TROUBLE, STILL, IN THE DICKSON CONCEPTS'S DEPARTMENTAL STORES

Now that the ceremony of handshakes and backslapping has been completed with regard to the 1999 financial results of publicly listed Dickson Concepts (International) Ltd, a closer examination of the advertised summary of the Company's 1999 Bottom Line is, really, not all that that market claims it to be.

Dickson Concepts announced that the Turnover for the Financial Year, ended March 31, 2000, had been reduced from the 1999 Year's figure of about $HK5.05 billion to the 2000 figure of about $HK3.05 billion.

The 39.60-percent drop in Turnover was caused by the Company's sale of its London-based subsidiary, Harvey Nichols Group plc, formerly touted to be one of the *'diamonds'* in the crown of Dickson Concepts.

The sale of this London, West End departmental store, standing exactly next door to Harrod's, Harrod's, being, without question, the most prestigious departmental store in the world, resulted in Dickson Concepts booking a surplus on its disposal of about $HK320 million.

The figure of $HK320 million, however, included, also, the one-off sales of other former subsidiaries: S.T. Dupont; Sandgraw Ltd; and, Tommy Hilfinger Handbags and Small Leather Goods Incorporated.

Without the disposals of these 4 subsidiaries, the Bottom Line would have been reduced from the published $HK151.46 million to a figure not less than negative $HK168.55 million.

This would have compared with the 1999 Loss Attributable to Shareholders of about $HK327.63 million.

Which, still, would have been an improvement, mind you.

Of course, to be totally fair, one does not know whether Harvey Nichols made a profit or a loss for the Financial Year, ended March 31, 2000, so that, if it had not been sold, one must wonder what impact it would have made to the Dickson Concept Group of Companies.

Logic dictates, however, that if it were making a healthy profit, it is unlikely that it would have been on the auction block in the first instance -- even though the controlling shareholder picked it up.

Be that as it may, it is clear from examination of the turnover, obtained from Asia, alone, that Dickson is not all that it is cracked up to be.

The turnover from Asian operations was slightly lower in the 2000 Year, compared with the 1999 Year: $HK2.74 billion versus $HK2.80 billion.

The Asian operations is heavily weighted toward the volume of activity in the Wanchai and Causeway Bay departmental store operations, run under the name and style of the Japanese operator: Seibu Departmental Stores.

It is obvious that these 2 departmental stores are losing a not inconsiderable amount of money, with the stores, having to give up part of their areas to an outside company to operate: A.S. Watson and Company Ltd.

It is common sense to conclude that if the stores were doing well, A.S. Watson would not have been able to put a foot in the Dickson Concept door.

The non-Asian operations, during the 1999 Year, resulted in a turnover of about $HK2.26 billion, with selling and distribution expenses, aggregating to about $HK1.47 billion.

The sale of Harvey Nichols resulted in the non-Asian turnover for the 2000 Year, dropping down to about $HK308.43 million, while the selling and distribution expenses fell to about $HK878.68 million.

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