

LUK FOOK HOLD<00590> - Results Announcement

Luk Fook Holdings (International) Limited announced on 16/12/2005:

(stock code: 00590)

Year end date: 31/03/2006

Currency: HKD

Auditors' Report: N/A

Interim report reviewed by: Both Audit Committee and Auditors

	(Unaudited) Current Period from 01/04/2005 to 30/09/2005 Note ('000)	(Unaudited) Last Corresponding Period from 01/04/2004 to 30/09/2004 ('000)
Turnover	: 816,355	869,058
Profit/(Loss) from Operations	: 30,797	75,315
Finance cost	: (30)	(132)
Share of Profit/(Loss) of Associates	: N/A	N/A
Share of Profit/(Loss) of Jointly Controlled Entities	: N/A	N/A
Profit/(Loss) after Tax & MI	: 29,441	64,844
% Change over Last Period	: -54.8 %	
EPS/(LPS)-Basic (in dollars)	: 0.0606	0.1348
-Diluted (in dollars)	: 0.0602	0.1324
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 29,441	64,844
Interim Dividend per Share	: 3.0 cents	4.0 cents
(Specify if with other options)	: N/A	N/A
B/C Dates for Interim Dividend	: 05/01/2006	to 06/01/2006 bdi.
Payable Date	: 13/01/2006	
B/C Dates for (-) General Meeting	: N/A	
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information 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. This condensed consolidated financial information should be read in conjunction with the 2004/05 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with

those used in the 2004/05 annual financial statements except that the Group has changed certain of its accounting policies following its adoption of new / revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs (collectively referred to as the "new HKFRSs") which have become effective for accounting periods commencing on or after 1st January 2005.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2 Effect of adopting new HKFRSs

In 2005/2006, the Group adopted the new / revised standards of HKFRS below, which are relevant to its operations. The 2004/2005 comparatives have been restated as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS Int 15	Operating Leases - Incentives
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new / revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 33, 36, HKAS-Int 15 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27, 33, 36, HKAS-Int 15 and HKFRS 3 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.
- HKAS 24 has affected the identification of related parties and some other related-party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was accounted for at fair value or cost less accumulated amortisation and accumulated

impairment.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31st December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective on 1st January 2005, the Group charged the cost of share options, if any, to the income statement. As a transitional provision, the cost of share options granted after 7th November 2002 and had not yet vested on 1st January 2005 was expensed retrospectively in the income statement of the respective periods.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKAS 39 - does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The Group applied the previous Hong Kong Statement of Standard Accounting Practice ("SSAP") 24 "Accounting for investments in securities" to investments in securities for the 2004/2005 comparative information. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1st April 2005;
- HKAS-Int 15 - does not require the recognition of incentives for leases beginning before 1st January 2005;
- HKFRS 2 - only retrospective application for all equity instruments granted after 7th November 2002 and not vested at 1st January 2005; and
- HKFRS 3 - prospectively after the adoption date.

While adoption of HKFRS 2 has no impact on the Group's profit and loss and opening reserves, effect of adopting HKAS 17, HKAS 32 and HKAS 39 are as follows:

(i) The adoption of HKAS 17 resulted in a decrease in opening reserves at 1st April 2004 by HK\$ 1,796,000.

	As at 30th September 2005 HK\$'000	As at 31st March 2005 HK\$'000
Decrease in property, plant and equipment	(14,151)	(14,309)
Increase in prepaid premium for land leases	14,151	14,309
Decrease in revaluation reserve -		(6,956)

	Year ended 31st March 2005 HK\$'000	Six months ended 30th September 2005 HK\$'000	30th September 2004 HK\$'000
Decrease in selling and distribution costs	108	159	54
Increase in basic earnings per share	HK 0.02 cents	HK 0.03 cents	HK 0.01 cents
Increase in diluted earnings per share	HK 0.02 cents	HK 0.03 cents	HK 0.01 cents

(ii) The adoption of HKAS 32 and HKAS 39 has no effect in opening reserves at 1st April 2005 and the details of the adjustments to the balance sheet at 30th September 2005 are as follows:

	As at 30th September 2005 HK\$'000	As at 31st March 2005 HK\$'000
Increase in available-for-sale financial asset	1,067	-
Decrease in other investment	(1,067)	-

4. Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$ 29,441,000 (2004: HK\$64,844,000) and the weighted average number of 485,539,478 (2004: 480,974,850) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the Group's profit attributable to equity holders of the Company of HK\$ 29,441,000 (2004: HK\$64,844,000) and the weighted average number of 489,438,082 (2004: 489,798,890) ordinary shares in issue during the period after adjusting for the effects of all potential dilutive ordinary shares deemed to be issued at no consideration if all outstanding share options granted under the share option scheme of the Company had been exercised.