

NOTES ON THE FINANCIAL STATEMENTS

1. Basis of preparation

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

2. Principal accounting policies

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2005, except in relation to the new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations) which are effective for accounting periods beginning on or after 1 January 2005 and are adopted for the first time by the Group. The adoption of the new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's consolidated financial statements for the six month ended 30 September 2005.

3. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

<i>(in HK\$'000)</i>	Six months ended 30 September	
	2005 (Unaudited)	2004 (Unaudited)
Depreciation of owned fixed assets	4,588	4,343
Interest on bank advances	86	367
Realised and unrealised gain on trading securities	(70)	(230)
Loss/(gain) on disposal of fixed assets	101	(4,441)
	<hr/> 101	<hr/> (4,441)

4. Income tax

<i>(in HK\$'000)</i>	Six months ended 30 September	
	2005 (Unaudited)	2004 (Unaudited)
Current tax		
Hong Kong Profits Tax	340	310
Taxation outside Hong Kong	2,998	3,171
	<hr/> 3,338	<hr/> 3,481
Deferred tax		
Origination and reversal of temporary differences	349	167
	<hr/> 3,687	<hr/> 3,648

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The provision for Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profits for the six months ended 30 September 2005. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling at the relevant countries.

5. Dividends

<i>(in HK\$'000)</i>	Six months ended 30 September	
	2005 (Unaudited)	2004 (Unaudited)
2004/2005 final dividend paid of HK12 cents (2003/2004: HK4 cents) per share	33,816	11,247
2005/2006 interim dividend proposed of HK5 cents (2004/2005: HK4 cents) per share	14,095	11,247

The directors have declared an interim dividend of HK5.0 cents (2004/2005: HK4.0 cents) per share for the year ending 31 March 2006 payable to the shareholders on the register of members of the Company at the close of business on 6 January 2006. The relevant dividend warrants will be despatched to shareholders on 13 January 2006.

6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK\$28,222,000 (2004: HK\$29,607,000) and the weighted average of 281,800,000 (2004: 280,694,044) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit attributable to shareholders of approximately HK\$28,222,000 (2004: HK\$29,607,000) and the weighted average number of 285,172,113 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

The diluted earnings per share for the six months ended 30 September 2004 is not presented as the Company did not have dilutive potential ordinary shares in existence during the period.

Reconciliations

<i>(Number of shares)</i>	Six months ended 30 September	
	2005 (Unaudited)	2004 (Unaudited)
Weighted average number of ordinary shares used in calculating basic earnings per share	281,800,000	280,694,044
Deemed issue of ordinary shares for no consideration	3,372,113	–
Weighted average number of ordinary shares used in calculating diluted earnings per share	285,172,113	280,694,044

7. Trade and other receivables

Included in trade and other receivables are trade debtors with the following ageing analysis:

<i>(in HK\$'000)</i>	As at 30 September 2005 (Unaudited)	As at 31 March 2005 (Audited)
Outstanding balances with ages:		
Within 30 days	9,110	6,738
Between 31 to 90 days	6,452	5,257
Between 91 to 180 days	4,847	5,680
Between 181 to 365 days	4,225	3,028
	24,634	20,703

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

8. Trade and other payables

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

<i>(in HK\$'000)</i>	As at 30 September 2005 (Unaudited)	As at 31 March 2005 (Audited)
Outstanding balances with ages:		
Within 30 days	7,695	4,003
Between 31 to 90 days	655	300
Over 90 days	1,102	1,012
	9,452	5,315

9. Contingent liabilities

At 30 September 2005, the Company had contingent liabilities in relation to guarantees given to banks against mortgage loans and other banking facilities extended to certain wholly owned subsidiaries amounted to HK\$5,460,000 (31 March 2005: HK\$6,004,000).

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10. Segment reporting

Segment information is presented in respect of the Group's geographical segments. Information relating to geographical segments based on the location of customers is chosen because this is in line with the Group's management information reporting system.

Segment outside Hong Kong represents sales to customers located in the PRC, Taiwan and Canada.

No business segment analysis of the Group is presented because sales of garments is the only distinguishable business segment of the Group.

(in HK\$'000)	Six months ended 30 September							
	Hong Kong		Outside Hong Kong		Unallocated		Consolidated	
	2005 (Unaudited)	2004 (Unaudited)	2005 (Unaudited)	2004 (Unaudited)	2005 (Unaudited)	2004 (Unaudited)	2005 (Unaudited)	2004 (Unaudited)
Revenue from external customers	93,016	93,748	47,272	31,436	-	-	140,288	125,184
Other revenue from external customers	-	-	-	-	366	121	366	121
Total	93,016	93,748	47,272	31,436	366	121	140,654	125,305
Segment result	18,110	24,216	11,689	4,216			29,799	28,432
Unallocated operating income and expenses							2,202	5,286
Profit from operations							32,001	33,718
Finance costs							(92)	(463)
Income tax							(3,687)	(3,648)
Profit attributable to shareholders							28,222	29,607
Depreciation for the period	4,051	4,118	537	225			4,588	4,343