tax rates (2012 — HK$3,080,000 reflecting a change of rates from 25% to 23%).

(d) On 16 March 2007, the PRC promulgated the Law of the PRC on Corporate Income Tax ("the New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Corporate Regulations of the New Law. Pursuant to the New Law and Implementation Regulations, the corporate income tax rate for domestic and foreign invested enterprises was unified at 25% from 1 January 2008. There was a transitional period for the PRC's subsidiaries that are currently entitled to preferential tax treatments granted by the relevant tax authorities. The PRC subsidiaries originally subject to a corporate income tax rate lower than 25% have been gradually transitioned to the new unified rate of 25% within five years after 1 January 2008.

6. DIVIDENDS

Dividends declared and paid during the year:

	2013	2012
	HK$'000	*HK$'000*
Final dividend relating to the year ended 30 September 2012 declared and paid of 1.0 HK cent per ordinary share	**9,942**	—
Interim dividend relating to the year ended 30 September 2013 declared and paid of 0.5 HK cents per ordinary share	**5,037**	—
Interim dividend relating to the year ended 30 September 2012 declared and paid of 0.5 HK cents per ordinary share	**—**	4,887
Gross dividend	**14,979**	4,887
Less dividend received by a subsidiary undertaking holding Company Treasury Shares	**(202)**	—
	14,777	4,887

The Board does not recommend the payment of a final dividend for the year ended 30 September 2013 (2012 — 1.0 HK cent per ordinary share).

At a Board Meeting held on 14 May 2013, the Directors approved the payment of an interim dividend of HK$5,037,216 (0.5 HK cents per ordinary share) for the six month period ended 31 March 2013. This interim dividend was distributed on 15 July 2013 to shareholders whose names were recorded in the Register of Members of the Company as at the close of business on 5 July 2013.

At a Board Meeting held on 11 December 2012, the Directors approved the payment of a final dividend of HK$9,941,394 (1.0 HK cent per ordinary share) for the year ended 30 September 2012. This final dividend was approved by shareholders at the Annual General Meeting held on 26 March 2013 and was paid on 18 April 2013 to shareholders whose names were recorded in the Register of Members of the Company as at the close of business on 8 April 2013.

At a Board Meeting held on 24 May 2012, the Directors approved the payment of an interim dividend of HK$4,886,761 (0.5 HK cents per ordinary share) for the six month period ended 31 March 2012. This interim dividend was distributed on 20 June 2012 to shareholders whose names were recorded in the Register of Members of the Company as at the close of business on 12 June 2012.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the profit attributable to Owners of the Company of HK$73,050,000 (2012 — HK$60,574,000) and the weighted average number of ordinary shares, for basic earnings per share purposes, of 984,269,710 (2012 — 977,669,792).

For diluted earnings per share, a weighted average number of shares of 984,703,825 (2012 — 980,629,508) has been used.

7. EARNINGS PER SHARE (continued)

The calculations are as follows:

(i) ***Weighted average number of ordinary shares***

	2013	2012
	Number	*Number*
Issued ordinary shares at 1 October	**993,376,993**	991,852,107
Effect of share options exercised (note a)	**4,768,838**	317,685
Treasury Shares	**(13,876,121)**	(14,500,000)
Weighted average number of ordinary shares at 30 September	**984,269,710**	977,669,792
Basic earnings per share (HK cents)	**7.42**	6.20

(ii) ***Weighted average number of ordinary shares (diluted)***

	2013	2012
	Number	*Number*
Issued ordinary shares at 1 October	**993,376,993**	991,852,107
Effect of share options exercised (note a)	**4,768,838**	317,685
Effect of deemed issue of shares under the Company's share option scheme	**434,115**	2,959,716
Treasury Shares	**(13,876,121)**	(14,500,000)
Weighted average number of ordinary shares at 30 September	**984,703,825**	980,629,508
Diluted earnings per share (HK cents)	**7.42**	6.18

Note:

(a) Relates to the share options exercised under the Company's share option scheme during the years ended 30 September 2013 and 30 September 2012.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	**278,766**	274,506	**—**	—
Less: impairment provisions	**(7,698)**	(9,959)	**—**	—
Trade receivables - net	**271,068**	264,547	**—**	—
Prepayments and other receivables	**24,525**	17,368	**595**	647
	295,593	281,915	**595**	647

At the reporting date, the aged analysis of trade receivables, based on invoice date, is as follows:

	2013	2012
GROUP	***HK$'000***	*HK$'000*
0 - 60 days	**249,687**	236,125
61 - 90 days	**13,839**	16,742
91 - 120 days	**10,422**	9,964
Greater than 120 days	**4,818**	11,675
	278,766	274,506

Trade receivables that were neither past due nor impaired related to a large number of customers for whom there has been no recent history of default.

The Group allows credit periods ranging from 30 to 120 days (2012 — 30 to 120 days) to its trade customers depending on their credit status and geographical location. The Directors consider that the carrying amounts of trade and other receivables approximate to their fair values.

Movements in the provision for impairment of trade receivables are as follows:

	2013	2012
GROUP	***HK$'000***	*HK$'000*
At 1 October	**9,959**	14,310
Impairment losses recognised	**772**	652
Impairment losses reversed	**(1,369)**	(491)
Currency realignment	**36**	157
Uncollectible amounts written off	**(1,700)**	(4,669)
At 30 September	**7,698**	9,959

The Group has provided in full against those receivables where evidence suggests that the amounts outstanding are not recoverable.

8. TRADE AND OTHER RECEIVABLES (continued)

The aged analysis of the Group's trade receivables, based on due date, that were past due as at the reporting date but not impaired, is as follows:

GROUP	**2013** **HK$'000**	2012 HK$'000
91 - 120 days	**7,017**	7,722
Greater than 120 days	**698**	4,069
	7,715	11,791

Trade receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality.

9. TRADE AND OTHER PAYABLES

	Group		**Company**	
	2013 **HK$'000**	2012 HK$'000	**2013** **HK$'000**	2012 HK$'000
Trade payables	**157,756**	154,738	**—**	—
Accruals and other payables	**108,541**	97,173	**7,441**	6,859
	266,297	251,911	**7,441**	6,859

At the reporting date, the aged analysis of trade payables, based on invoice date, is as follows:

GROUP	**2013** **HK$'000**	2012 HK$'000
0 - 60 days	**124,098**	111,425
61 - 90 days	**23,490**	22,758
Greater than 90 days	**10,168**	20,555
	157,756	154,738

The Directors consider that the carrying amounts of trade and other payables approximate to their fair values.

10. CONTINGENT LIABILITIES

The Group is, from time to time, subject to legal proceedings and claims arising from the conduct of its business operations, including litigation related to personal injury claims, customer contract matters, employment claims and environmental matters.

While it is impossible to ascertain the ultimate legal and financial liability with respect to contingent liabilities, including lawsuits, the Directors of the Company believe that the aggregate amount of such liabilities, if any, in excess of amounts accrued, will not have a material adverse effect on the consolidated financial position or results of operations of the Group.