



**MERCHANT HOUSE**  
**INTERNATIONAL LIMITED**  
ARBN 065 681 138

**Head Office:**  
1807-1812 Ming Pao Industrial Centre  
Block B 18 Ka Yip Street  
Chai Wan  
Hong Kong  
Tel: (852) 2889 2000  
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**Registered Office:**  
41 Stirling Highway  
Nedlands WA 6009  
Australia  
Tel: (61 8) 9423 3200  
Fax: (61 8) 9389 8327  
**Postal Address:**  
PO Box 985  
Nedlands WA 6909

30 November 2010

**ASX Limited**

**Electronic lodgement**

Dear Sir / Madam

**RE: HALF-YEAR REPORT – 30 SEPTEMBER 2010**

We attach the interim report for Merchant House International Limited for the half-year ended 30 September 2010 along with the Appendix 4D.

The board of Merchant House International Limited also wishes to advise that they have declared an interim dividend of 0.5 cents per share based on the results for the half year ended 30 September 2010.

Payment dates will be advised in due course.

Yours faithfully  
**MERCHANT HOUSE INTERNATIONAL LIMITED**

**IAN J BURTON**  
Director



**MERCHANT HOUSE INTERNATIONAL LIMITED**

**ARBN 065 681 138**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
30 SEPTEMBER 2010**

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

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**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**COMPANY DETAILS**

<b>Directors:</b>	Loretta Lee - Chairperson Christina Lee Peggy Liao Clifford Einstein Ian Burton Wu Xiao Lan David Bell
<b>Secretary:</b>	David McArthur
<b>Registered Office:</b>	41 Stirling Highway Nedlands, Western Australia Telephone: (61 8) 9423 3200 Facsimile: (61 8) 9389 8327
<b>Principal Place of Business:</b>	1807-1812 Ming Pao Industrial Centre Block B, 18 Ka Yip Street Chai Wan, Hong Kong
<b>Auditor:</b>	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace Perth, Western Australia
<b>ASX Home Branch:</b>	Australian Securities Exchange Limited 2 The Esplanade Perth, Western Australia
<b>Share Registry:</b>	Computershare Investor Services Pty Ltd Level 2, Reserve Bank Building 45 St Georges Terrace Perth, Western Australia  Telephone: (61 8) 9323 2000 Facsimile: (61 8) 9323 2033
<b>Solicitor:</b>	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth, Western Australia
<b>Country of Incorporation:</b>	Bermuda

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**DIRECTORS' REPORT**

The directors of Merchant House International Limited submit herewith the financial report of the Company and its subsidiaries ("the Group") for the half year ended 30 September 2010. The directors report as follows:

**1. DIRECTORS**

The names of the directors of the company during or since the end of the financial year are:

<b>Name</b>	<b>Period of Directorship</b>
Loretta Lee <i>Chairperson and Managing Director</i>	Director since 1994
Ian Burton <i>Non-executive director</i>	Director since 1994
Christina Lee <i>Non-executive independent director</i>	Director since 1994
Peggy Liao <i>Non-executive independent director</i>	Director since 1994
Wu Xiao Lan <i>Non-executive independent director</i>	Director since 2004
Clifford Einstein <i>Non-executive independent director</i>	Director since 2007
David Bell <i>Non-executive independent director</i>	Director since 2007

**2. PRINCIPAL ACTIVITIES**

The Group's principal activities in the course of the financial period were the design, manufacture and marketing of leather boots and shoes, seasonal decorations and gifts, home decoration items and kitchen textiles.

During the financial period there was no significant change in the nature of those activities.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**DIRECTORS' REPORT**

**3. REVIEW OF OPERATIONS**

The amount of net profit of the Group for the half year ended 30 September 2010 after income tax expense was \$3,544 thousand (2009 profit : \$4,006 thousand).

The directors' report is signed in accordance with a resolution of directors.

On behalf of the Directors.

A handwritten signature in black ink, appearing to read 'I J Burton', written in a cursive style.

**I J BURTON**

Director

Perth, Western Australia

30 November 2010

## **Independent Auditor's Review Report to the members of Merchant House International Limited**

We have reviewed the accompanying half-year financial report of Merchant House International Limited, which comprises the condensed statement of financial position as at 30 September 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report does not give a true and fair view of the consolidated entity's financial position as at 30 September 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting*. As the auditor of Merchant House International Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, 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 Australian Auditing Standards 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.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Merchant House International Limited does not:

- (a) give a true and fair view of the consolidated entity's financial position as at 30 September 2010 and of its performance for the half-year ended on that date; and
- (b) comply with Accounting Standard AASB 134 *Interim Financial Reporting*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Kathleen Bozanic*

Kathleen Bozanic  
Partner  
Chartered Accountants  
Perth, 30 November 2010



**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**DIRECTORS' DECLARATION**

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



**I J BURTON**  
Director

Perth, Western Australia  
30 November 2010

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 30 SEPTEMBER 2010**

	<b>Half-year ended</b>	
	<b>30 Sep 2010</b>	<b>30 Sep 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>		
Revenue	41,501	42,498
Cost of sales	(33,280)	(33,487)
Gross profit	8,221	9,011
Other revenues	1	1
Other income	40	34
Share of profit of associated entities accounted for using the equity method	659	563
Administration expenses	(3,709)	(3,782)
Finance costs	(34)	(116)
Other expenses	(887)	(1,015)
Profit before tax	4,291	4,696
Income tax expense	(747)	(690)
<b>Profit for the period</b>	<b>3,544</b>	<b>4,006</b>
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations (loss) / profit	(2,114)	(7,425)
Income tax relating to components of other comprehensive income	-	-
Other comprehensive income for the period (net of tax)	(2,114)	(7,425)
<b>Total comprehensive income / (loss) for the period</b>	<b>1,430</b>	<b>(3,419)</b>
<b>Profit attributable to owners of the parent</b>	<b>3,544</b>	<b>4,006</b>
<b>Total comprehensive income / (loss) attributable to owners of the parent</b>	<b>1,430</b>	<b>(3,419)</b>
<b>Earnings per share from continuing operations</b>		
Basic and diluted (cents per share)	3.78	4.28

Notes to the condensed financial statements are included on pages 13 to 18.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010**

	<b>30 Sep 2010</b>	<b>31 Mar 2010</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash or cash equivalents	745	2,822
Trade and other receivables	16,857	8,291
Inventories	4,480	1,796
Other	476	157
<b>TOTAL CURRENT ASSETS</b>	<b>22,558</b>	<b>13,066</b>
<b>NON CURRENT ASSETS</b>		
Trade and other receivables	51	54
Investments accounted for using the equity method	5,965	5,781
Property, plant and equipment	9,819	10,381
Leasehold land	3,078	3,265
Deferred tax assets	32	71
Goodwill	434	434
<b>TOTAL NON CURRENT ASSETS</b>	<b>19,379</b>	<b>19,986</b>
<b>TOTAL ASSETS</b>	<b>41,937</b>	<b>33,052</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10,671	6,246
Borrowings	5,040	1,591
Current tax payable	1,628	1,107
Provisions	127	125
<b>TOTAL CURRENT LIABILITIES</b>	<b>17,466</b>	<b>9,069</b>
<b>NON CURRENT LIABILITIES</b>		
Provisions	67	71
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>67</b>	<b>71</b>
<b>TOTAL LIABILITIES</b>	<b>17,533</b>	<b>9,140</b>
<b>NET ASSETS</b>	<b>24,404</b>	<b>23,912</b>
<b>EQUITY</b>		
Issued capital	2,856	2,856
Reserves	(5,653)	(3,539)
Retained earnings	27,201	24,595
<b>TOTAL EQUITY</b>	<b>24,404</b>	<b>23,912</b>

Notes to the condensed financial statements are included on pages 13 to 18.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

	Attributable to owners of the parent			
			Foreign currency translation	
Note	Issued capital \$'000	Retained earnings \$'000	reserve \$'000	TOTAL \$'000
<b>Balance at 1 April 2010</b>	2,856	24,595	(3,539)	23,912
Profit for the period	-	3,544	-	3,544
Exchange differences arising on translating of foreign operations	-	-	(2,114)	(2,114)
<b>Total comprehensive income for the period</b>	-	3,544	(2,114)	1,430
Dividends provided for or paid	-	(938)	-	(938)
<b>Balance at 30 September 2010</b>	<b>2,856</b>	<b>27,201</b>	<b>(5,653)</b>	<b>24,404</b>

Notes to the condensed financial statements are included on pages 13 to 18.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

	Attributable to owners of the parent				
			Foreign currency translation		
	Issued capital	Retained earnings	reserve	TOTAL	
	Note	\$'000	\$'000	\$'000	
<b>Balance at 1 April 2009</b>		2,838	21,507	4,872	29,217
Profit for the period		-	4,006	-	4,006
Exchange differences arising on translating of foreign operations		-	-	(7,425)	(7,425)
<b>Total comprehensive income for the period</b>		-	4,006	(7,425)	(3,419)
Dividends provided for or paid		-	(468)	-	(468)
<b>Balance at 30 September 2009</b>		<b>2,838</b>	<b>25,045</b>	<b>(2,553)</b>	<b>25,330</b>

Notes to the condensed financial statements are included on pages 13 to 18.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**CONDENSED CONSOLIDATE STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

	<b>Half-year ended</b>	
	<b>30 Sep 2010</b>	<b>30 Sep 2009</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	31,803	33,887
Payments to suppliers and employees	(35,410)	(35,986)
Government subsidy	9	-
Interest and other costs of finance paid	(34)	(116)
Income tax paid	(83)	-
Net cash provided by operating activities	(3,715)	(2,215)
<b>Cash flows from investing activities</b>		
Interest received	1	1
Proceeds from disposal of property, plant and equipment	3	2
Payment for property, plant and equipment	(295)	(95)
Loans repaid by / (paid to) associated entities	-	34
Net cash (used in) / provided by investing activities	(291)	(58)
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(5,209)	(5,019)
Proceeds from borrowings	8,966	4,850
Dividends paid	(938)	(468)
Net cash used in financing activities	2,819	(637)
<b>Net increase / (decrease) in cash and cash equivalents</b>	(1,187)	(2,910)
<b>Cash and cash equivalents at the beginning of the period</b>	2,822	3,324
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(890)	1,192
<b>Cash and cash equivalents at the end of the period</b>	745	1,606

Notes to the condensed financial statements are included on pages 13 to 18.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*. The half-year reports does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**Basis of preparation**

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments, where applicable. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 31 March 2010. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

**2. SEGMENT INFORMATION**

**Products and services from which reportable segments derive their revenues**

The Group's reportable segments as follows:

- Home textiles manufacturing
- Home textiles trading
- Footwear

The home textiles trading segment supply seasonal decorations such as Christmas decorations.

The footwear segment supplies work boots.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**2. SEGMENT INFORMATION (continued)**

**Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable operating segment for the periods under review:

	Assets		Liabilities	
	30 Sep 2010 \$'000	31 Mar 2010 \$'000	30 Sep 2010 \$'000	31 Mar 2010 \$'000
<b>Continuing operations</b>				
Home textile trading	24,032	21,379	9,510	4,903
Home textile manufacturing	1,339	974	9,176	10,826
Footwear	18,732	16,033	11,028	9,102
Total segment assets and liabilities	44,103	38,386	29,714	24,831
Property, plant and equipment	9,819	10,381	-	-
Leasehold land	3,078	3,265	-	-
Inventories	4,480	1,796	-	-
Investments in equity accounted investees	5,965	5,781	-	-
Intercompany eliminations	(26,516)	(27,289)	(14,659)	(17,709)
Other segment assets and liabilities	1,008	732	2,478	2,018
Total assets	41,937	33,052	17,533	9,140

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the cash, receivables and payables position.

Goodwill has been allocated to reportable segments.



**MERCHANT HOUSE INTERNATIONAL LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**2. SEGMENT INFORMATION (continued)**

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable operating segment for the period under review.

	Revenue		Segment profit / (loss)	
	Half-year ended		Half-year ended	
	30 Sep 2010 \$'000	30 Sep 2009 \$'000	30 Sep 2010 \$'000	30 Sep 2009 \$'000
<b>Continuing operations</b>				
Home textile trading				
<i>External customers</i>	17,792	21,127	2,449	3,398
<i>Intra-segment</i>	5,843	2,203	-	-
Total home textile trading	23,635	23,330	2,449	3,398
Home textile manufacturing				
<i>Inter-segment</i>	13,028	13,051	(781)	(330)
Total home textile manufacturing	13,028	13,051	(781)	(330)
Footwear				
<i>External customers</i>	23,708	21,371	1,220	1,040
Total footwear	23,708	21,371	1,220	1,040
Eliminations	(18,870)	(15,254)	929	310
	41,501	42,498	3,817	4,418
Central administration and directors' salaries			(152)	(170)
Finance costs			(34)	(116)
Share of profit of associates			659	563
Investment revenue			1	1
Profit before tax			4,291	4,696
Income tax expense			(747)	(690)
Consolidated segment revenue and profit for the period	41,501	42,498	3,544	4,006

The elimination figure reported in the table above represents intercompany revenue and expenses which have been eliminated on consolidation.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
**ARBN 065 681 138**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**2. SEGMENT INFORMATION (continued)**

**Segment revenue and results (continued)**

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, share of profits of associates, investment revenue, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Other segment information**

	<b>Home textiles</b>				<b>Footwear</b>	
	<b>Trading</b>		<b>Manufacturing</b>		<b>30 Sep</b>	<b>31 Mar</b>
	<b>30 Sep</b>	<b>31 Mar</b>	<b>30 Sep</b>	<b>31 Mar</b>		
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying value of investments accounted for using the equity method	536	846	-	-	5,429	4,935
Acquisition of segment assets	61	23	233	365	1	1

	<b>Home textiles</b>				<b>Footwear</b>	
	<b>Trading</b>		<b>Manufacturing</b>		<b>30 Sep</b>	<b>30 Sep</b>
	<b>30 Sep</b>	<b>30 Sep</b>	<b>30 Sep</b>	<b>30 Sep</b>		
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Share of net profit of associated entities	(88)	-	-	-	748	563
Depreciation and amortisation of segment assets	74	94	438	460	2	3

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**3. RESULTS FOR THE PERIOD**

**Seasonality of operations**

The operating results of the Group are significantly affected by seasonal fluctuations. This is particularly due to increased demand by consumers in the USA and Canada for home textile products between June and October for Harvest, Halloween and Christmas.

**4. ACCOUNTING ESTIMATES**

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report as at and for the year ended 31 March 2010.

**5. DIVIDENDS**

During the period, Merchant House International Limited made the following dividend payments:

	<b>Half-year ended</b>		<b>Half-year ended</b>	
	<b>30 September 2010</b>		<b>30 September 2009</b>	
	<b>Cents</b>	<b>Total</b>	<b>Cents</b>	<b>Total</b>
	<b>per share</b>	<b>\$'000</b>	<b>per share</b>	<b>\$'000</b>
<b>Fully paid ordinary shares</b>				
Final dividend	1.0	938	0.5	468

On 26 October 2010, the directors declared an unfranked dividend of 0.5 cent per share to the holders of fully paid ordinary shares of the half-year ended 30 September 2010, to be paid to shareholders on 28 January 2011. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$469 thousand.

**MERCHANT HOUSE INTERNATIONAL LIMITED**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2010**

**6. ISSURANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES**

Issued capital as at 30 September 2010 amounted to \$2,856 thousand (93,778,148 ordinary shares). There were no movements in the issued capital of the Company in either the current or the prior interim reporting periods.

**7. BORROWINGS**

During the period, the Group obtained new short-term loans to the amount of \$8,966 thousand (2009: \$4,850 thousand). The loans bear interest at variable market rates and are repayable within one year. The proceeds from the loans have been used to meet short-term expenditure needs.

Repayments of other bank loans amounting to \$5,209 thousand (2009: \$5,019 thousand) were made in line with previously disclosed repayment terms.

**8. ADDITIONAL COMPANY INFORMATION**

Merchant House International Limited is a listed public company, incorporated in Bermuda and operating in China, Hong Kong, Australia and the United States of America.

**9. SUBSEQUENT EVENTS**

On 26 October 2010, the directors declared an unfranked dividend of 0.5 cent per share to the holders of fully paid ordinary shares in respect of the half-year ended 30 September 2010, to be paid to shareholders on 28 January 2011.

# Appendix 4D

## Half-year report

Rule 4.3A  
Introduced 1/1/2003

**Name of entity:** MERCHANT HOUSE INTERNATIONAL LIMITED  
**ABN:** 065 681 138

**1. Reporting period (“current period”):** Half-year ended 30 September 2010  
**Previous corresponding period** Half-year ended 30 September 2009

**2. Results for announcement to the market**

					\$A '000
Revenue	down	-2.35%	to		41,501
Profit from ordinary activities after tax attributable to members	down	-11.53%	to		3,544
Net profit for the period attributable to members	down	-11.53%	to		3,544

	Amount per share cents	Franked amount per share cents
<b>Dividends</b>		
Interim	0.5 ¢	Nil

Record date for determining entitlements to dividends:

21 January 2011

Brief explanation of figures reported above (if necessary):

N/A

**3. Net tangible assets**

	Current period cents	Previous corresponding period cents
Net tangible asset backing per ordinary share	<u>25.56</u>	<u>26.60</u>

**4. Details of entities over which control has been gained or lost**

**Control gained over entities**

N/A

**Control lost over entities**

N/A

**5. Dividends**

*Amount per security*

	Amount per security cents	Franked amount per security at 30% tax cents	Amount per security of foreign source dividend cents
Interim dividend - current period	0.5 ¢	Nil	0.5 ¢
- previous corresponding period	0.5 ¢	Nil	0.5 ¢

*Total dividends paid on all securities during the financial year*

	Current period \$'000	Previous corresponding period \$'000
Ordinary securities	938	468
Total	938	468

**6. Dividend reinvestment plans**

The dividend reinvestment plans shown below are in operation:

N/A

Last date for receipt of election notices for the dividend reinvestment plan:

N/A

**7. Details of associates and joint venture entities**

Name of entity	Percentage of ownership interest held at end of period		Contribution to net profit / (loss)	
	Current period	Previous corresponding period	Current period \$'000	Previous corresponding period \$'000
Tianjin Jiahua Footwear Co Ltd	30.00%	30.00%	145	275
Tianjin Tianxing Kesheng Leather Products Co Ltd	33.79%	33.79%	602	288
Zhao An Xin Jia Decorations Co Ltd	40.00%	40.00%	(88)	-
			659	563

*Aggregate share of profits / (losses) of associates and joint ventures*

	Current period \$'000	Previous corresponding period \$'000
Profit / (loss) before income tax	907	763
Income tax expense	(248)	(200)
Profit / (loss) after income tax	659	563
Outside equity interests	-	-
Net profit / (loss) attributable to members	659	563

**8. Accounting standards**

For foreign entities, set of accounting standards used in compiling report:

N/A

**9. Auditor's review report**

For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

N/A

This report is based on accounts to which one of the following applies:

- |                          |  |                                     |  |
|--------------------------|--|-------------------------------------|--|
| <input type="checkbox"/> | The accounts have been audited.  | <input checked="" type="checkbox"/> | The accounts have been subject to review.                  |
| <input type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/>            | The accounts have <i>not</i> yet been audited or reviewed. |

Sign here:



Director

Date: 30 November 2010

Print name:

Ian Burton