

# INTERIM REPORT

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Six months ended 31 December 2011

Hong Kong Stock Code 00330

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ESPRIT



*INTERIM REPORT FY11/12*  
**ESPRIT HOLDINGS LIMITED**

*STYLE and QUALITY*  
*made* **TO LAST**



## CORPORATE INFORMATION

### Chairman

Dr Hans-Joachim KÖRBER  
Independent Non-executive Director

### Deputy Chairman

Paul CHENG Ming Fun  
Independent Non-executive Director

### Executive Directors

Ronald VAN DER VIS  
Group CEO  
CHEW Fook Aun  
Group CFO  
*(Resigned on 2 December 2011, effective on or before 1 June 2012)*

### Non-executive Director

Jürgen Alfred Rudolf FRIEDRICH

### Independent Non-executive Directors

Alexander Reid HAMILTON  
Raymond OR Ching Fai  
Francesco TRAPANI  
*(Resigned with effect from 23 February 2012)*

### Company Secretary

Florence NG Wai Yin

### Principal bankers

The Hongkong and Shanghai  
Banking Corporation Limited  
Deutsche Bank AG  
China Merchants Bank  
ANZ Bank  
Commerzbank  
Citibank N.A.

### Auditor

PricewaterhouseCoopers  
Certified Public Accountants

### Principal legal advisors

Baker & McKenzie

### Stock code

The shares of Esprit Holdings Limited are listed for trading on The Stock Exchange of Hong Kong Limited (stock code: 00330)

### Principal share registrar

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Pembroke HM08  
Bermuda

### Hong Kong branch share registrar

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### Registered office

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### Website

[www.espritholdings.com](http://www.espritholdings.com)

## CORPORATE PROFILE

Esprit is a global fashion brand offering style and quality made to last. The brand creates women's, men's and kids' collections for all occasions and distributes in over 1,100 directly managed retail stores and over 11,000 controlled-space wholesale point-of-sales internationally. Esprit licenses its trademark to third party licensees that offer non-apparel products that abide by Esprit's quality standards and brand essence.

Esprit was listed on the Hong Kong Stock Exchange in 1993 and is a constituent stock of the Hang Seng Index, MSCI Hong Kong Small Cap Index and FTSE All-World Index for Hong Kong.





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**01** *Financial*  
*HIGHLIGHTS*







## 01 FINANCIAL HIGHLIGHTS

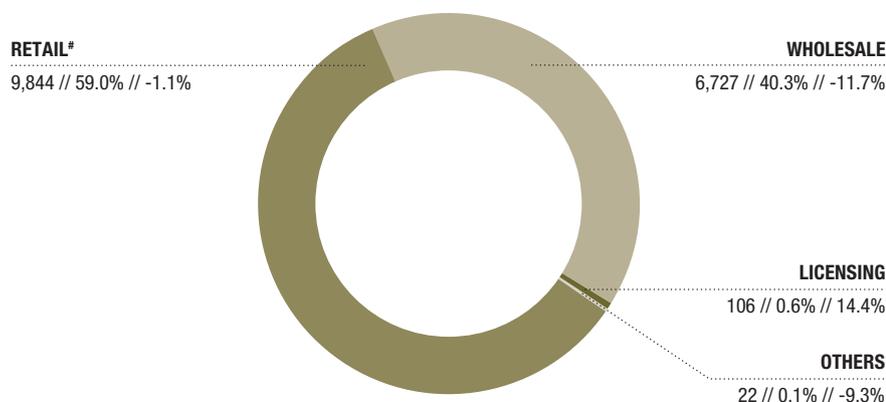
- Transformation Plan started off well and in line with targets
- Important implementation milestones achieved
- Continued challenging macroeconomic environment in Europe
- Group turnover declined 5.6% year-on-year to HK\$16.7 billion, in line with the plan of 3% to 5% year-on-year decline
- Significant improvement in retail performance in 2Q
- Deliberate rationalization of wholesale customer base in progress
- Operating profit margin was 4.7%, well above the planned full year of 1% to 2%
- New branding strategy delivering good results
- Successful launch of new store concept in Cologne
- Finalizing wind-down of operations in North America by 31 March 2012
- Balance sheet and cash position remain strong

	For the 6 months ended 31 December			
	2011		2010	
<b>Turnover</b>	HK\$16,699m		HK\$17,693m	
<b>Operating profit</b>	HK\$787m		HK\$2,635m	
<b>Net profit</b>	HK\$555m		HK\$2,140m	
<b>EPS (Basic)</b>	HK\$0.43		HK\$1.66	
<b>GP margin</b>	50.8%		55.6%	
<b>Operating profit margin</b>	4.7%		14.9%	
<b>Net profit margin</b>	3.3%		12.1%	
	HK\$	% of EPS*	HK\$	% of EPS*
<b>Interim dividend per share</b>	0.26	60%	1.00	60%

\* Calculated by dividing dividend per share by basic EPS

## TURNOVER BY DISTRIBUTION CHANNELS

HK\$ million // % to Group turnover // % HK\$ growth



\* Retail sales includes sales from e-shop in countries where available

### TURNOVER BY COUNTRIES#

HK\$ million // % to Group turnover // % HK\$ growth

#### NORTH AMERICA

##### United States\*

360 // 2.1% // 7.8%

##### Canada

280 // 1.7% // -13.3%

#### ASIA PACIFIC

##### China\*\*

1,411 // 8.4% // -1.3%

##### Australia and New Zealand

459 // 2.8% // -7.3%

##### Hong Kong\*\*

302 // 1.8% // -0.7%

##### Macau\*\*\*

269 // 1.6% // -10.0%

##### Singapore

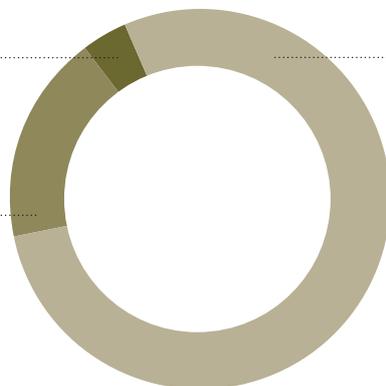
229 // 1.4% // 5.9%

##### Taiwan

154 // 0.9% // 0.3%

##### Malaysia

143 // 0.9% // 15.1%



#### EUROPE

##### Germany\*\*

7,151 // 42.8% // -4.6%

##### Benelux\*

2,136 // 12.8% // -10.0%

##### France

1,081 // 6.5% // -19.8%

##### Scandinavia

782 // 4.7% // -0.2%

##### Switzerland

718 // 4.3% // -6.8%

##### Austria

703 // 4.2% // -4.8%

##### United Kingdom

198 // 1.2% // -5.0%

##### Spain

162 // 1.0% // 9.9%

##### Italy

128 // 0.8% // 8.5%

##### Ireland

17 // 0.1% // -7.1%

##### Portugal

6 // 0.0% // -14.5%

##### Others

10 // 0.0% // 42.0%

# Country as a whole includes retail stores, outlet stores, edc standalone stores and e-shop

\*\* Germany sales include wholesale sales to other European countries mainly Russia, Poland, Czech Republic, Greece and Slovenia

\*\*\* Macau sales include wholesale sales to other countries mainly Columbia, Thailand and Chile

\* Includes licensing

\*\* Includes salon

### TURNOVER BY PRODUCTS

HK\$ million // % to Group turnover // % HK\$ growth

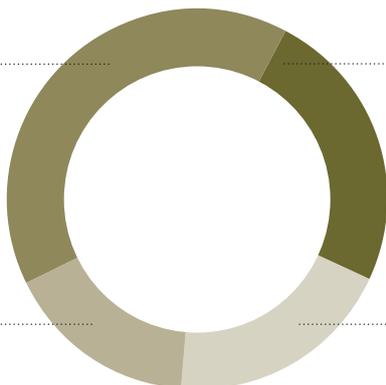
#### WOMEN

##### women casual

5,176 // 31.0% // -12.9%

##### women collection

1,509 // 9.0% // 11.5%



#### EDC

##### edc women

2,940 // 17.6% // -6.3%

##### edc men

689 // 4.1% // 0.8%

##### edc others^

442 // 2.7% // -15.7%

#### MEN

##### men casual

2,191 // 13.1% // -5.4%

##### men collection

554 // 3.3% // 5.8%

#### OTHERS

##### accessories

790 // 4.7% // -10.3%

##### shoes

545 // 3.2% // 18.6%

##### bodywear

512 // 3.1% // 5.9%

##### kids

462 // 2.8% // -6.9%

##### de. corp

299 // 1.8% // 48.3%

##### sports

212 // 1.3% // -25.5%

##### others\*

378 // 2.3% // -7.0%

\* Others include red earth, salon, licensing income and licensed products like timewear, eyewear, jewellery, bed & bath, houseware etc

^ edc others include edc kids, edc shoes, edc accessories and edc bodywear

**02** *At*  
*A GLANCE*

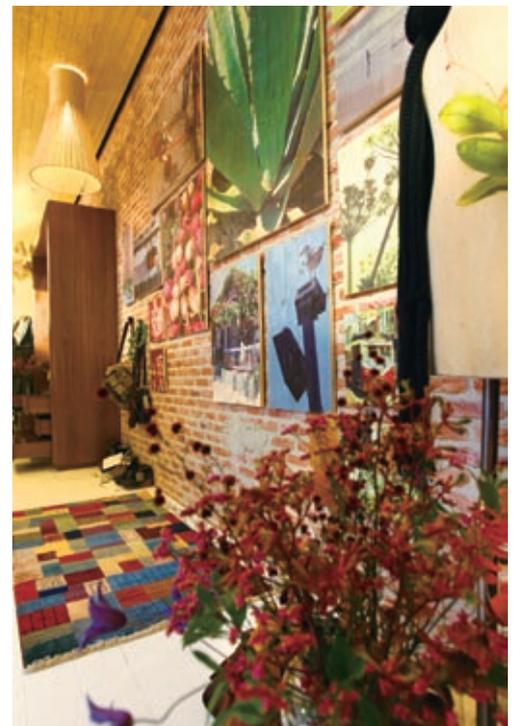


## 02.1 NEW LIGHTHOUSE STORE IN COLOGNE

The first pilot store with a new store concept in Cologne was opened in November 2011 along the lines “back to the origins”. The store, located on lively Ehrenstrasse in Cologne leads the customer back to the time when the label was founded in California. The store has a new architecture and also merchandised in a new way with a cross divisional selection made to please the Esprit women and her man. Visual presentation was emphasized to create the inspiring shopping atmosphere. We are very happy about the positive response received.



A warm and laid back atmosphere pervades every detail of the store.





Authentic brick walls, genuine wood, a wintergarden with big skylights and flowers from the sunshine state create an honest ambiance.



Exquisitely crafted walnut furniture, custom made lighting fixtures, fine fabrics and selected souvenirs make you feel visiting your best friend at her attic home.



## 02.2 INVESTOR DAY

Investor Day was successfully held with positive feedback on 22 November 2011 in our business headquarters Ratingen, Germany. There were over 50 participants from the investment community. The purpose of the Investor Day was to provide opportunities for participants to get more insight and details about the Transformation Plan. Apart from presentations, a tour to the Lighthouse store at Cologne was organised.

## 02.3 AWARDS AND RECOGNITION

### Awards

Time	Recognition	Awarding Party
August 2011	Gold Awards, Photography Category: Fashion	International ARC Awards
September 2011	Sell side's Best CFO, Third Place	Institutional Investor Magazine
November 2011	2011 HKMA Best Annual Reports Awards Category: Citation for Design	Hong Kong Management Association
November 2011	The Most Potential Company Awards 2011	Capital and Capital Weekly

### Conferences and non-deal roadshows

Time	Event	Organiser	Location
September 2011	FY10/11 Post Final Results Roadshow	Deutsche Bank Societe Generale Goldman Sachs	Hong Kong London, Edinburgh New York
November 2011	Non-deal Roadshow	HSBC	Sydney
November 2011	10th Annual Asia Pacific Summit	Morgan Stanley	Singapore

## 02.4 STORE OPENINGS

Countries	City	Location	No. of POS
Australia	Mackay	Myer	1
Belgium	Knokke	Lippenslaan	1
		Roeselare	Ooststraat
China	Beijing	Cuiwei Department Store	2
		Hualian Department Store	1
		Hui Long Guan	1
		Liangxiang Huaguan Shopping Mall	1
		Qianjin Road Wuqing District Tianjin	1
		New World Department Store	1
		North Star Shopping Center	1
		Shimao Gongsan Plaza	3
		Xidan Department Store	1
		Xinhua Department Store	1
	Shanghai	Orient Shopping Center	1
		Parkside Plaza	1
		Parkson Department Store	3
		Pingao Department Store	1
		New World Department Store	2
	Chengdu	Wangfujing Department Store	1
		Maoye Department Store	3
	Chongqing	Shapingba Mall	1
		Peace Plaza	1
	Dalian	Sunrise Shopping Center	1
Jusco		1	
Guangzhou	Grand Buy Department Store	1	
	Mopark	1	
	Karisma	1	
	Spandau Arkaden	1	
	Thier-Areal	2	
Finland	Lahti	Bahnhofstrasse	1
		RRZ	1
Germany	Berlin	Main-Taunus-Zentrum	1
		Choi Yuen Plaza	1
		Johor Premium Outlet	1
Hong Kong	Hong Kong	Mid Valley Mega Mall	1
		1st Avenue	1
Malaysia	Selangor	Parkson 1 Utama	1
		1 Utama	1
		Grote Houtstraat	1
		Changi City Point	1
Netherlands	Haarlem	Far Eastern Department Store	2
		Far Eastern Department Store	3
		Metro Walk Shopping Center	1
Singapore	Suburban-East	Mitsukoshi Department Store	1
		Stratford City	1
		Freehold Raceway Mall	1
Taiwan	New Taipei City	The Outlets at Orange	1
		Orange	1
		San Leandro	Marina Square
United Kingdom	London		
United States	Freehold		
<b>Total</b>			<b>60</b>



**03** *MANAGEMENT  
DISCUSSION and Analysis*







### 03.1 UPDATES ON TRANSFORMATION PLAN 2014/15

#### *TRANSFORMATION PLAN 2014/15 ON TRACK*

On 15 September 2011, we announced our Transformation Plan 2014/15 to re-establish Esprit as a leading fashion brand and to restore long-term, sustainable profitability. Since then, we have made a successful start with our plans to transform the Group's business and we are pleased and confident with the progress made so far. For the first half of the financial year, the results were within the projected range, despite the continued difficult conditions that dominate the current economic climate. In addition, the sourcing cost inflation materializing in the first half of this fiscal year as well as the warm weather conditions in the second quarter had a negative impact on the gross margin. During the period, the Group reported turnover of HK\$16.7 billion representing 5.6% year-on-year decline, in line with the plan of 3% to 5% year-on-year decline. Operating profit margin was 4.7%, well above the planned full year operating margin of 1% to 2%.

#### *EMBARKING ON A TRANSFORMATION JOURNEY*

As soon as the Transformation Plan was announced, we discussed the Transformation Plan intensively with our wholesale customers, suppliers and employees around the world. Their responses have been very positive and supportive. On 22 November 2011, we held an Investor Day at our headquarters in Ratingen, Germany. The purpose was to update our investors in more detail about the Transformation Plan 2014/15 and to offer them the opportunity to interact with the Executive Board of Management who are driving the implementation of the transformation process.

Given the broad scope of the Transformation Plan, we have structured the effort along few major topics coordinated through a central Project Management Office. These topics are further broken down into various work-streams with dedicated team leaders and designated teams led by experienced management to drive this process. In addition, a detailed list of key performance indicators is devised to allow close monitoring of the implementation progress and fine-tuning of measures if needed.

#### *THE NEW ESPRIT*

The starting point of the transformation process is the new Esprit brand direction. Based on in-depth consumer research and market segmentation, we have defined the positioning of the Esprit brand and the Esprit customer. Everything we do, we do for her. By doing so, we have become more customer focused than ever before. In addition to continuous enhancement of our product offerings targeting our customer segment, we are also putting more emphasis on providing an inspirational shopping environment as part of the overall brand experience.

We have adopted high profile brand strategies to communicate to our customers and to increase their consideration levels in our key markets further. Our investment in brand communication was focused on the core markets of Germany, France, Benelux and China. Consumer feedback shows that the new brand and marketing strategy are going in the right direction. Consumers are putting us back on their shopping lists, which is the first step needed before seeing improvements in traffic, sales and loyalty.

Our first efforts in adopting the new branding strategy have been rewarded by very encouraging results. The campaign featuring internationally renowned model Gisele Bündchen, presented our new brand direction and themes for Fall/Winter 2011 and ran from September to December 2011. The campaign was exposed in leading fashion magazines and high profile, outdoor city locations. Results showed a significant improvement in consumer consideration of Esprit. In Germany, consideration increased 9% points to 59%, and in China, it increased by 19% points to 49%. Esprit will continue its successful cooperation with Gisele Bündchen for the presentation of Spring/Summer 2012 collections.

The collections and styles shown in the campaign are in line with the new brand direction and are more fashionable, stylish and feminine as well as offering outstanding value for money. It is encouraging to see that these styles on average had a significantly higher sell through than the regular collections. This underlines that the new brand and product direction of offering more fashionable collections with outstanding value for money is appreciated by our customers.

As part of our efforts to sharpen the Esprit brand, we are also streamlining our license portfolio. Going forward, the emphasis will be on licensing activities that can add value to the Esprit brand. In addition, the marketing communication of these licensed products will become better aligned with Esprit's global brand direction. The most prominent example was the introduction of the new fragrance, "Urban Nature", in October 2011, which was promoted by a strong campaign across various media channels.

#### *ESPRIT IS A STRONG BRAND*

While we have stated, we need to strengthen the core values and profile of the Esprit brand, some have interpreted this as the brand being weak. This is not the case. The brand is still very strong, liked and trusted, most noticeably in our core markets in Europe and China. Recent studies have confirmed this. In Germany, Esprit was rated as by far the most favorite brand amongst women according to the survey "GMK Markenbefragung, June 2011". In addition, consumers ranked Esprit number 1 of all apparel companies in Germany in the OC&C Proposition Index 2011, which analyzed the performances of leading retailers on the basis of an international consumer survey.

#### *CREATING INSPIRING AND FASHIONABLE COLLECTIONS*

In order to ensure brand consistency and product development efficiency as outlined in the Transformation Plan, all product, design and licensing activities have been pulled together. To lead this new role, Melody Harris-Jensbach has been appointed as Chief Product & Design Officer and she has been on board since 9 January 2012. Being a graduate of Parsons School of Design in New York, Melody has over 20 years of industry experience and is widely recognized for her outstanding, international expertise and track record in the fields of products, design and licensing in the fashion and lifestyle industry. Melody held various senior management positions within Esprit from 1998 until 2007. Between 2008 and 2011, she was the Deputy CEO and Chief Product Officer of Puma AG. Since January 2012, she is responsible for Esprit's product, design and licensing strategy.

The RCA winning collections, which were introduced in Autumn 2011, were our latest efforts to create more feminine and fashionable products. Esprit approached the Royal College of Art with the idea to launch a two-year design collaboration to create a capsule collection, incorporating sustainable fashion design, with 22 of this year's graduates. Three students from the competition were chosen as winners and their designs were re-worked by Esprit's in-house design team to hit the shop-floor.

In addition, to demonstrate our continued commitment to being a socially and environmentally responsible brand, we created the Gostwyck collection as the result of a partnership between Esprit and the Gostwyck sheep farm in New South Wales, Australia. Made from the farm's finest Merino wool, it is part of a limited collection of ultra soft clothing products. The collaboration marks the culmination of Esprit's search for an ecologically friendly wool producer. This also makes Esprit the first major retailer to develop a relationship with a Merino wool producer that requires environmental and ecological sustainable practices as well as ethical animal treatment.

To further enhance our product design, we launched the new Trend division, the China design centre as well as the new Denim division in the first half of the financial year. The Trend division has started its operation and is expected to have its first product delivery in September 2012. The China design centre has delivered its first concepts already. New product designs are expected to be showcased in our product offering in August 2012. In the newly launched Denim division, new fits are already being included into our denim lines, and the first styles will be in store in December 2012. In order to create the perfect wardrobe for our customers, all product, design and licensing activities have been grouped together.

On the other hand, we have started the implementation of a new collection calendar that matches collection creation frequency with consumer needs. The six-season calendar with 12 deliveries ensures a continual flow of products throughout the season. The constant flow of up-to-date collections will ensure the right level of fashionability to our end consumer. With this new calendar, there will be a stronger collaboration between the design teams to ensure an Esprit product DNA and handwriting. Additionally the new calendar will strengthen the alignment between product launch and go to market strategy.

While we are making our products and collections more fashionable, product quality remains our top priority, as this is what our customers like from Esprit and expect from us. To cope with cost inflationary pressures without lifting prices or sacrificing quality, we are accelerating our sourcing strategy and its implementation is currently ahead of plan. The Never-Out-Of-Stock ("NOOS") service centre has been launched to further optimize availability and inventory of NOOS offering. In addition, new sourcing offices in Indonesia and India are in the process of being set up and will be opened in the second and fourth quarters of year 2012 respectively to realize further potential. Our new European distribution centre is under construction, and this will streamline our supply chain processes. It is on schedule to open mid 2012.

### *NEW PILOT STORE OPENED IN COLOGNE*

As part of our new brand direction, we are upgrading our shopping experience by making our stores more inspirational for our customers. We have launched the Lighthouse Project to assist us in identifying a new retail store concept that matches the new brand vision. In the project, three world class architectural teams developed three different new store concepts based on the same brand brief. Design and product presentation are geared towards the lifestyle and self-image of Esprit's target customers – modern, confident, fashionable women – while reflecting the company's heritage of a Californian lifestyle and sustainability. Learning from these new store concepts will form the basis for the refurbishment and opening of new retail stores in future. In November 2011, the first new store concept was successfully launched in Cologne and it represents an important step towards our future goals. Comments and reviews from customers and market have been very positive. It has drawn much market attention and is delivering higher traffic, gross profit margin and average price per transaction. Year-on-year traffic in the store has increased by 25% since re-opening, while year-on-year growth of average price per transaction has increased by 54%. Its gross profit margin was 10% points higher than other stores.

Based on these positive results, we have decided to accelerate the test. Learning from the Cologne store will be translated into the refurbishment of 14 stores in key locations in the second half of FY11/12. In addition, the new, successful visual and merchandise management of the Cologne store will be rolled out into a bigger group of controlled test stores. Next to this, two other new store concepts are being developed and tested in Antwerp in April 2012 and Düsseldorf in July 2012.

Lacking suitable store locations amid rising property and rental prices caused a slight delay in some of our new store openings in the first half of the financial year. Nevertheless, 60 new directly managed retail stores were opened with a retail selling space of over 16,000 m<sup>2</sup>, bringing our retail space growth in line with our plan.

Directly Managed Retail Stores by Countries

Countries	As at 31 December 2011					
	No. of stores	Net opened stores*	Net sales area m <sup>2</sup>	Change in net sales area*	No. of comp stores	Comp-store sales growth
<b>Europe</b>	<b>350</b>	<b>7</b>	<b>213,702</b>	<b>2.4%</b>	<b>268</b>	<b>-4.8%</b>
Germany**	157	3	118,734	1.9%	121	-4.1%
Netherlands	50	-	19,927	5.4%	35	-10.3%
Switzerland	39	-	17,432	0.8%	31	-6.5%
France	31	-	15,914	0.7%	29	-5.1%
Belgium	25	2	16,628	1.5%	20	-5.0%
United Kingdom	23	1	4,581	24.1%	13	5.3%
Austria	15	-	14,353	-	12	-5.2%
Finland	6	1	4,459	9.5%	3	-6.4%
Luxembourg	2	-	1,149	-	2	-1.8%
Ireland	2	-	525	-	2	0.4%
<b>Asia Pacific</b>	<b>637</b>	<b>22</b>	<b>112,187</b>	<b>3.1%</b>	<b>282</b>	<b>-3.6%</b>
China	314	14	52,488	4.1%	95	0.4%
Australia	147	(1)	18,287	-4.5%	86	-9.6%
Taiwan	92	6	8,976	8.2%	56	-3.5%
Malaysia	31	2	10,693	19.3%	14	7.2%
Singapore	22	1	8,751	4.0%	15	-10.6%
Hong Kong	16	-	8,491	-5.8%	8	1.1%
New Zealand	12	-	2,827	-	7	-9.6%
Macau	3	-	1,674	-	1	-6.3%
<b>North America</b>	<b>90</b>	<b>1</b>	<b>31,365</b>	<b>0.8%</b>	<b>n.a.</b>	<b>n.a.</b>
Canada##	45	(1)	15,582	-2.3%	n.a.	n.a.
United States##	45	2	15,783	4.0%	n.a.	n.a.
<b>Subtotal</b>	<b>1,077</b>	<b>30</b>	<b>357,254</b>	<b>2.5%</b>	<b>550</b>	<b>-4.6%</b>
Store closure program FY09/10 <sup>^</sup>	13	(1)	7,337	-6.6%	n.a.	n.a.
Store closure program FY10/11 <sup>#</sup>	78	(2)	38,549	-3.3%	n.a.	n.a.
<b>Total</b>	<b>1,168</b>	<b>27</b>	<b>403,140</b>	<b>1.7%</b>	<b>550</b>	<b>-4.6%</b>

n.a. Not applicable

\* Net change from 30 June 2011

\*\* All e-shops within Europe are shown as 1 comparable store in Germany

<sup>^</sup> 1 out of the 33 stores included under the store closure program FY09/10 was closed during the six months ended 31 December 2011

<sup>#</sup> 2 out of the 80 stores included under the store closure program FY10/11 were closed during the six months ended 31 December 2011

<sup>##</sup> All directly managed retail stores in Canada and the United States and the e-shop in the United States are considered non-comparable stores as a result of management decision to divest the operations in North America

### A NEW APPROACH FOR OUR WHOLESALE BUSINESS

In the wholesale segment, Esprit has stepped up its efforts to support its strong and committed partners. Our wholesale team has conducted road shows to communicate the Transformation Plan with our wholesale customers and we received very positive feedback. Building on this good start, ongoing meetings will be established with wholesale customers to ensure that our business partners align with our business strategy and initiatives outlined by the Transformation Plan. To facilitate efficient and effective implementation of the wholesale initiatives as outlined in the Transformation Plan, we have prioritised accounts by reviewing all European accounts country by country and account by account. About 650 accounts responsible for a major part of our wholesale business are selected as key partners with highest growth potential and strong strategic fit. We have tailored support packages, i.e. refurbishment and expansion support, tactical returns and margin invest, in exchange for growth commitment. Our negotiations with key partners have started and are going well. Due to the nature of the pre-order business, the results will not become visible before the next financial year.

As part of the Transformation Plan and in response to the current challenging trading environment, we are supporting our wholesale customers to refurbish their selling spaces. This involves the refurbishment of over 50 POS (approximately one-third in China) of key strategic partners based on the successful new store concept in Cologne. This will ensure consistency of the shopping environment between retail and wholesale POS. In FY11/12, we plan to refurbish over 50,000 m<sup>2</sup> controlled wholesale space (approximately 10% of controlled wholesale space of franchise stores/shop-in-stores). In addition, to ensure consistent brand message, around 10 showrooms will also be refurbished in Europe and Asia. We expect the majority of this investment to be deployed in the second half of the financial year.

As well as this support program, we have also started to rationalize our customer base by eliminating non-productive POS. This clearly had a negative impact on the wholesale space and sales, but is necessary to strengthen our wholesale channel and brand long-term.

We have been actively developing wholesale business in places where we are still under represented, such as countries in Asia and Latin America, to compensate for the slower growth in mature markets. This strategy has led to robust wholesale turnover growth in Thailand, Philippines, Indonesia, Chile and Columbia which grew 31.2%, 55.6%, 16.7%, 59.9% and 12.0% year-on-year respectively for the six months ended 31 December 2011.

During the six months ended 31 December 2011, our controlled wholesale space was affected by active rationalization of wholesale space and limited bank credit for franchise partners. The overall total controlled wholesale space fell by 3.9% to 675,156 m<sup>2</sup> as at 31 December 2011 (30 June 2011: 702,803 m<sup>2</sup>). The majority of the closures of franchise stores were due to expiry of leases and closure of non-productive POS.

**Wholesale Distribution Channel by Countries (controlled space only)**

As at 31 December 2011																
Countries	Franchise stores**				Shop-in-stores**				Identity corners**				Total**			
	No. of stores	Net sales area m <sup>2</sup>	Net opened stores*	Net change in sales area*	No. of stores	Net sales area m <sup>2</sup>	Net opened stores*	Net change in sales area*	No. of stores	Net sales area m <sup>2</sup>	Net opened stores*	Net change in sales area*	No. of stores	Net sales area m <sup>2</sup>	Net opened stores*	Net change in sales area*
<b>Esprit Europe</b>	<b>1,061</b>	<b>263,801</b>	<b>(47)</b>	<b>-5.3%</b>	<b>4,740</b>	<b>181,723</b>	<b>(100)</b>	<b>-4.4%</b>	<b>4,350</b>	<b>95,250</b>	<b>(267)</b>	<b>-7.4%</b>	<b>10,151</b>	<b>540,774</b>	<b>(414)</b>	<b>-5.4%</b>
Germany***	396	106,808	(25)	-9.6%	3,642	145,965	(77)	-4.5%	2,372	45,360	(231)	-10.9%	6,410	298,133	(333)	-7.4%
Benelux	164	51,434	(4)	-1.6%	167	6,980	4	1.5%	633	16,384	(25)	-3.3%	964	74,798	(25)	-1.7%
France	191	34,019	(13)	-4.6%	391	9,021	(9)	-13.2%	321	9,047	(39)	-12.1%	903	52,087	(61)	-7.6%
Sweden	77	24,640	(3)	0.2%	1	40	-	-	99	1,992	(4)	-5.6%	177	26,672	(7)	-0.3%
Austria	80	14,436	(1)	-2.4%	116	3,979	5	5.8%	112	2,926	(5)	-4.4%	308	21,341	(1)	-1.3%
Italy	48	9,503	2	2.8%	39	1,674	2	1.9%	220	4,762	89	41.1%	307	15,939	93	11.8%
Switzerland	44	8,109	(1)	-1.5%	49	2,646	(2)	-5.1%	64	1,252	(3)	-5.7%	157	12,007	(6)	-2.8%
Finland	24	6,710	2	5.2%	98	4,721	5	3.5%	313	8,444	(39)	-11.6%	435	19,875	(32)	-3.0%
Denmark	17	4,161	-	-0.3%	3	86	(4)	-58.9%	111	2,613	(10)	-7.6%	131	6,860	(14)	-4.9%
Spain <sup>^</sup>	10	2,003	(2)	-24.3%	209	5,706	(10)	2.1%	17	454	(1)	0.0%	236	8,163	(13)	-6.0%
United Kingdom	4	589	(1)	-21.0%	11	422	(11)	-49.9%	73	1,708	(2)	-1.7%	88	2,719	(14)	-18.3%
Portugal <sup>^</sup>	2	569	-	-14.2%	-	-	-	-	5	85	2	70.0%	7	654	2	-8.3%
Norway	2	445	-	-	-	-	-	-	2	50	-	-	4	495	-	-
Ireland	2	375	(1)	-32.9%	14	483	(3)	-21.7%	8	173	1	6.1%	24	1,031	(3)	-23.0%
<b>Esprit Asia Pacific</b>	<b>1,034</b>	<b>130,682</b>	<b>30</b>	<b>2.3%</b>	<b>136</b>	<b>3,700</b>	<b>1</b>	<b>3.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,170</b>	<b>134,382</b>	<b>31</b>	<b>2.4%</b>
China	714	88,276	2	0.6%	-	-	-	-	-	-	-	-	714	88,276	2	0.6%
The Middle East	44	12,068	(2)	-1.6%	-	-	-	-	-	-	-	-	44	12,068	(2)	-1.6%
India	64	7,302	8	-7.7%	-	-	-	-	-	-	-	-	64	7,302	8	-7.7%
Thailand	88	6,265	2	9.6%	-	-	-	-	-	-	-	-	88	6,265	2	9.6%
Philippines	17	2,512	(1)	-4.5%	-	-	-	-	-	-	-	-	17	2,512	(1)	-4.5%
Australia	-	-	-	-	55	1,938	-	-	-	-	-	-	55	1,938	-	-
Others	107	14,259	21	25.2%	81	1,762	1	6.5%	-	-	-	-	188	16,021	22	22.9%
<b>Total</b>	<b>2,095</b>	<b>394,483</b>	<b>(17)</b>	<b>-2.9%</b>	<b>4,876</b>	<b>185,423</b>	<b>(99)</b>	<b>-4.3%</b>	<b>4,350</b>	<b>95,250</b>	<b>(267)</b>	<b>-7.4%</b>	<b>11,321</b>	<b>675,156</b>	<b>(383)</b>	<b>-3.9%</b>

\* Net change from 30 June 2011

\*\* Excludes Red Earth and salon

\*\*\* Germany controlled space wholesale POS include controlled space wholesale POS in countries outside Germany, mainly Russia, Poland, Greece, Czech Republic and Hungary

<sup>^</sup> Portugal, which was previously grouped under Spain, was separately disclosed from July 2011 onwards. The number of controlled space wholesale POS in Spain as at 30 June 2011 was 254 which included 249 controlled wholesale POS in Spain and 5 controlled wholesale POS in Portugal. The 249 controlled wholesale POS in Spain comprised 12 franchise stores, 219 shop-in-stores and 18 identity corners with controlled space of 2,645 m<sup>2</sup>, 5,586 m<sup>2</sup> and 454 m<sup>2</sup> respectively. The 5 controlled wholesale POS in Portugal comprised 2 franchise stores and 3 identity corners with controlled wholesale space of 663 m<sup>2</sup> and 50 m<sup>2</sup> respectively.

### *CHINA IS OUR SECOND BIGGEST MARKET*

To lead our China team to achieve our growth ambitions in this important market, a new China CEO, Holly Li, has been on board since 1 February 2012. An experienced senior management professional with broad China, retail and franchise experience, we are confident that Holly will successfully execute our business plan for China, which foresees a doubling of the sales and POS until June 2015. She reports directly to the Group CEO.

Even without a China CEO in place in the first half of the financial year, our growth plan roll-out in China continued to make progress and had a net addition of 9 cities during the six months ended 31 December 2011 and our footprint increased to 194 cities (30 June 2011: 185). Total controlled space (retail and wholesale combined) increased by 1.8% from 30 June 2011 to 140,764 m<sup>2</sup>.

To cope with the huge market size and demographic differences among provinces, we aim to work with national and regional franchise partners to accelerate our expansion pace in China. We are convinced that this hybrid wholesale model can ensure effective and efficient expansion. At present, we have categorized cities and provinces and are in the process of engaging with national and regional franchise partners. After detailed analysis, locations have been identified in targeted cities. Expansion is expected to accelerate in the second half. Around 40 retail locations have been secured and are expected to be opened in the second half of the financial year.

### *CLOSURE OF NON-PROFITABLE STORES ON TRACK*

The store closure program announced is on track. Over 50% of the 80 planned store closures which were announced in FY10/11 as part of the Transformation Plan have been executed or are in final negotiations. The negotiation process involves not only landlords, but also parties such as employee work councils in the various countries. So far, the closing procedures and costs are well within the time frame and provisions accounted for.

### *FINALIZING THE WIND-DOWN OF OPERATIONS IN NORTH AMERICA BY 31 MARCH 2012*

After ongoing discussion and negotiation with various parties in the past few months, we have decided not to sell the business as we are not willing to compromise on brand positioning and distribution channels. Given that the focus of our transformation process is to re-establish the Esprit brand as a leading, inspiring fashion brand, we were not willing to jeopardize our efforts by a potential different brand execution in North America. Hence, we believe that pursuing the option to close down the operations in North America and develop the licensing business with one or more competent license partner(s) will serve the best interests of the Group. In addition, working with a competent license partner will enable us to maintain our brand presence in North America. As a result, we have commenced the wind-down of store operations in North America. This involves closing 41 full price retail stores and 53 outlets. We have started the negotiation with landlords, on a case-by-case basis and plan to close all directly managed retail stores in North America. There are currently 85 store leases with tentative agreements. It is expected that the last day of the store operations will be 31 March 2012.

### 03.2 FINANCIAL REVIEW

**Group turnover** was HK\$16,699 million (1H FY10/11: HK\$17,693 million), representing 5.6% year-on-year decline. In local currency, the decline was 10.0% as a result of decline in wholesale and retail turnover amid continued macro headwinds in Europe, adverse weather conditions especially during the second quarter of the reporting period and a deliberate rationalization of the wholesale channel.

#### Turnover by Products

	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
<b>Esprit</b>						
<b>women</b>	<b>6,685</b>	<b>40.0%</b>	7,296	41.2%	-8.4%	-12.9%
women casual	5,176	31.0%	5,943	33.6%	-12.9%	-17.3%
women collection	1,509	9.0%	1,353	7.6%	11.5%	6.2%
<b>men</b>	<b>2,745</b>	<b>16.4%</b>	2,840	16.1%	-3.4%	-7.6%
men casual	2,191	13.1%	2,317	13.1%	-5.4%	-9.6%
men collection	554	3.3%	523	3.0%	5.8%	1.3%
<b>others</b>	<b>3,198</b>	<b>19.2%</b>	3,213	18.1%	-0.5%	-4.9%
accessories	790	4.7%	881	5.0%	-10.3%	-13.9%
shoes	545	3.2%	459	2.6%	18.6%	11.7%
bodywear	512	3.1%	484	2.7%	5.9%	1.5%
kids	462	2.8%	497	2.8%	-6.9%	-12.1%
de. corp	299	1.8%	201	1.1%	48.3%	43.7%
sports	212	1.3%	285	1.6%	-25.5%	-29.1%
others*	378	2.3%	406	2.3%	-7.0%	-10.5%
<b>Total</b>	<b>12,628</b>	<b>75.6%</b>	13,349	75.4%	-5.4%	-9.8%

\* Others include red earth, salon, licensing income and licensed products like timewear, eyewear, jewellery, bed & bath, houseware etc

	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
<b>edc</b>						
edc women	2,940	17.6%	3,137	17.7%	-6.3%	-10.4%
edc men	689	4.1%	683	3.9%	0.8%	-3.0%
edc others <sup>^</sup>	442	2.7%	524	3.0%	-15.7%	-19.1%
<b>Total</b>	<b>4,071</b>	<b>24.4%</b>	4,344	24.6%	-6.3%	-10.3%

<sup>^</sup> edc others include edc kids, edc shoes, edc accessories and edc bodywear

Product divisions with high degree of fashionability and styles, such as de. corp and women collection, showed strong sales performance and delivered robust turnover growth of 48.3% and 11.5% respectively. Their positive sales development reinforced our confidence in positioning Esprit brand with higher degree of fashionability in the future.

### Turnover by Countries

Countries <sup>#</sup>	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
<b>Europe</b>	<b>13,092</b>	<b>78.4%</b>	<b>14,014</b>	<b>79.2%</b>	<b>-6.6%</b>	<b>-11.0%</b>
Germany <sup>#</sup>	7,151	42.8%	7,496	42.4%	-4.6%	-8.4%
Benelux*	2,136	12.8%	2,372	13.4%	-10.0%	-14.3%
France	1,081	6.5%	1,347	7.6%	-19.8%	-23.5%
Scandinavia	782	4.7%	784	4.4%	-0.2%	-6.0%
Switzerland	718	4.3%	770	4.4%	-6.8%	-17.2%
Austria	703	4.2%	739	4.2%	-4.8%	-8.8%
United Kingdom	198	1.2%	208	1.2%	-5.0%	-6.6%
Spain	162	1.0%	148	0.8%	9.9%	4.7%
Italy	128	0.8%	118	0.7%	8.5%	2.9%
Ireland	17	0.1%	18	0.1%	-7.1%	-10.7%
Portugal	6	0.0%	7	0.0%	-14.5%	-18.9%
Others	10	0.0%	7	0.0%	42.0%	37.5%
<b>Asia Pacific</b>	<b>2,967</b>	<b>17.8%</b>	<b>3,022</b>	<b>17.1%</b>	<b>-1.8%</b>	<b>-6.4%</b>
China**	1,411	8.4%	1,429	8.1%	-1.3%	-6.3%
Australia and New Zealand	459	2.8%	495	2.8%	-7.3%	-14.6%
Hong Kong**	302	1.8%	304	1.7%	-0.7%	-0.7%
Macau <sup>###</sup>	269	1.6%	299	1.7%	-10.0%	-13.3%
Singapore	229	1.4%	216	1.2%	5.9%	0.4%
Taiwan	154	0.9%	154	0.9%	0.3%	-4.0%
Malaysia	143	0.9%	125	0.7%	15.1%	13.0%
<b>North America</b>	<b>640</b>	<b>3.8%</b>	<b>657</b>	<b>3.7%</b>	<b>-2.6%</b>	<b>-3.7%</b>
United States*	360	2.1%	334	1.9%	7.8%	7.5%
Canada	280	1.7%	323	1.8%	-13.3%	-15.2%
<b>Total</b>	<b>16,699</b>	<b>100.0%</b>	<b>17,693</b>	<b>100.0%</b>	<b>-5.6%</b>	<b>-10.0%</b>

<sup>#</sup> Country as a whole includes retail stores, outlet stores, edc standalone stores and e-shop

<sup>##</sup> Germany sales include wholesale sales to other European countries mainly Russia, Poland, Czech Republic, Greece and Slovenia

<sup>###</sup> Macau sales include wholesale sales to other countries mainly Columbia, Thailand and Chile

\* Includes licensing

\*\* Includes salon

### Turnover by Distribution Channels

Key Distribution Channels	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% to Group Turnover	HK\$ million	% to Group Turnover	HK\$	Local currency
Retail <sup>#</sup>	9,844	59.0%	9,955	56.3%	-1.1%	-5.0%
Wholesale	6,727	40.3%	7,621	43.1%	-11.7%	-16.7%
Licensing	106	0.6%	93	0.5%	14.4%	13.6%
Others	22	0.1%	24	0.1%	-9.3%	-12.0%
<b>Total</b>	<b>16,699</b>	<b>100.0%</b>	<b>17,693</b>	<b>100.0%</b>	<b>-5.6%</b>	<b>-10.0%</b>

<sup>#</sup> Retail sales include sales from e-shop in countries where available

**Retail turnover** amounted to HK\$9,844 million (1H FY10/11: HK\$9,955 million). There was a 4.6% comparable store sales decline and the expected loss of sales in relation to the store closure program as guided. The negative comparable store sales development was mainly driven by the decline in comparable store traffic, which suffered mostly from the warm weather in Autumn/Winter. Nevertheless, comparable store sales growth showed quarter-on-quarter improvement in the second quarter, thanks to the Transformation Plan related initiatives on branding and products.

**Retail Performance Scorecard**

	For the 6 months ended 31 December	
	2011	2010
Year-on-year local currency turnover growth	-5.0%	8.7%
Segment EBIT margin	6.0%	12.3%
No. of Esprit POS	1,168	1,154
Esprit net sales area (m <sup>2</sup> )	403,140	394,676
Year-on-year change in Esprit net sales area	2.1%	18.9%
Comparable store sales growth	-4.6%	-1.5%

**Retail Turnover by Countries**

Countries	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% of Retail Turnover	HK\$ million	% of Retail Turnover	HK\$	Local currency
<b>Europe</b>	<b>7,277</b>	<b>73.9%</b>	<b>7,315</b>	<b>73.5%</b>	<b>-0.5%</b>	<b>-4.5%</b>
Germany	4,309	43.8%	4,293	43.1%	0.4%	-3.1%
Benelux	1,085	11.0%	1,111	11.2%	-2.4%	-6.2%
Switzerland	566	5.7%	553	5.6%	2.3%	-8.0%
France	484	4.9%	547	5.5%	-11.5%	-14.5%
Austria	423	4.3%	412	4.1%	2.7%	-0.8%
United Kingdom	166	1.7%	178	1.8%	-7.1%	-8.5%
Finland	86	0.9%	60	0.6%	43.4%	37.8%
Denmark	64	0.7%	72	0.7%	-11.4%	-14.4%
Spain	54	0.5%	50	0.5%	7.6%	3.0%
Norway	11	0.1%	12	0.1%	-3.1%	-9.5%
Ireland	10	0.1%	9	0.1%	13.7%	9.7%
Sweden	7	0.1%	9	0.1%	-16.8%	-21.4%
Italy	2	0.0%	1	0.0%	42.2%	38.0%
Portugal	0	0.0%	2	0.0%	-86.2%	-86.9%
Others*	10	0.1%	6	0.1%	45.3%	40.6%
<b>Asia Pacific</b>	<b>2,100</b>	<b>21.4%</b>	<b>2,149</b>	<b>21.6%</b>	<b>-2.3%</b>	<b>-6.7%</b>
China	789	8.0%	847	8.5%	-6.9%	-11.5%
Australia and New Zealand	439	4.5%	467	4.7%	-6.0%	-13.3%
Hong Kong	292	3.0%	292	2.9%	0.0%	0.0%
Singapore	229	2.3%	216	2.2%	5.9%	0.4%
Taiwan	154	1.6%	154	1.5%	0.3%	-4.0%
Malaysia	143	1.5%	125	1.3%	15.1%	13.0%
Macau	54	0.5%	48	0.5%	12.1%	12.1%
<b>North America</b>	<b>467</b>	<b>4.7%</b>	<b>491</b>	<b>4.9%</b>	<b>-5.0%</b>	<b>-6.0%</b>
United States	268	2.7%	252	2.5%	6.4%	6.2%
Canada	199	2.0%	239	2.4%	-17.0%	-18.6%
<b>Total</b>	<b>9,844</b>	<b>100.0%</b>	<b>9,955</b>	<b>100.0%</b>	<b>-1.1%</b>	<b>-5.0%</b>

\* Others' retail turnover represented retail turnover from e-shop in Czech Republic, Poland, Slovakia, Hungary, Slovenia, Latvia, Greece, Malta and Estonia

**Wholesale turnover** fell 11.7% year-on-year to HK\$6,727 million (1H FY10/11: HK\$7,621 million), in line with the Transformation Plan. The decline was mainly due to a decrease in gross sales as well as higher discount, the return initiative to support our wholesale customers amid the challenging market conditions and active rationalization of wholesale space. Decrease in gross sales was partly evidenced by 6.5% year-on-year decline in controlled wholesale space as a result of a continued and deliberate effort to rationalize the quality of our wholesale customer base.

#### Wholesale Performance Scorecard

	For the 6 months ended 31 December	
	2011	2010
Year-on-year local currency turnover growth	-16.7%	-6.2%
Segment EBIT margin	18.6%	26.9%
No. of Esprit controlled space POS	11,321	12,056
Esprit controlled space area (m <sup>2</sup> )	675,156	722,118
Year-on-year change in Esprit controlled space area	-6.5%	-5.7%

#### Wholesale Turnover by Countries

Countries	For the 6 months ended 31 December					
	2011		2010		Change in %	
	HK\$ million	% of Wholesale Turnover	HK\$ million	% of Wholesale Turnover	HK\$	Local currency
<b>Europe</b>	<b>5,799</b>	<b>86.2%</b>	6,684	87.6%	-13.2%	-18.2%
Germany*	2,833	42.1%	3,195	41.9%	-11.3%	-15.6%
Benelux	1,044	15.5%	1,255	16.5%	-16.8%	-21.4%
Scandinavia	614	9.1%	631	8.3%	-2.8%	-9.0%
France	597	8.9%	800	10.5%	-25.4%	-29.7%
Austria	280	4.2%	327	4.3%	-14.3%	-18.8%
Switzerland	152	2.2%	217	2.8%	-30.1%	-40.4%
Italy	126	1.9%	117	1.5%	8.1%	2.5%
Spain	108	1.6%	97	1.2%	11.1%	5.6%
United Kingdom	32	0.5%	30	0.4%	7.1%	4.9%
Ireland	7	0.1%	9	0.1%	-28.0%	-31.4%
Portugal	6	0.1%	6	0.1%	5.4%	0.7%
<b>Asia Pacific</b>	<b>845</b>	<b>12.6%</b>	849	11.2%	-0.4%	-5.5%
China	610	9.1%	570	7.5%	7.0%	1.6%
Macau**	215	3.2%	251	3.3%	-14.3%	-18.1%
Australia	20	0.3%	28	0.4%	-28.4%	-35.2%
<b>North America</b>	<b>83</b>	<b>1.2%</b>	88	1.2%	-5.1%	-7.8%
Canada	81	1.2%	84	1.1%	-2.8%	-5.7%
United States	2	0.0%	4	0.1%	-50.1%	-50.3%
<b>Total</b>	<b>6,727</b>	<b>100.0%</b>	7,621	100.0%	-11.7%	-16.7%

\* Germany wholesale sales includes sales to other European countries mainly Russia, Poland, Czech Republic, Greece and Slovenia

\*\* Macau sales includes wholesale sales to other countries mainly Columbia, Thailand and Chile

**Gross profit** was HK\$8,491 million (1H FY10/11: HK\$9,838 million) reflecting a gross profit margin of 50.8% (1H FY10/11: 55.6%). The decline in gross profit and gross profit margin was mainly due to continued cost inflationary pressure and higher level of discounting as a result of warmer than expected weather during the reporting period. As outlined in the Transformation Plan, we decided not to raise our prices in most price points and categories, in anticipation of an easing in sourcing costs and our strategic effort to enhance our price value perception long-term. Wholesale returns also brought unfavourable impact to gross profit margin.

**Operating expenses** amounted to HK\$7,704 million (1H FY10/11: HK\$7,203 million). In local currency, operating expenses grew by 2.3% mainly due to additional spending for the Transformation Plan, such as the additional spending in association with branding.

For the full year, the planned operating margin is 1% to 2%. The operating margin for the six months ended 31 December 2011 was 4.7%. As a result of the decline in gross profit and increase in operating expenses as explained above, **operating profit** amounted to HK\$787 million (1H FY10/11: HK\$2,635 million) and the decline was mainly due to a decrease in the gross profit margin, additional spending for the Transformation Plan and deleverage impact as a result of negative turnover growth.

**Net profit** was HK\$555 million (1H FY10/11: HK\$2,140 million) and net profit margin was 3.3% (1H FY10/11: 12.1%). The decline in net profit was mainly due to lower profitability and higher effective tax rate.

### 03.3 LIQUIDITY AND FINANCIAL RESOURCES

Despite the additional spending on Transformation Plan, our balance sheet strength and cash position remained solid. **Cash and bank balances** as at 31 December 2011 amounted to HK\$3,408 million (30 June 2011: HK\$4,794 million). As compared to 30 June 2011, EUR/HKD closing rate as at 31 December 2011 depreciated by 10.3% to 10.074.

HK\$ million	For the 6 months ended 31 December	
	2011	2010
Cash and cash equivalents as at 1 July	4,794	6,748
Net cash (used in)/generated from operating activities	(907)	1,854
Net cash used in investing activities	(589)	(715)
Net cash generated from/(used in) financing activities	263	(830)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,233)</b>	<b>309</b>
<b>Effect of change in exchange rates</b>	<b>(153)</b>	<b>245</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>3,408</b>	<b>7,302</b>
<b>Less:</b>		
Bank loans	2,353	2,600
<b>Net cash balance</b>	<b>1,055</b>	<b>4,702</b>

**Capital expenditure** amounted to HK\$499 million (1H FY10/11: HK\$590 million).

HK\$ million	For the 6 months ended 31 December	
	2011	2010
New stores and expansion	210	187
Existing stores	82	97
IT projects	165	241
Office & others	42	65
<b>Purchase of property, plant and equipment</b>	<b>499</b>	<b>590</b>

**Net trade debtor balance** fell to HK\$2,899 million as at 31 December 2011, reflecting 6.5% decline from 30 June 2011.

**Inventories** were HK\$4,162 million as at 31 December 2011, reflecting 1.3% decrease from 30 June 2011, mainly driven by the depreciation of EUR/HKD closing rate, partially offset by 0.5% increase in inventory units and higher seasonal unit cost of inventories.

**Total interest bearing external borrowings** amounted to HK\$2,353 million (30 June 2011: HK\$2,080 million) as at 31 December 2011. The increase was mainly due to HK\$273 million bank loans drawn to finance our business development in China. As at 31 December 2011, trade debtors of HK\$94 million (30 June 2011: nil) were pledged to a bank as security for the Group's short-term bank loans.

### 03.4 SEASONALITY OF BUSINESS

The Group's business is affected by seasonal trends. These trends are primarily attributable to seasonal shipments to wholesale customers and key holiday

sales periods, as well as the pricing of seasonal products. Due to the fact that sales and operating income may fluctuate in any reporting period, half year financials may not be indicative of the future trend of business and may not be extrapolated to provide a reliable forecast.

### 03.5 FOREIGN EXCHANGE RISK MANAGEMENT

In the past, most of the suppliers in Asia were asked to quote and settle in Euros. To better manage our sourcing costs for merchandise produced for Europe, majority of the suppliers in Asia were asked to quote and settle in US dollar. Hence, the Group entered into foreign exchange forward contracts with reputable financial institutions to hedge such foreign exchange risks.

### 03.6 OUTLOOK

Since 15 September 2011, we started the implementation of our four-year transformation process. We are pleased with the progress so far and are well on track. Having said that, one needs to realize that we have only just begun our transformation journey to re-establish Esprit as a leading, inspiring fashion brand and to restore long-term profitability. We continue to face economic headwinds, especially in Europe, as a result of reduced consumer confidence and restricted credit facilities. This is particularly impacting our wholesale business and wholesale expansion.

Going to the second half of the financial year, we will continue the rigorous and systematic implementation of our Transformation Plan in a continued challenging business environment. All measures and investments will be closely measured and tracked and adjusted if needed. The plan is flexible in the sense that we can and will adapt our measures if and when needed. As we have guided before, most of the measures we will do during the course of this financial year, will only start bearing fruit in the following years due to the lead times inherent to this industry.

We continue our successful cooperation with Gisele Bündchen. Our Spring/Summer 2012 collections will showcase our latest efforts in injecting fashion and value to our product offerings. The launch will be accompanied by series of marketing campaigns and activities to secure the required impact. While we are encouraged by the results of the campaigns and the much higher sell through of advertised items in store, one needs to realize that it will take until Winter 2012/13 to implement the brand direction into all collections.

Retail distribution network is expected to grow as planned. In view of the positive reviews of the Cologne store concept, we will accelerate our efforts. 14 existing directly managed retail stores are selected for the roll-out of the new store concept in the second half of the financial year. Another group of existing directly managed retail stores is also selected for merchandise and visual merchandising adaptations based on the learning from the Cologne store concept.

Aside from store expansion, our first-ever e-shop in Asia Pacific is expected to commence operation in China in the second half of the financial year. The e-shop platform in China will be marketed under [www.esprit.cn](http://www.esprit.cn) and [esprit.tmall.com](http://esprit.tmall.com), where our China customers can comfortably and freely search for our latest product offerings and purchase without hassles.

While the economic backdrop will remain difficult in the second half of the financial year, the Group results for the first half of FY11/12 were well within the projected range. This represents an early and very important step on our route to seeing the entire plan through, and this good result have confirmed us that this is the new Esprit to be achieved and we are definitely heading in the right direction. Looking beyond this financial year, we are even more confident that we will see the tangible results of our hard work materialize in the calendar year 2013 and succeed in turning Esprit into an inspiring and fashionable brand with sustainable profits and a clear identity.

**04** *FINANCIAL*  
*Section*



## 04.1 INDEPENDENT REVIEW REPORT

### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF ESPRIT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

#### Introduction

We have reviewed the interim financial information set out on pages 37 to 47, which comprises the condensed consolidated balance sheet of Esprit Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2011 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".



PricewaterhouseCoopers  
Certified Public Accountants

Hong Kong, 23 February 2012

## 04.2 INTERIM FINANCIAL INFORMATION

The Board of Directors of Esprit Holdings Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial information, along with selected explanatory notes, of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2011 as follows:

	Notes	Unaudited for the 6 months ended 31 December	
		2011 HK\$ million	2010 HK\$ million
<b>Turnover</b>	2	<b>16,699</b>	17,693
Cost of goods sold		<b>(8,208)</b>	(7,855)
<b>Gross profit</b>		<b>8,491</b>	9,838
Staff costs		<b>(2,499)</b>	(2,407)
Occupancy costs		<b>(2,151)</b>	(2,148)
Logistics expenses		<b>(754)</b>	(685)
Marketing and advertising expenses		<b>(764)</b>	(446)
Depreciation		<b>(342)</b>	(403)
Impairment of property, plant and equipment		<b>(5)</b>	(2)
Write back/(addition) of provision for store closure		<b>79</b>	(6)
Other operating costs		<b>(1,268)</b>	(1,106)
<b>Operating profit</b>	3	<b>787</b>	2,635
Interest income		<b>16</b>	23
Finance costs	4	<b>(21)</b>	(14)
<b>Profit before taxation</b>	2	<b>782</b>	2,644
Taxation	5	<b>(227)</b>	(504)
<b>Profit attributable to shareholders of the Company</b>		<b>555</b>	2,140
<b>Earnings per share</b>			
– Basic	7	<b>HK\$0.43</b>	HK\$1.66
– Diluted	7	<b>HK\$0.43</b>	HK\$1.66

Details of dividends to the shareholders of the Company are set out in note 6.

The notes on pages 42 to 47 form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated statement of comprehensive income**

	Unaudited for the 6 months ended 31 December	
	2011	2010
	HK\$ million	HK\$ million
<b>Profit attributable to shareholders of the Company</b>	<b>555</b>	<b>2,140</b>
<b>Other comprehensive income</b>		
Fair value gain on cash flow hedge	343	19
Exchange translation	(954)	1,056
<b>Total comprehensive (losses)/income for the period attributable to shareholders of the Company</b>	<b>(56)</b>	<b>3,215</b>

The notes on pages 42 to 47 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated balance sheet

	Notes	Unaudited 31 December 2011 HK\$ million	Audited 30 June 2011 HK\$ million
<b>Non-current assets</b>			
Intangible assets		7,708	7,672
Property, plant and equipment	8	4,157	4,415
Investment properties		13	13
Other investments		7	8
Deposits and prepayments		442	502
Deferred tax assets		751	808
		<b>13,078</b>	<b>13,418</b>
<b>Current assets</b>			
Inventories		4,162	4,218
Debtors, deposits and prepayments	9	4,210	3,586
Tax receivable		1,113	1,018
Cash and cash equivalents		3,408	4,794
		<b>12,893</b>	<b>13,616</b>
<b>Current liabilities</b>			
Creditors and accrued charges	10	3,867	4,723
Provision for store closure	11	1,700	1,992
Taxation		1,012	1,156
Bank loans	12	793	520
		<b>7,372</b>	<b>8,391</b>
<b>Net current assets</b>		<b>5,521</b>	<b>5,225</b>
<b>Total assets less current liabilities</b>		<b>18,599</b>	<b>18,643</b>
<b>Equity</b>			
Share capital	13	129	129
Reserves		16,110	16,104
<b>Total equity</b>		<b>16,239</b>	<b>16,233</b>
<b>Non-current liabilities</b>			
Bank loans	12	1,560	1,560
Deferred tax liabilities		800	850
		<b>2,360</b>	<b>2,410</b>
		<b>18,599</b>	<b>18,643</b>

The notes on pages 42 to 47 form an integral part of this condensed consolidated interim financial information.

**Condensed consolidated cash flow statement**

	Unaudited for the 6 months ended 31 December	
	2011	2010
	HK\$ million	HK\$ million
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(324)	2,504
Hong Kong profits tax paid	(2)	(3)
Overseas tax paid	(581)	(647)
<b>Net cash (used in)/generated from operating activities</b>	<b>(907)</b>	<b>1,854</b>
<b>Cash flows from investing activities</b>		
Net cash outflow for acquisition of remaining interest in the associated companies	–	(150)
Net cash outflow for disposal of interest in subsidiaries	(110)	–
Purchase of property, plant and equipment	(499)	(590)
Proceeds from disposal of property, plant and equipment	4	2
Interest received	16	23
<b>Net cash used in investing activities</b>	<b>(589)</b>	<b>(715)</b>
<b>Cash flows from financing activities</b>		
Net proceeds on issue of shares for cash	–	8
Interest paid on bank loans	(10)	(12)
Proceeds from short-term bank loans	273	–
Dividends paid	–	(826)
<b>Net cash generated from/(used in) financing activities</b>	<b>263</b>	<b>(830)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,233)</b>	<b>309</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4,794</b>	<b>6,748</b>
<b>Effect of change in exchange rates</b>	<b>(153)</b>	<b>245</b>
<b>Cash and cash equivalents at end of period</b>	<b>3,408</b>	<b>7,302</b>
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash	2,227	3,384
Short-term bank deposits	1,181	3,918
	<b>3,408</b>	<b>7,302</b>

The notes on pages 42 to 47 form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity

Unaudited for the 6 months ended 31 December 2011

	Share capital HK\$ million	Share premium HK\$ million	Employee share-based payment reserve HK\$ million	Hedging reserve HK\$ million	Contributed surplus HK\$ million	Translation reserve HK\$ million	Capital reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million
<b>At 1 July 2011</b>	129	3,157	667	(139)	7	1,306	1	11,105	16,233
Exchange translation	-	-	-	-	-	(954)	-	-	(954)
Fair value gain on cash flow hedge									
– net fair value gain	-	-	-	262	-	-	-	-	262
– transferred to operating profit-exchange difference	-	-	-	29	-	-	-	-	29
– transferred to inventories	-	-	-	52	-	-	-	-	52
Profit attributable to shareholders of the Company	-	-	-	-	-	-	-	555	555
Total comprehensive income/(losses)	-	-	-	343	-	(954)	-	555	(56)
Employee share option benefits	-	-	62	-	-	-	-	-	62
<b>At 31 December 2011</b>	129	3,157	729	204	7	352	1	11,660	16,239

Unaudited for the 6 months ended 31 December 2010

	Share capital HK\$ million	Share premium HK\$ million	Employee share-based payment reserve HK\$ million	Hedging reserve HK\$ million	Contributed surplus HK\$ million	Translation reserve HK\$ million	Capital reserve HK\$ million	Retained profits HK\$ million	Total HK\$ million
<b>At 1 July 2010</b>	129	3,073	481	-	7	(797)	1	13,178	16,072
Exchange translation	-	-	-	-	-	1,056	-	-	1,056
Fair value gain on cash flow hedge									
– net fair value gain	-	-	-	19	-	-	-	-	19
Profit attributable to shareholders of the Company	-	-	-	-	-	-	-	2,140	2,140
Total comprehensive income	-	-	-	19	-	1,056	-	2,140	3,215
2009/10 final dividend paid	-	37	-	-	-	-	-	(863)	(826)
Issues of shares	-	8	-	-	-	-	-	-	8
Employee share option benefits	-	-	105	-	-	-	-	-	105
Transfer of reserve upon exercise of share options	-	3	(3)	-	-	-	-	-	-
<b>At 31 December 2010</b>	129	3,121	583	19	7	259	1	14,455	18,574

The notes on pages 42 to 47 form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. Basis of preparation

This unaudited condensed consolidated interim financial information (“interim financial information”) on pages 37 to 47 for the six months ended 31 December 2011 has been prepared in accordance with the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

This interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2011. The accounting policies and methods of computation used in the preparation of this interim financial information are consistent with those used in the annual financial statements for the year ended 30 June 2011.

In the current period, the Group has adopted the following IAS, International Financial Reporting Standards (“IFRS”) and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations which do not have any significant impact on the Group’s consolidated financial statements.

IAS 24 (Revised)	Related Party Disclosures
IFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
IFRIC 14 (Amendment)	Prepayment of a Minimum Funding Requirement
Various IASs and IFRSs	Improvements to IFRSs 2010

The Group did not early adopt the following IAS, IFRS and IFRIC interpretation that have been issued in the period from 1 July 2011 to 31 December 2011. The adoption of such standards and interpretation is anticipated not to result in substantial changes to the Group’s accounting policies.

		Effective for accounting periods beginning on or after
IAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 7 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 7 (Amendment)	Initial Application of IFRS 9	1 January 2015
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

### 2. Turnover and segment information

The Group is principally engaged in wholesale and retail distribution and licensing of quality fashion and lifestyle products designed under its own internationally-known Esprit brand name.

Unaudited for the 6 months ended 31 December		
	2011 HK\$ million	2010 HK\$ million
Revenue		
Wholesale	6,727	7,621
Retail	9,844	9,955
Licensing and other income	128	117
	16,699	17,693

The chief operating decision-makers have been identified as the executive directors (“Executive Directors”) of the Group.

Management has determined the operating segments based on the reports reviewed by the Executive Directors that are used to assess performance and allocate resources.

The Executive Directors consider the business from an operations nature perspective, including wholesale and retail distribution and licensing of quality fashion and lifestyle products designed under its own internationally-known Esprit brand name.

Inter-segment transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

2. Turnover and segment information (continued)

Unaudited for the 6 months ended 31 December 2011					
	Wholesale HK\$ million	Retail HK\$ million	Licensing HK\$ million	Corporate services, sourcing and others HK\$ million	Group HK\$ million
Total revenue	6,727	9,844	106	14,827	31,504
Inter-segment revenue	–	–	–	(14,805)	(14,805)
Revenue from external customers	6,727	9,844	106	22	16,699
Segment results	1,251	588	81	(1,133)	787
Interest income					16
Finance costs					(21)
Profit before taxation					782
Capital expenditure	26	291	–	182	499
Depreciation	24	254	–	64	342
Impairment of property, plant and equipment	–	5	–	–	5
(Write back)/addition of provision for store closure	–	(79)	–	–	(79)

Unaudited for the 6 months ended 31 December 2010					
	Wholesale HK\$ million	Retail HK\$ million	Licensing HK\$ million	Corporate services, sourcing and others HK\$ million	Group HK\$ million
Total revenue	7,621	9,955	93	14,412	32,081
Inter-segment revenue	–	–	–	(14,388)	(14,388)
Revenue from external customers	7,621	9,955	93	24	17,693
Segment results	2,049	1,221	83	(718)	2,635
Interest income					23
Finance costs					(14)
Profit before taxation					2,644
Capital expenditure	19	288	–	283	590
Depreciation	30	313	2	58	403
Impairment of property, plant and equipment	–	2	–	–	2
(Write back)/addition of provision for store closure	–	6	–	–	6

### 3. Operating profit

Unaudited for the 6 months ended 31 December		
	2011	2010
	HK\$ million	HK\$ million
Operating profit is arrived at after charging and (crediting) the following:		
Depreciation	342	403
Amortisation of customer relationships	29	29
Loss on disposal of property, plant and equipment	1	14
Impairment of property, plant and equipment	5	2
Net exchange losses/(gains)	28	(36)
Net charge/(write back) for provision for obsolete inventories	9	(35)
Occupancy costs		
Operating lease charge	1,652	1,673
Other occupancy costs	499	475
Provision for impairment of trade debtors	76	52

### 4. Finance costs

Unaudited for the 6 months ended 31 December		
	2011	2010
	HK\$ million	HK\$ million
Interest on bank loans wholly repayable within five years	10	12
Imputed interest on financial assets and financial liabilities	11	2
	21	14

### 5. Taxation

Unaudited for the 6 months ended 31 December		
	2011	2010
	HK\$ million	HK\$ million
<b>Current tax</b>		
Hong Kong profits tax		
Provision for current period	3	2
Underprovision for prior years	–	1
Overseas taxation		
Provision for current period	311	527
Overprovision for prior years	(41)	(18)
	273	512
<b>Deferred tax</b>		
Current period net credit	(46)	(8)
Taxation	227	504

Hong Kong profits tax is calculated at **16.5%** (2010: 16.5%) on the estimated assessable profit for the period, net of tax losses carried forward, if applicable.

Overseas (outside of Hong Kong) taxation has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group companies operate, net of tax losses carried forward, if applicable.

### 6. Interim dividend

Unaudited for the 6 months ended 31 December		
	2011	2010
	HK\$ million	HK\$ million
Interim dividend declared of <b>HK\$0.26</b> (2010: HK\$1.00) per share	336	1,289

The amount of interim dividend is based on **1,290,437,683** shares in issue on **23 February 2012** (2010: 1,289,477,475 shares in issue on 10 February 2011).

## 7. Earnings per share

### Basic

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

Unaudited for the 6 months ended 31 December		
	2011	2010
Profit attributable to shareholders of the Company (HK\$ million)	555	2,140
Weighted average number of ordinary shares in issue (million)	1,290	1,288
Basic earnings per share (HK\$ per share)	0.43	1.66

### Diluted

Diluted earnings per share is calculated based on the profit attributable to shareholders of the Company, and the weighted average number of shares in issue during the period after adjusting for the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares granted under the Company's share option schemes. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Unaudited for the 6 months ended 31 December		
	2011	2010
Profit attributable to shareholders of the Company (HK\$ million)	555	2,140
Weighted average number of ordinary shares in issue (million)	1,290	1,288
Adjustments for share options (million)	–	–
Weighted average number of ordinary shares for diluted earnings per share (million)	1,290	1,288
Diluted earnings per share (HK\$ per share)	0.43	1.66

## 8. Property, plant and equipment

	Unaudited HK\$ million
Balance at 1 July 2011	4,415
Exchange translation	(405)
Additions	499
Disposals	(5)
Depreciation (note 3)	(342)
Impairment charge (note 3)	(5)
<b>Balance at 31 December 2011</b>	<b>4,157</b>

## 9. Debtors, deposits and prepayments

Debtors, deposits and prepayments include trade debtors. The ageing analysis by due date of trade debtors net of provision for impairment is as follows:

	Unaudited 31 December 2011 HK\$ million	Audited 30 June 2011 HK\$ million
Current portions	2,014	2,290
1-30 days	241	269
31-60 days	141	130
61-90 days	79	68
Over 90 days	424	344
Amount past due but not impaired	885	811
	<b>2,899</b>	<b>3,101</b>

The Group's sales to retail customers are made in cash, bank transfer or by credit card. The Group also grants credit period, which is usually 30 to 60 days to certain wholesale and franchise customers.

At 31 December 2011, trade debtors of **HK\$94 million** (30 June 2011: nil) were pledged as security for the Group's short-term bank loans.

## 10. Creditors and accrued charges

Creditors and accrued charges include trade creditors and their ageing analysis is as follows:

	<b>Unaudited 31 December 2011 HK\$ million</b>	Audited 30 June 2011 HK\$ million
0-30 days	805	1,224
31-60 days	11	73
61-90 days	5	13
Over 90 days	1	10
	<b>822</b>	1,320

## 11. Provision for store closure

Movements in provision for store closure are as follows:

	<b>Unaudited for the 6 months ended 31 December</b>	
	<b>2011 HK\$ million</b>	2010 HK\$ million
At beginning of period	1,992	434
(Unused amounts reversed)/ underprovision for prior years	(79)	6
Amounts used during the period	(125)	(42)
Exchange differences	(88)	11
<b>At end of period</b>	<b>1,700</b>	409

The provision was made in connection with the divestment of operations in North America and the store closure programs for Europe and Asia Pacific announced in the prior fiscal years.

## 12. Bank loans

	<b>Unaudited 31 December 2011 HK\$ million</b>	Audited 30 June 2011 HK\$ million
Secured short-term bank loans	89	–
Unsecured short-term bank loans	184	–
Unsecured long-term bank loans repayable within one year	520	520
	<b>793</b>	520
Unsecured long-term bank loans repayable between one and two years	520	520
Unsecured long-term bank loans repayable between two and five years	1,040	1,040
	<b>2,353</b>	2,080

## 13. Share capital

	<b>Unaudited 31 December 2011 HK\$ million</b>	Audited 30 June 2011 HK\$ million
<b>Authorised</b>		
2,000,000,000 shares of HK\$0.10 each	200	200
	<b>Number of shares of HK\$0.10 each Million</b>	<b>Nominal value HK\$ million</b>
<b>Issued and fully paid</b>		
<b>Balance at 31 December 2011 and 1 July 2011</b>	<b>1,290</b>	<b>129</b>

#### 14. Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 31 December 2011 HK\$ million	Audited 30 June 2011 HK\$ million
Land and buildings		
– within one year	2,832	3,155
– in the second to fifth year inclusive	8,727	10,078
– after the fifth year	5,996	7,484
	<b>17,555</b>	<b>20,717</b>
Other equipment		
– within one year	25	28
– in the second to fifth year inclusive	20	31
	<b>45</b>	<b>59</b>
	<b>17,600</b>	<b>20,776</b>

The total future minimum lease receipts under non-cancellable subleases in respect of land and buildings at 31 December 2011 are **HK\$182 million** (30 June 2011: HK\$82 million).

#### 15. Capital commitments

	Unaudited 31 December 2011 HK\$ million	Audited 30 June 2011 HK\$ million
Property, plant and equipment		
– Contracted but not provided for	393	70
– Authorised but not contracted for	670	969
	<b>1,063</b>	<b>1,039</b>

#### 16. Derivative financial instruments

The Group enters into forward foreign exchange contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

At 31 December 2011, the fair values of the forward foreign exchange contracts included in other receivables and other payables are as follows:

	Unaudited 31 December 2011		Audited 30 June 2011	
	Assets HK\$ million	Liabilities HK\$ million	Assets HK\$ million	Liabilities HK\$ million
Forward foreign exchange contracts				
– Cash flow hedges	192	2	–	127
– Fair value hedges	–	–	–	18
	<b>192</b>	<b>2</b>	<b>–</b>	<b>145</b>

These amounts are based on market values of equivalent instruments at the balance sheet date.

At the balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which the Group has committed is as below:

	Unaudited 31 December 2011 HK\$ million	Audited 30 June 2011 HK\$ million
Forward foreign exchange contracts	<b>3,078</b>	4,543

#### 17. Comparative figures

Certain comparative figures relating to operating costs have been reclassified to conform with the current period's presentation.

**05** *Other*  
*INFORMATION*







## 05 OTHER INFORMATION

### DIRECTORS' PROFILE

#### Executive Directors

Ronald VAN DER VIS, aged 44, was appointed as an Executive Director on 22 June 2009 and as Group Chief Executive Officer on 1 November 2009. He is responsible for the overall management and control of the business of the Group. He has over 10 years experience as chief executive officer in brand building and retail in an international environment. He holds a Bachelor Degree in Business Administration from Nyenrode University, Netherlands, and a Master of Business Administration Degree (with Honours) from the Manchester Business School, University of Manchester, United Kingdom. Before joining the Company, Mr VAN DER VIS had worked for over 10 years in various senior management positions in Pearle Europe B.V., a leading international optical retail group and had been serving as its chief executive officer since January 2004. Mr VAN DER VIS is an independent non-executive director of Sonova Holding AG.

CHEW Fook Aun, aged 49, was appointed as an Executive Director and Group Chief Financial Officer on 1 February 2009. He has over 26 years of experience in accounting, auditing and finance in the United Kingdom and Hong Kong. He is a graduate of the London School of Economics and Political Science of the University of London in the United Kingdom and holds a Bachelor of Science (Economics) degree from the University of London. Mr CHEW was a Council member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and was the Vice President of HKICPA in 2010. Mr CHEW is a fellow member of the HKICPA and the Institute of Chartered Accountants in England and Wales. He is a member of the advisory committee of the Securities and Futures Commission, the corruption prevention advisory committee of the Independent Commission Against Corruption, the standing committee on company law reform of the Hong Kong Companies Registry and a Council member of the Financial Reporting Council of Hong Kong. Mr CHEW was an executive director and chief financial officer of The Link Management Limited, manager of The Link Real Estate Investment Trust, from 1 February 2007 to 16 January 2009. He was also the chief financial officer of Kerry Properties Limited from 1996 to 2004, a director of corporate finance for Kerry Holdings Limited from 1998 to 2004 and the executive director responsible for the property portfolio for Kyard Limited from 2004 to 2007.

#### Non-executive Directors

Dr Hans-Joachim KÖRBER, aged 65, has been an Independent Non-executive Director of the Company since May 2008 and became Chairman of the Board with effect from 11 February 2011. Dr KÖRBER was the former chief executive officer of Metro AG for many years until his retirement in 2007. Under his guidance, Metro has grown to become one of the largest retailers in the world. Dr KÖRBER is a well-known executive in the international commercial community with extensive experience in finance, accounting, controlling, logistics and IT, including 23 years experience in retailing.

Paul CHENG Ming Fun, aged 75, has been an Independent Non-executive Director of the Company since November 2002 and became Deputy Chairman of the Company effective from 20 July 2008. Mr CHENG is an independent non-executive director of Global Logistic Properties Limited, a company listed on the Singapore Stock Exchange. He is also an independent non-executive chairman of Vietnam Infrastructure Ltd. and an independent non-executive director of Pacific Alliance China Land Ltd., both companies are listed on the AIM Board of the London Stock Exchange. He is an independent non-executive director of Pacific Can China Holdings Limited, and the chairman of China High Growth Fund. He was a former member of the Hong Kong Legislative Council as well as Chairman of Inchcape Pacific Limited, N M Rothschild & Sons (Hong Kong) Ltd., The Link Management Limited and the Hong Kong General Chamber of Commerce. He is currently an Honorary Steward of the Hong Kong Jockey Club.

Jürgen Alfred Rudolf FRIEDRICH, aged 73, founded Esprit's European operations in 1976 and has been a Non-executive Director of the Company since 1997. He has over 32 years of experience in the apparel distribution and marketing business and is currently retired in Switzerland.

Alexander Reid HAMILTON, aged 70, has been an Independent Non-executive Director of the Company since August 1995. He is also a director of CITIC Pacific Limited, COSCO International Holdings Limited, Shangri-La Asia Limited, Octopus Cards Limited and a number of other Hong Kong companies. He was a director of China COSCO Holdings Company Limited. He was a partner of Price Waterhouse with whom he practiced for 16 years.

Raymond OR Ching Fai, aged 62, has been an Independent Non-executive Director of the Company since 1996. He is an executive director, chief executive officer and vice chairman of China Strategic Holdings Limited, an independent non-executive director and a vice chairman of G-Resources Group Ltd and an independent non-executive director of Chow Tai Fook Jewellery Group Limited. He was the former vice chairman and chief executive of Hang Seng Bank Limited, the former chairman of Hang Seng Life Limited and a director of The Hongkong and Shanghai Banking Corporation Limited, Cathay Pacific Airways Limited and Hutchison Whampoa Limited until his retirement in May 2009.

*DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES*

As at 31 December 2011, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

**(1) Shares of the Company**

Name of directors	Capacity	Beneficial interest in shares	Beneficial interest in unlisted underlying shares (Note 6)	Total number of shares	Approximate percentage of aggregate interests to total issued share capital
Ronald VAN DER VIS	Beneficial owner	300,000	–	9,900,000	0.77%
	Interest of a controlled corporation (Note 1)	–	9,600,000		
CHEW Fook Aun	Interest of a controlled corporation (Note 2)	100,000	–	4,200,000	0.33%
	Beneficial owner	–	4,100,000		
Dr Hans-Joachim KÖRBER	Beneficial owner	200,000	–	200,000	0.02%
Paul CHENG Ming Fun	Beneficial owner (Note 3)	250,000	–	250,000	0.02%
Jürgen Alfred Rudolf FRIEDRICH	Beneficial owner (Note 4)	45,000,000	–	45,053,669	3.49%
	Interest of spouse (Note 5)	53,669	–		

Notes:

- The interests of the underlying shares of equity derivatives was held through Pisces Investments Limited of which Pisces Trust controlled 100% share interest. Mr Ronald VAN DER VIS is the settlor of the trust which beneficiaries are Mr Ronald VAN DER VIS, his spouse, Mrs Eef WOLTERS *e/v* VAN DER VIS and his child, Mr Floris Maximilian Pieter Daniel VAN DER VIS.
- The interests of the 100,000 shares were held by a corporation which was 100% controlled by Mr CHEW Fook Aun.
- The interests of the 250,000 shares were held jointly by Mr Paul CHENG Ming Fun and his spouse, Mrs Janet Mary CHENG.
- Mr Jürgen Alfred Rudolf FRIEDRICH has entered into a securities lending agreement with a third party for the interest of 10,000,000 shares beneficially owned by him.
- The shares were held by Mrs Anke Beck FRIEDRICH, the spouse of Mr Jürgen Alfred Rudolf FRIEDRICH.
- The interests of Directors and chief executives of the Company in the underlying shares of equity derivatives in respect of share options granted to them pursuant to the 2001 Share Option Scheme and the 2009 Share Option Scheme are detailed in "Share Options" section below.
- All interests disclosed above represent long position in the shares and underlying shares of the Company.

**(2) Share Options of the Company**

The interests of the Directors and chief executives of the Company in the share options of the Company are detailed in "Share Options" section below.

## SHARE OPTIONS

### 2001 Share Option Scheme

The Company adopted a share option scheme on 26 November 2001 (the “2001 Share Option Scheme”). The 2001 Share Option Scheme was terminated on 10 December 2009, but the Options which have been granted and remained outstanding and/or committed as of that date shall continue to follow the provisions of the 2001 Share Option Scheme and the Listing Rules. Details of the grant of share options and a summary of the movements of the outstanding share options during the period under the 2001 Share Option Scheme are as follows:

#### Directors

##### Ronald VAN DER VIS

(Through Pisces Investments Limited, of which Pisces Trust controlled 100% share interest. Mr Ronald VAN DER VIS is the settlor of the trust which beneficiaries are Mr Ronald VAN DER VIS, his spouse, Mrs Eef WOLTERS e/v VAN DER VIS and his child Mr Floris Maximilian Pieter Daniel VAN DER VIS.)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				As at 31/12/2011
				As at 01/07/2011	Granted	Exercised	Lapsed	
22/06/2009	46.45	22/06/2010	22/06/2010 – 21/06/2015	1,600,000	–	–	–	1,600,000
		22/06/2011	22/06/2011 – 21/06/2015	1,600,000	–	–	–	1,600,000
		22/06/2012	22/06/2012 – 21/06/2015	1,600,000	–	–	–	1,600,000
		22/06/2013	22/06/2013 – 21/06/2015	1,600,000	–	–	–	1,600,000
		22/06/2014	22/06/2014 – 21/06/2015	1,600,000	–	–	–	1,600,000
<b>In aggregate</b>				<b>8,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,000,000</b>

##### CHEW Fook Aun

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				As at 31/12/2011
				As at 01/07/2011	Granted	Exercised	Lapsed	
09/02/2009	41.70	09/02/2010	09/02/2010 – 08/02/2015	240,000	–	–	–	240,000
		09/02/2011	09/02/2011 – 08/02/2015	240,000	–	–	–	240,000
		09/02/2012	09/02/2012 – 08/02/2015	240,000	–	–	–	240,000
		09/02/2013	09/02/2013 – 08/02/2015	240,000	–	–	–	240,000
		09/02/2014	09/02/2014 – 08/02/2015	240,000	–	–	–	240,000
09/02/2010	56.90	09/02/2011	09/02/2011 – 08/02/2016	180,000	–	–	–	180,000
		09/02/2012	09/02/2012 – 08/02/2016	180,000	–	–	–	180,000
		09/02/2013	09/02/2013 – 08/02/2016	180,000	–	–	–	180,000
		09/02/2014	09/02/2014 – 08/02/2016	180,000	–	–	–	180,000
		09/02/2015	09/02/2015 – 08/02/2016	180,000	–	–	–	180,000
11/02/2011	40.40	11/02/2012	11/02/2012 – 10/02/2017	180,000	–	–	–	180,000
		11/02/2013	11/02/2013 – 10/02/2017	180,000	–	–	–	180,000
		11/02/2014	11/02/2014 – 10/02/2017	180,000	–	–	–	180,000
		11/02/2015	11/02/2015 – 10/02/2017	180,000	–	–	–	180,000
		11/02/2016	11/02/2016 – 10/02/2017	180,000	–	–	–	180,000
<b>In aggregate</b>				<b>3,000,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,000,000</b>

2001 Share Option Scheme (continued)

Employees & Consultants

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
26/11/2003	24.20	26/11/2007	26/11/2007 – 25/11/2011	155,000	–	–	155,000	–
		26/11/2008	26/11/2008 – 25/11/2011	185,000	–	–	185,000	–
28/11/2005	55.11	28/11/2006	28/11/2006 – 27/11/2011	45,000	–	–	45,000	–
		28/11/2007	28/11/2007 – 27/11/2011	45,000	–	–	45,000	–
		28/11/2008	28/11/2008 – 27/11/2011	285,000	–	–	285,000	–
		28/11/2009	28/11/2009 – 27/11/2011	285,000	–	–	285,000	–
		28/11/2010	28/11/2010 – 27/11/2011	285,000	–	–	285,000	–
02/12/2005	56.20	02/12/2006	02/12/2006 – 01/12/2011	60,000	–	–	60,000	–
		02/12/2007	02/12/2007 – 01/12/2011	100,000	–	–	100,000	–
		02/12/2008	02/12/2008 – 01/12/2011	180,000	–	–	180,000	–
		02/12/2009	02/12/2009 – 01/12/2011	180,000	–	–	180,000	–
		02/12/2010	02/12/2010 – 01/12/2011	180,000	–	–	180,000	–
23/12/2005	56.50	23/12/2006	23/12/2006 – 22/12/2011	90,000	–	–	90,000	–
		23/12/2007	23/12/2007 – 22/12/2011	90,000	–	–	90,000	–
		23/12/2008	23/12/2008 – 22/12/2011	90,000	–	–	90,000	–
		23/12/2009	23/12/2009 – 22/12/2011	90,000	–	–	90,000	–
		23/12/2010	23/12/2010 – 22/12/2011	90,000	–	–	90,000	–
27/11/2006	80.60	27/11/2008	27/11/2008 – 26/11/2012	150,000	–	–	60,000	90,000
		27/11/2009	27/11/2009 – 26/11/2012	150,000	–	–	60,000	90,000
		27/11/2010	27/11/2010 – 26/11/2012	150,000	–	–	60,000	90,000
		27/11/2011	27/11/2011 – 26/11/2012	90,000	–	–	–	90,000
04/12/2006	79.49	04/12/2007	04/12/2007 – 03/12/2012	120,000	–	–	–	120,000
		04/12/2008	04/12/2008 – 03/12/2012	135,000	–	–	–	135,000
		04/12/2009	04/12/2009 – 03/12/2012	135,000	–	–	–	135,000
		04/12/2010	04/12/2010 – 03/12/2012	135,000	–	–	–	135,000
		04/12/2011	04/12/2011 – 03/12/2012	135,000	–	–	–	135,000
05/12/2006	80.95	05/12/2007	05/12/2007 – 04/12/2012	456,000	–	–	100,000	356,000
		05/12/2008	05/12/2008 – 04/12/2012	496,000	–	–	140,000	356,000
		05/12/2009	05/12/2009 – 04/12/2012	496,000	–	–	140,000	356,000
		05/12/2010	05/12/2010 – 04/12/2012	496,000	–	–	140,000	356,000
		05/12/2011	05/12/2011 – 04/12/2012	436,000	–	–	80,000	356,000
07/02/2007	83.00	07/02/2008	07/02/2008 – 06/02/2013	40,000	–	–	–	40,000
		07/02/2009	07/02/2009 – 06/02/2013	40,000	–	–	–	40,000
		07/02/2010	07/02/2010 – 06/02/2013	40,000	–	–	–	40,000
		07/02/2011	07/02/2011 – 06/02/2013	40,000	–	–	–	40,000
		07/02/2012	07/02/2012 – 06/02/2013	40,000	–	–	–	40,000
04/12/2007	119.00	04/12/2008	04/12/2008 – 03/12/2013	135,000	–	–	–	135,000
		04/12/2009	04/12/2009 – 03/12/2013	135,000	–	–	–	135,000
		04/12/2010	04/12/2010 – 03/12/2013	135,000	–	–	–	135,000
		04/12/2011	04/12/2011 – 03/12/2013	135,000	–	–	–	135,000
		04/12/2012	04/12/2012 – 03/12/2013	135,000	–	–	–	135,000

2001 Share Option Scheme (continued)

Employees & Consultants (continued)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
05/12/2007	118.70	05/12/2008	05/12/2008 – 04/12/2013	372,000	–	–	105,000	267,000
		05/12/2009	05/12/2009 – 04/12/2013	372,000	–	–	105,000	267,000
		05/12/2010	05/12/2010 – 04/12/2013	372,000	–	–	105,000	267,000
		05/12/2011	05/12/2011 – 04/12/2013	327,000	–	–	60,000	267,000
		05/12/2012	05/12/2012 – 04/12/2013	327,000	–	–	60,000	267,000
31/01/2008	100.80	31/01/2009	31/01/2009 – 30/01/2014	680,000	–	–	160,000	520,000
		31/01/2010	31/01/2010 – 30/01/2014	680,000	–	–	160,000	520,000
		31/01/2011	31/01/2011 – 30/01/2014	680,000	–	–	160,000	520,000
		31/01/2012	31/01/2012 – 30/01/2014	600,000	–	–	240,000	360,000
		31/01/2013	31/01/2013 – 30/01/2014	600,000	–	–	240,000	360,000
11/02/2008	102.12	11/02/2009	11/02/2009 – 10/02/2014	30,000	–	–	–	30,000
		11/02/2010	11/02/2010 – 10/02/2014	30,000	–	–	–	30,000
		11/02/2011	11/02/2011 – 10/02/2014	30,000	–	–	–	30,000
		11/02/2012	11/02/2012 – 10/02/2014	30,000	–	–	–	30,000
		11/02/2013	11/02/2013 – 10/02/2014	30,000	–	–	–	30,000
09/12/2008	44.25	09/12/2009	09/12/2009 – 08/12/2014	372,000	–	–	105,000	267,000
		09/12/2010	09/12/2010 – 08/12/2014	372,000	–	–	105,000	267,000
		09/12/2011	09/12/2011 – 08/12/2014	327,000	–	–	60,000	267,000
		09/12/2012	09/12/2012 – 08/12/2014	327,000	–	–	60,000	267,000
		09/12/2013	09/12/2013 – 08/12/2014	327,000	–	–	60,000	267,000
11/12/2008	45.95	11/12/2009	11/12/2009 – 10/12/2014	516,000	–	–	60,000	456,000
		11/12/2010	11/12/2010 – 10/12/2014	516,000	–	–	60,000	456,000
		11/12/2011	11/12/2011 – 10/12/2014	456,000	–	–	–	456,000
		11/12/2012	11/12/2012 – 10/12/2014	456,000	–	–	–	456,000
		11/12/2013	11/12/2013 – 10/12/2014	456,000	–	–	–	456,000
05/02/2009	39.76	05/02/2010	05/02/2010 – 04/02/2015	668,000	–	–	152,000	516,000
		05/02/2011	05/02/2011 – 04/02/2015	698,000	–	–	152,000	546,000
		05/02/2012	05/02/2012 – 04/02/2015	638,000	–	–	220,000	418,000
		05/02/2013	05/02/2013 – 04/02/2015	638,000	–	–	220,000	418,000
		05/02/2014	05/02/2014 – 04/02/2015	638,000	–	–	220,000	418,000
09/02/2009	41.70	09/02/2010	09/02/2010 – 08/02/2015	30,000	–	–	–	30,000
		09/02/2011	09/02/2011 – 08/02/2015	30,000	–	–	–	30,000
		09/02/2012	09/02/2012 – 08/02/2015	30,000	–	–	–	30,000
		09/02/2013	09/02/2013 – 08/02/2015	30,000	–	–	–	30,000
		09/02/2014	09/02/2014 – 08/02/2015	30,000	–	–	–	30,000
08/05/2009	51.76	08/05/2010	08/05/2010 – 07/05/2015	160,000	–	–	–	160,000
		08/05/2011	08/05/2011 – 07/05/2015	160,000	–	–	–	160,000
		08/05/2012	08/05/2012 – 07/05/2015	160,000	–	–	–	160,000
		08/05/2013	08/05/2013 – 07/05/2015	160,000	–	–	–	160,000
		08/05/2014	08/05/2014 – 07/05/2015	160,000	–	–	–	160,000

2001 Share Option Scheme (continued)

Employees & Consultants (continued)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
22/06/2009	46.45	22/06/2010	22/06/2010 – 21/06/2015	80,000	–	–	80,000	–
		22/06/2011	22/06/2011 – 21/06/2015	80,000	–	–	80,000	–
		22/06/2012	22/06/2012 – 21/06/2015	80,000	–	–	80,000	–
		22/06/2013	22/06/2013 – 21/06/2015	80,000	–	–	80,000	–
		22/06/2014	22/06/2014 – 21/06/2015	80,000	–	–	80,000	–
09/12/2009	53.74	09/12/2010	09/12/2010 – 08/12/2015	432,000	–	–	–	432,000
		09/12/2011	09/12/2011 – 08/12/2015	432,000	–	–	–	432,000
		09/12/2012	09/12/2012 – 08/12/2015	432,000	–	–	–	432,000
		09/12/2013	09/12/2013 – 08/12/2015	432,000	–	–	–	432,000
		09/12/2014	09/12/2014 – 08/12/2015	432,000	–	–	–	432,000
11/12/2009	53.90	11/12/2010	11/12/2010 – 10/12/2015	387,000	–	–	45,000	342,000
		11/12/2011	11/12/2011 – 10/12/2015	342,000	–	–	–	342,000
		11/12/2012	11/12/2012 – 10/12/2015	342,000	–	–	–	342,000
		11/12/2013	11/12/2013 – 10/12/2015	342,000	–	–	–	342,000
		11/12/2014	11/12/2014 – 10/12/2015	342,000	–	–	–	342,000
04/02/2010	57.70	04/02/2011	04/02/2011 – 03/02/2016	510,000	–	–	120,000	390,000
		04/02/2012	04/02/2012 – 03/02/2016	450,000	–	–	180,000	270,000
		04/02/2013	04/02/2013 – 03/02/2016	450,000	–	–	180,000	270,000
		04/02/2014	04/02/2014 – 03/02/2016	450,000	–	–	180,000	270,000
		04/02/2015	04/02/2015 – 03/02/2016	450,000	–	–	180,000	270,000
05/02/2010	55.46	05/02/2011	05/02/2011 – 04/02/2016	141,000	–	–	24,000	117,000
		05/02/2012	05/02/2012 – 04/02/2016	141,000	–	–	30,000	111,000
		05/02/2013	05/02/2013 – 04/02/2016	141,000	–	–	30,000	111,000
		05/02/2014	05/02/2014 – 04/02/2016	141,000	–	–	30,000	111,000
		05/02/2015	05/02/2015 – 04/02/2016	141,000	–	–	30,000	111,000
10/05/2010	52.61	10/05/2011	10/05/2011 – 09/05/2016	120,000	–	–	–	120,000
		10/05/2012	10/05/2012 – 09/05/2016	120,000	–	–	–	120,000
		10/05/2013	10/05/2013 – 09/05/2016	120,000	–	–	–	120,000
		10/05/2014	10/05/2014 – 09/05/2016	120,000	–	–	–	120,000
		10/05/2015	10/05/2015 – 09/05/2016	120,000	–	–	–	120,000
22/06/2010	45.24	22/06/2011	22/06/2011 – 21/06/2016	60,000	–	–	60,000	–
		22/06/2012	22/06/2012 – 21/06/2016	60,000	–	–	60,000	–
		22/06/2013	22/06/2013 – 21/06/2016	60,000	–	–	60,000	–
		22/06/2014	22/06/2014 – 21/06/2016	60,000	–	–	60,000	–
		22/06/2015	22/06/2015 – 21/06/2016	60,000	–	–	60,000	–
09/12/2010	37.92	09/12/2011	09/12/2011 – 08/12/2016	324,000	–	–	–	324,000
		09/12/2012	09/12/2012 – 08/12/2016	324,000	–	–	–	324,000
		09/12/2013	09/12/2013 – 08/12/2016	324,000	–	–	–	324,000
		09/12/2014	09/12/2014 – 08/12/2016	324,000	–	–	–	324,000
		09/12/2015	09/12/2015 – 08/12/2016	324,000	–	–	–	324,000

2001 Share Option Scheme (continued)

Employees & Consultants (continued)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				As at 31/12/2011
				As at 01/07/2011	Granted	Exercised	Lapsed	
13/12/2010	38.10	13/12/2011	13/12/2011 – 12/12/2016	342,000	–	–	–	342,000
		13/12/2012	13/12/2012 – 12/12/2016	342,000	–	–	–	342,000
		13/12/2013	13/12/2013 – 12/12/2016	342,000	–	–	–	342,000
		13/12/2014	13/12/2014 – 12/12/2016	342,000	–	–	–	342,000
		13/12/2015	13/12/2015 – 12/12/2016	342,000	–	–	–	342,000
11/02/2011	40.40	11/02/2012	11/02/2012 – 10/02/2017	141,000	–	–	30,000	111,000
		11/02/2013	11/02/2013 – 10/02/2017	141,000	–	–	30,000	111,000
		11/02/2014	11/02/2014 – 10/02/2017	141,000	–	–	30,000	111,000
		11/02/2015	11/02/2015 – 10/02/2017	141,000	–	–	30,000	111,000
		11/02/2016	11/02/2016 – 10/02/2017	141,000	–	–	30,000	111,000
09/05/2011	31.96	09/05/2012	09/05/2012 – 08/05/2017	120,000	–	–	–	120,000
		09/05/2013	09/05/2013 – 08/05/2017	120,000	–	–	–	120,000
		09/05/2014	09/05/2014 – 08/05/2017	120,000	–	–	–	120,000
		09/05/2015	09/05/2015 – 08/05/2017	120,000	–	–	–	120,000
		09/05/2016	09/05/2016 – 08/05/2017	120,000	–	–	–	120,000
22/06/2011	25.60	22/06/2012	22/06/2012 – 21/06/2017	60,000	–	–	60,000	–
		22/06/2013	22/06/2013 – 21/06/2017	60,000	–	–	60,000	–
		22/06/2014	22/06/2014 – 21/06/2017	60,000	–	–	60,000	–
		22/06/2015	22/06/2015 – 21/06/2017	60,000	–	–	60,000	–
		22/06/2016	22/06/2016 – 21/06/2017	60,000	–	–	60,000	–
09/12/2011	11.09	09/12/2012	09/12/2012 – 08/12/2017	–	324,000	–	60,000	264,000
		09/12/2013	09/12/2013 – 08/12/2017	–	324,000	–	60,000	264,000
		09/12/2014	09/12/2014 – 08/12/2017	–	324,000	–	60,000	264,000
		09/12/2015	09/12/2015 – 08/12/2017	–	324,000	–	60,000	264,000
		09/12/2016	09/12/2016 – 08/12/2017	–	324,000	–	60,000	264,000
<b>In aggregate</b>				<b>33,570,000</b>	<b>1,620,000</b>	<b>–</b>	<b>8,563,000</b>	<b>26,627,000</b>

## 2001 Share Option Scheme (continued)

### Others

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				As at 31/12/2011
				As at 01/07/2011	Granted	Exercised	Lapsed	
07/02/2007	83.00	07/02/2008	07/02/2008 – 06/02/2013	160,000	–	–	–	160,000
		07/02/2009	07/02/2009 – 06/02/2013	160,000	–	–	–	160,000
		07/02/2010	07/02/2010 – 06/02/2013	160,000	–	–	–	160,000
		07/02/2011	07/02/2011 – 06/02/2013	160,000	–	–	–	160,000
		07/02/2012	07/02/2012 – 06/02/2013	160,000	–	–	–	160,000
11/02/2008	102.12	11/02/2009	11/02/2009 – 10/02/2014	120,000	–	–	–	120,000
		11/02/2010	11/02/2010 – 10/02/2014	120,000	–	–	–	120,000
		11/02/2011	11/02/2011 – 10/02/2014	120,000	–	–	–	120,000
		11/02/2012	11/02/2012 – 10/02/2014	120,000	–	–	–	120,000
		11/02/2013	11/02/2013 – 10/02/2014	120,000	–	–	–	120,000
09/02/2009	41.70	09/02/2010	09/02/2010 – 08/02/2015	120,000	–	–	–	120,000
		09/02/2011	09/02/2011 – 08/02/2015	120,000	–	–	–	120,000
		09/02/2012	09/02/2012 – 08/02/2015	120,000	–	–	–	120,000
		09/02/2013	09/02/2013 – 08/02/2015	120,000	–	–	–	120,000
		09/02/2014	09/02/2014 – 08/02/2015	120,000	–	–	–	120,000
<b>In aggregate</b>				<b>2,000,000</b>	–	–	–	<b>2,000,000</b>
<b>TOTAL</b>				<b>46,570,000</b>	<b>1,620,000</b>	–	<b>8,563,000</b>	<b>39,627,000</b>

Notes:

- (i) The closing price of the shares of the Company immediately before the share options granted on 9 December 2011 was HK\$10.94.
- (ii) No share options were cancelled under the 2001 Share Option Scheme during the six months ended 31 December 2011.

### Share Options Expenses under 2001 Share Option Scheme

Share option expenses charged to the consolidated income statement are based on valuation determined using the Binomial model. Share options granted during the period were valued based on the following assumptions:

Date of grant	Option value <sup>1</sup> (HK\$)	Share price at the date of grant (HK\$)	Exercise price (HK\$)	Expected volatility <sup>2</sup>	Annual risk-free interest rate <sup>3</sup>	Life of option <sup>4</sup>	Dividend yield <sup>5</sup>
9 December 2011	2.52 – 3.94	10.76	11.09	58.60%	0.27% – 1.01%	2 – 6 years	3.00%

Notes:

1. Since the option pricing model requires input of highly subjective assumptions, fair values calculated are therefore inherently subjective and the model may not necessarily provide a reliable measure of share option expense.
2. Estimated volatility was based on the historical stock prices over three years preceding the date of grant, expressed as an annualised rate and based on daily price changes.
3. The risk-free interest rate was based on the market yield of Hong Kong Exchange Fund notes with a remaining life corresponding to the expected option life.
4. The expected option life was determined by reference to historical data of option holders' behaviour.
5. Dividend yield was based on the average dividend yield (excluding special dividend) for the three years preceding the year of grant.

## 2009 Share Option Scheme

The Company adopted a new share option scheme on 10 December 2009 (the “2009 Share Option Scheme”). Details of the grant of share options and a summary of the movements of the outstanding share options during the period under the 2009 Share Option Scheme are as follows:

### Directors

#### Ronald VAN DER VIS

(Through Pisces Investments Limited, of which Pisces Trust controlled 100% share interest. Mr Ronald VAN DER VIS is the settlor of the trust which beneficiaries are Mr Ronald VAN DER VIS, his spouse, Mrs Eef WOLTERS e/v VAN DER VIS and his child Mr Floris Maximilian Pieter Daniel VAN DER VIS.)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
27/09/2010	43.00	27/09/2013	27/09/2013 – 26/09/2020	400,000	–	–	–	400,000
27/09/2011	8.76	27/09/2014	27/09/2014 – 26/09/2021	–	1,200,000	–	–	1,200,000
<b>In aggregate</b>				<b>400,000</b>	<b>1,200,000</b>	<b>–</b>	<b>–</b>	<b>1,600,000</b>

#### CHEW Fook Aun

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
27/09/2010	43.00	27/09/2013	27/09/2013 – 26/09/2020	300,000	–	–	–	300,000
27/09/2011	8.76	27/09/2014	27/09/2014 – 26/09/2021	–	800,000	–	–	800,000
<b>In aggregate</b>				<b>300,000</b>	<b>800,000</b>	<b>–</b>	<b>–</b>	<b>1,100,000</b>

### Employees & Consultants

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
19/04/2010	62.21	19/04/2011	19/04/2011 – 18/04/2016	160,000	–	–	–	160,000
		19/04/2012	19/04/2012 – 18/04/2016	160,000	–	–	–	160,000
		19/04/2013	19/04/2013 – 18/04/2016	160,000	–	–	–	160,000
		19/04/2014	19/04/2014 – 18/04/2016	160,000	–	–	–	160,000
		19/04/2015	19/04/2015 – 18/04/2016	160,000	–	–	–	160,000
02/07/2010	43.93	02/07/2011	02/07/2011 – 01/07/2016	600,000	–	–	–	600,000
		02/07/2012	02/07/2012 – 01/07/2016	600,000	–	–	–	600,000
		02/07/2013	02/07/2013 – 01/07/2016	600,000	–	–	–	600,000
		02/07/2014	02/07/2014 – 01/07/2016	600,000	–	–	–	600,000
		02/07/2015	02/07/2015 – 01/07/2016	600,000	–	–	–	600,000
27/09/2010	43.00	27/09/2013	27/09/2013 – 26/09/2020	7,860,000	–	–	950,000	6,910,000
04/10/2010	42.34	04/10/2011	04/10/2011 – 03/10/2016	400,000	–	–	–	400,000
		04/10/2012	04/10/2012 – 03/10/2016	400,000	–	–	–	400,000
		04/10/2013	04/10/2013 – 03/10/2016	400,000	–	–	–	400,000
		04/10/2014	04/10/2014 – 03/10/2016	400,000	–	–	–	400,000
		04/10/2015	04/10/2015 – 03/10/2016	400,000	–	–	–	400,000
11/02/2011	40.40	11/02/2012	11/02/2012 – 10/02/2017	40,000	–	–	–	40,000
		11/02/2013	11/02/2013 – 10/02/2017	40,000	–	–	–	40,000
		11/02/2014	11/02/2014 – 10/02/2017	40,000	–	–	–	40,000
		11/02/2015	11/02/2015 – 10/02/2017	40,000	–	–	–	40,000
		11/02/2016	11/02/2016 – 10/02/2017	40,000	–	–	–	40,000

2009 Share Option Scheme (continued)

Employees & Consultants (continued)

Date of grant (dd/mm/yyyy)	Exercise price (HK\$)	Vesting date (dd/mm/yyyy)	Exercise period (dd/mm/yyyy)	Number of share options				
				As at 01/07/2011	Granted	Exercised	Lapsed	As at 31/12/2011
19/04/2011	34.71	19/04/2012	19/04/2012 – 18/04/2017	120,000	–	–	–	120,000
		19/04/2013	19/04/2013 – 18/04/2017	120,000	–	–	–	120,000
		19/04/2014	19/04/2014 – 18/04/2017	120,000	–	–	–	120,000
		19/04/2015	19/04/2015 – 18/04/2017	120,000	–	–	–	120,000
		19/04/2016	19/04/2016 – 18/04/2017	120,000	–	–	–	120,000
17/05/2011	30.90	17/05/2014	17/05/2014 – 16/05/2021	600,000	–	–	–	600,000
		17/05/2015	17/05/2015 – 16/05/2021	200,000	–	–	–	200,000
		17/05/2016	17/05/2016 – 16/05/2021	200,000	–	–	–	200,000
16/09/2011	18.17	16/09/2012	16/09/2012 – 15/09/2017	–	30,000	–	–	30,000
		16/09/2013	16/09/2013 – 15/09/2017	–	30,000	–	–	30,000
		16/09/2014	16/09/2014 – 15/09/2017	–	30,000	–	–	30,000
		16/09/2014	16/09/2014 – 15/09/2021	–	600,000	–	–	600,000
		16/09/2015	16/09/2015 – 15/09/2017	–	30,000	–	–	30,000
		16/09/2015	16/09/2015 – 15/09/2021	–	200,000	–	–	200,000
		16/09/2016	16/09/2016 – 15/09/2017	–	30,000	–	–	30,000
16/09/2016	16/09/2016 – 15/09/2021	–	200,000	–	–	200,000		
27/09/2011	8.76	27/09/2014	27/09/2014 – 26/09/2021	–	16,525,000	–	550,000	15,975,000
<b>In aggregate</b>				<b>15,460,000</b>	<b>17,675,000</b>	<b>–</b>	<b>1,500,000</b>	<b>31,635,000</b>
<b>TOTAL</b>				<b>16,160,000</b>	<b>19,675,000</b>	<b>–</b>	<b>1,500,000</b>	<b>34,335,000</b>

Notes:

- (i) The closing price of the shares of the Company immediately before the share options granted on 16 September 2011 and 27 September 2011 were HK\$15.08 and HK\$7.93 respectively.
- (ii) No share options were cancelled under the 2009 Share Option Scheme during the six months ended 31 December 2011.

Share Options Expenses under 2009 Share Option Scheme

Share option expenses charged to the consolidated income statement are based on valuation determined using the Binomial model. Share options granted during the period were valued based on the following assumptions:

Date of grant	Option value <sup>1</sup> (HK\$)	Share price at the date of grant (HK\$)	Exercise price (HK\$)	Expected volatility <sup>2</sup>	Annual risk-free interest rate <sup>3</sup>	Life of option <sup>4</sup>	Dividend yield <sup>5</sup>
16 September 2011	1.03 – 2.94	12.22	18.17	41.64% – 52.66%	0.19% – 1.02%	2 – 6 years	3.82%
27 September 2011	2.85	8.50	8.76	54.05%	0.60%	4 years	3.82%

Notes:

1. Since the option pricing model requires input of highly subjective assumptions, fair values calculated are therefore inherently subjective and the model may not necessarily provide a reliable measure of share option expense.
2. Estimated volatility was based on the historical stock prices over the period corresponding to the expected life preceding the date of grant, expressed as an annualised rate and based on daily price changes.
3. The risk-free interest rate was based on the market yield of Hong Kong Exchange Fund notes with a remaining life corresponding to the expected option life.
4. The expected option life was determined by reference to historical data of option holders' behaviour.
5. Dividend yield was based on the average dividend yield (including special dividend) for the three years preceding the year of grant.

Save as disclosed above, at no time during the period under review was the Company or its subsidiaries a party to any arrangement that enabled the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2011, the following shareholders (other than the Directors and chief executives of the Company whose interests or short positions in the shares and underlying shares of the Company as disclosed above) had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares (Long position)	Number of shares (Short position)	Total number of shares	Approximate percentage of aggregate interests to total issued share capital
Lone Pine Capital LLC	Investment manager	114,440,000	-	114,440,000	8.87%
Marathon Asset Management LLP	Investment manager	84,599,224 (Note 1)	-	84,599,224	6.56%

Note:

1. Marathon Asset Management LLP is 26.70%, 26.70%, 26.70% and 19.90% controlled by Mr Jeremy Hosking, Mr Neil Oster, Mr William Arah and Marathon Asset Management (Services) Ltd respectively.

Save as aforesaid and as disclosed in the "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" section of this report, the Company has not been notified by any person who had interest or short position in the shares or underlying shares of the Company as at 31 December 2011 which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.

## INTERIM DIVIDEND

The Board of Directors maintains the interim dividend payout ratio of 60% of basic earnings per share. It has declared an interim dividend for the six months ended 31 December 2011 of HK\$0.26 per share (FY2010/2011: HK\$1.00 per share).

In addition, the Board of Directors has provided the shareholders with an option to receive the interim dividend in form of new fully paid shares in lieu of cash. The dividend reinvestment price shall be determined by the average closing price of the shares of the Company for the five trading days preceding 6 March 2012. Further details of the scrip dividend reinvestment scheme and the election form will be despatched on or around 13 March 2012 and the election period will commence on 13 March 2012 to 27 March 2012, both days inclusive.

The dividend will be payable on or around 18 April 2012 to the shareholders whose names appear on the Registers of Members of the Company at the close of business on 5 March 2012 (the "Shareholders"). The relevant dividend warrants and/or share certificates for new shares will be despatched to the Shareholders on or around 18 April 2012.

The scrip dividend reinvestment scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the new shares to be issued under the scrip dividend reinvestment scheme.

## CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from 6 March 2012 to 7 March 2012, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend mentioned above, all transfers 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 not later than 4:00 pm on 5 March 2012.

## AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results of the Group for the six months ended 31 December 2011 with the management.

## HUMAN RESOURCES

As at 31 December 2011, the Group employed over 14,000 full-time equivalent staff (31 December 2010: over 14,500) around the globe. Competitive remuneration packages that take into account business performance, market practices and competitive market conditions are offered to employees in compensation for their contribution. In addition, share options and discretionary bonuses are also granted based on the Group's and individual's performances. All employees around the world are connected through the Group's quarterly newsletters and global intranet.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the period under review.

### AMERICAN DEPOSITORY RECEIPT PROGRAMME

The Company has established a Level 1 sponsored American Depository Receipt programme with details as stated hereunder.

<b>Ticker</b>	<b>ESPGY</b>
CUSIP	29666V204
ISIN	US29666V2043
Ratio	2 Ordinary shares: 1 ADR
Country	Hong Kong
Effective Date	18 November 2009
Depository	BNY Mellon

### CORPORATE GOVERNANCE

The Company has complied with the code provisions of Code on Corporate Governance Practices (the “Code”) as set out in the current Appendix 14 of the Listing Rules throughout the six months ended 31 December 2011, with the deviation as stated below:

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors of the Company have not been appointed for a specific term. However, under Bye-law 87 of the Company’s Bye-laws, all Directors, including Non-executive Directors, of the Company are subject to retirement by rotation and re-election in the annual general meeting of the Company and each Director is effectively appointed under an average term of three years.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code.

The Company has made specific enquiry with all Directors and all of them confirmed that they have complied with the required standard set out in the Model Code for the six months ended 31 December 2011.

### TERMS OF REFERENCE

The terms of reference of the Audit, Nomination and Remuneration Committees have been formulated with reference to the Code and have been posted on the Company’s website ([www.espritholdings.com](http://www.espritholdings.com)).

On behalf of the Board  
ESPRIT HOLDINGS LIMITED  
Dr Hans-Joachim KÖRBER  
*Chairman*

Hong Kong, 23 February 2012

**06** *GLOSSARY*  
*of Terms*







<b>Retail</b>	
Term	Definition
<b>APT</b>	Average price per transaction
<b>Closed store</b>	Closed store locations and includes shrunken and relocated stores
<b>Comparable store (comp-store)</b>	A directly managed retail store in existence on 1 July of the previous financial year and is still in operation at the reporting period end date and a. its net sales area has been changed by 10% or less within that period; or b. its cumulative renovated area within the same fiscal year is 20% or less (regardless of any net sales area change)
<b>Comp-store sales growth</b>	Local currency year-on-year change in sales generated by comparable stores
<b>Concession stores</b>	Retail stores situated in big department stores. Offer selective range of product divisions
<b>Conversion rate</b>	Measures the portion of traffic which is translated into actual purchase
<b>Directly managed retail stores</b>	Stores, concessions and outlets fully managed by Esprit. All stores are leased
<b>e-shop</b>	On-line store
<b>Flagship stores</b>	Large type stores, smaller than mega stores, situated in prominent shopping areas. Offer range of products from most divisions and some licensed products
<b>Mega flagship stores (mega stores)</b>	Large type stores situated in prominent shopping areas. Offer the most complete collection of Esprit products from all divisions including most licensed products
<b>New store opening</b>	Newly opened store locations and includes expanded and relocated stores
<b>Outlet stores</b>	Situated in the vicinity of major markets. Offer product collection exclusively made for outlets and prior season products at a more competitive price
<b>Retail sales</b>	Direct sale of merchandise to end consumers via directly managed retail stores or e-shop
<b>Sell through</b>	Accumulated quantity sold divided by total quantity received by stores
<b>Traffic</b>	Footfall recorded in a store during a period of time

<b>Wholesale</b>	
Term	Definition
<b>Controlled wholesale space</b>	POS which Esprit wholesale management team has control over the look and feel such as Esprit brand name logo, merchandising display, etc. Includes partnership stores, shop-in-stores and identity corners with wholesale customers
<b>Country distributors</b>	Exclusive distributors for Esprit products in certain countries
<b>Franchise stores</b>	Stand-alone stores or concession stores located in department stores managed by wholesale customers which closely resemble our own directly managed retail stores. Esprit provides initial setup support and a wide range of on-going support services to ensure consistency with directly managed retail stores
<b>Identity corners (IC)</b>	Mainly multi-label retailers offering a limited range of Esprit products. Esprit has less involvement in store appearance
<b>Multi-label retailers</b>	Retail shops which carry multiple brand labels, where the labels are typically differentiated by using brand specific fixtures and signage
<b>Partnership stores (PSS)</b>	Same as Franchise stores
<b>Shop-in-stores (SIS)</b>	Controlled wholesale space in department stores managed by wholesale customers. Esprit provides initial setup support and a wide range of on-going support services to ensure consistency with directly managed retail stores
<b>Wholesale sales</b>	Sale of merchandise to third party wholesale customers

**Others**

Term	Definition
<b>ADR</b>	American Depositary Receipt
<b>Capex</b>	Capital expenditure
<b>DPS</b>	Dividend per share
<b>EPS</b>	Earnings per share
<b>Esprit Club (e-club)</b>	Esprit customer loyalty programme where members can enjoy benefits such as collect points or apply discounts, receive updates on latest news about Esprit, enjoy exclusive offers and more. Benefits vary across different regions
<b>Inventory turnover days</b>	Calculated by dividing average inventory excluding consumables by average daily cost of goods sold for the reporting period
<b>Licensing</b>	For certain product categories, independent third parties are authorised to use the name of Esprit to manufacture and distribute products
<b>NOOS</b>	Never-Out-Of-Stock
<b>Opex</b>	Operating expenditure
<b>POS</b>	Point-of-sales
<b>Segment EBIT margin</b>	Segment earnings before interest income, finance costs and taxation divided by the segment turnover
<b>Sqm</b>	Square metre
<b>Yoy</b>	Year-on-year

*If it's not inspirational —*  
**IT'S NOT ESPRIT**





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