

**MELBOURNE ENTERPRISES LIMITED**  
(Incorporated in Hong Kong with limited liability) (Stock Code: 158)

**2005/2006 INTERIM RESULTS**

The Board of Directors has pleasure in reporting the following unaudited interim results of the Group for the six months ended 31 March 2006:-

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	Note	Six months ended 31 March	
		2006 HK\$'000	2005 HK\$'000
<b>Turnover</b>	2	40,740	35,512
Operating costs		<u>( 10,925)</u>	<u>( 9,729)</u>
Gross profit		29,815	25,783
Other income		887	221
Administrative expenses		<u>( 4,098)</u>	<u>( 4,418)</u>
Operating profit	3	26,604	21,586
Fair value changes on investment properties		180,000	-
Share of results of associated companies		<u>( 5)</u>	<u>4</u>
<b>Profit before taxation</b>		206,599	21,590
Taxation	4	<u>( 36,034)</u>	<u>( 3,789)</u>
<b>Profit attributable to shareholders</b>		<u><u>170,565</u></u>	<u><u>17,801</u></u>
 <b>Interim dividend</b>	 5	 <u><u>17,500</u></u>	 <u><u>12,500</u></u>
 <b>Earnings per share</b>	 6		
Basic		<u><u>HK\$6.82</u></u>	<u><u>HK\$0.71</u></u>
Diluted		<u><u>HK\$6.82</u></u>	<u><u>HK\$0.71</u></u>

## CONSOLIDATED BALANCE SHEET

		31 March 2006 HK\$'000	30 September 2005 HK\$'000 (Restated)
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	123	140
Investment properties	7	1,873,000	1,693,000
Associated companies		1,340	1,329
Unlisted investment		-	1
Available-for-sale investment		1	-
		1,874,464	1,694,470
<b>Current assets</b>			
Advances to an investee company		-	-
Staff loans, secured		1,650	1,789
Debtors, deposits and prepayments		5,855	5,691
Cash and bank balances		46,896	53,460
		54,401	60,940
<b>Current liabilities</b>			
Creditors, accruals and deposits		18,415	16,653
Taxation		5,003	8,029
		23,418	24,682
<b>Net current assets</b>		30,983	36,258
<b>Total assets less current liabilities</b>		1,905,447	1,730,728
<b>Non-current liabilities</b>			
Provision for long service payments		6,202	6,132
Deferred tax liabilities		305,786	274,202
		311,988	280,334
<b>Net assets</b>		1,593,459	1,450,394
<b>Equity</b>			
Share capital		125,000	125,000
Investment properties revaluation reserve		-	1,291,255
Retained profits		1,450,959	6,639
Proposed dividend		17,500	27,500
<b>Total equity</b>		1,593,459	1,450,394

## 1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies and methods of computation used in the preparation of the interim accounts are consistent with those used in the annual accounts for the year ended 30 September 2005, except that the Group has changed certain of its accounting policies following its adoption of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and interpretations (collectively "HKFRSs").

The following is a summary of the material changes in the principal accounting policies or presentation of accounts as a result of the adoption of those new or revised HKFRSs. Certain comparative figures have been reclassified to conform with the current period's presentation.

(a) HKAS 1 Presentation of financial statements

The adoption of HKAS 1 has affected certain presentation and disclosures in the financial statements.

(b) HKAS 40 Investment properties

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair value of investment properties are recognised in the profit and loss account. In previous years, increases in valuation of investment properties were credited to the investment properties revaluation reserve; decreases were first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. The Group has applied the relevant transitional provisions under HKAS 40 and elected to apply HKAS 40 prospectively from 1 October 2005 onwards. As a result, investment properties revaluation reserve as at 1 October 2005 has been transferred to the retained profits. Comparative information has not been restated.

(c) HK(SIC)-Int 21 Income taxes – Recovery of revalued non-depreciable assets

The adoption of Hong Kong (SIC) Interpretation 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of the Group's leasehold investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from the recovery of the carrying amount of that asset through use. In prior years, the carrying amount of that asset was expected to be recovered through sale. The change has been applied retrospectively.

## 2. SEGMENT INFORMATION

	Six months ended 31 March	
	2006	2005
	HK\$'000	HK\$'000
(a) <b>Turnover</b>		
Property investment	<u>40,740</u>	<u>35,512</u>
(b) <b>Contribution to operating profit</b>		
Property investment	<u>26,604</u>	<u>21,586</u>

Turnover represents gross rental and service income from investment properties.

As the Group's principal business is property investment in Hong Kong, an analysis of the Group's turnover and profit by business and geographical segments has not been presented.

## 3. OPERATING PROFIT

	Six months ended 31 March	
	2006	2005
	HK\$'000	HK\$'000
Operating profit is stated after crediting and charging the following:		
Crediting:		
Interest income	<u>761</u>	<u>44</u>
Charging:		
Depreciation	<u>17</u>	<u>27</u>

## 4. TAXATION

	Six months ended 31 March	
	2006	2005
	HK\$'000	HK\$'000
Company and subsidiary company		
Hong Kong profits tax	4,450	3,702
Deferred taxation	<u>31,584</u>	<u>87</u>
	<u>36,034</u>	<u>3,789</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits for the period. Deferred taxation has been provided on temporary differences using the current applicable rate.

**5. INTERIM DIVIDEND**

The Board declares an interim dividend of HK\$0.70 per share (2005: HK\$0.50 per share) for the year ending 30 September 2006. The register of members will be closed from 17 July to 19 July 2006, both days inclusive, during which period no transfer of shares will be registered. Dividend warrants will be posted to shareholders by 24 July 2006.

**6. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$170,565,000 (2005: HK\$17,801,000) and the 25,000,000 shares in issue throughout the period.

Diluted earnings per share equals basic earnings per share because there were no potential dilutive shares outstanding during the period.

**7. INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT**

	<b>Investment properties HK\$'000</b>	<b>Property, plant and equipment HK\$'000</b>	<b>Total HK\$'000</b>
Net book value at 30 September 2005	1,693,000	140	1,693,140
Changes in fair value	180,000	-	180,000
Depreciation	<u>-</u>	<u>( 17)</u>	<u>( 17)</u>
Net book value at 31 March 2006	<u>1,873,000</u>	<u>123</u>	<u>1,873,123</u>

The investment properties are held under long leases (over 50 years) in Hong Kong and were revalued on 31 March 2006 on an open market value basis by CS Surveyors Limited.

## **BUSINESS REVIEW**

### **Group Results**

Operating profit for the six months ended 31 March 2006 amounted to HK\$26.6 million (2005: HK\$21.6 million), an increase of 23%. Turnover for the period amounted to HK\$40.7 million, representing an increase of 15% as compared to last period.

### **Significant Investments**

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 87% and 89% let respectively.

### **Liquidity and Financial Resources**

Basically, the Group's working capital requirement was financed by its rental income. As at 31 March 2006, the Group had cash and bank balances totalling HK\$46.9 million. During the period, the Group did not need any borrowings or overdraft facilities.

### **Employees and Remuneration Policies**

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Remuneration for employees are maintained at competitive levels and promotion and salary increments are assessed on a performance related basis.

### **Material Acquisitions and Disposals**

There was no acquisitions or disposals of subsidiaries and associated companies during the period. Also, there was no future plans for material investments in capital assets.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the six months ended 31 March 2006. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares in the same period.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim financial report in conjunction with the auditors. The auditors conducted their review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. The review consisted of management enquiries and analytical procedures. On 12 June 2006, the Committee met with the management and the auditors to review the unaudited interim report and consider the significant accounting policies.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the financial period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited except that independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

**PUBLICATION OF INTERIM REPORT ON THE INTERNET**

This results announcement is published on the Stock Exchange's website at [www.hkex.com.hk](http://www.hkex.com.hk) and the interim report will be available from the same website on or before 30 June 2006.

**Dato' Dr. Cheng Yu Tung**  
Chairman

Hong Kong, 21 June 2006

As at the date of this announcement, the Board comprises Dato' Dr. CHENG Yu Tung, Mr. CHUNG Ming Fai, Mr. CHUNG Yin Shu, Frederick who are executive Directors; Mr. CHUNG Wai Shu, Robert who is a non-executive Director; and Mr. YUEN Pak Yiu, Philip, Dr. FONG Yun Wah, SBS, JP, Mr. LO Pak Shiu and Mr. YUEN Sik Ming, Patrick who are independent non-executive Directors.