BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2006

HIGHLIGHTS

- Record turnover and profitability
- Strengthened management and corporate structure lay foundation for future group expansion
- EMEA (Europe, Middle East and Africa) network expansion and successful integration of the PRC platform drive growth in the coming years

MANAGEMENT DISCUSSION & ANALYSIS

Financial Highlights

(HK$' million)

	2006	2005	% change
Turnover	**4,046.4**	3,706.3	+9%
Gross profit	**660.3**	616.5	+7%
EBITA	**145.3**	105.0	+38%
Net profit	**113.3**	83.3*	+36%

* The net profit last year had been restated from HK$111.0 million to HK$83.3 million due to the impact of adopting the new HKFRSs. The largest impact is the adoption of the new HKAS 16, under which the Group had opted for the cost model in respect of self-occupied properties for business purposes, resulting in exclusion of the write-back of the property revaluation deficit of HK$24.6 million from the comparative net profit last year.

Business Review

During the year under review, the Group achieved a record turnover of over HK$4.0 billion, 9% higher than the previous year amidst steady performance of the freight forwarding operation and strong increase in third party logistics turnover. The absence of turnover contribution from Fond Group this year was offset by the increased turnover from the expansion in the EMEA region.

After dipping to 15.5% during the first half, the Group's gross margin improved to 17.2% in the second half. EBITA was up 38% to HK$145.3 million. Net profit was also up 36% to HK$113.3 million. A number of specific items impacted the net profit and the comparative number last year. The net profit last year included HK$8.2 million disposal gain, HK$17.3 million net profit contribution from discontinued operations (Fond Group and Korchina Group), partly offset by HK$6.2 million provision for a US legal claim and HK$8.1 million restructuring and severance provisions. The net profit this year included disposal gain of HK$21.2 million, net claim compensation and write-backs of HK$12.3 million, negative goodwill of HK$8.3 million, partly offset by PRC restructuring provisions of HK$9.6 million and investment write-off of HK$0.8 million.

Our net profit had also been impacted by the expansion of our management and professional resources. In order to accelerate the expansion of the Group's business and international network, the Group continued to bring on board senior executives and international industry talents to strengthen the Group and regional management teams. This inevitably increased the corporate costs during the year, including the set-up and sign on fees of HK$6.3 million incurred for 2006, but we believe that this is an essential investment in order to lay the foundation for future group expansion.

During the year under review, the Group made substantial inroads into expanding its global footprint and consolidating its control over some of its key subsidiaries. Apart from opening up of our third office (Chennai) in India in September 2005, we had also started our wholly owned operation in Amsterdam and Rotterdam in October 2005. Since May 2006, we acquired 52% of Clover Cargo Group in South Africa (in addition to our initial 10% shareholding), 100% of BALtrans Logistics (UAE) LLC (formerly known as Outlook Logistics LLC) in Dubai and completed the buy-out of minorities in our key subsidiaries in the UK and the PRC. Immediately after the financial year end, we managed to complete the acquisition of Gothenburg Shipping Logistics AB in Sweden and increased our equity stake in our German operation to 96%. These new entities are expected to add meaningful contribution to the Group's turnover and profitability in the coming years.

During the period under review, our finance costs increased from HK$3.4 million to HK$4.8 million due to consolidation of 3-month local interest expenses of Clover Cargo Group. As we funded our new acquisitions in Sweden and Germany after the financial year end (for which we successfully raised our first syndicated loan facilities of HK$250 million in October 2006) and due to the full year effect of interest expenses of Clover Cargo Group, we expect our finance costs to increase from the current level in the coming year.

Our tax expenses increased from HK$13.0 million to HK$19.0 million. As we increased our weighting of higher tax jurisdictions in our overall geographical distribution, we believe that our effective tax rate will increase gradually in the future. Our minority interests increased from HK$8.6 million to HK$10.6 million. With the full year inclusion of Clover Cargo Group's results which we effectively own 62%, minority interests will also increase in the coming year.

Markets

The Group's operation in the Greater China region was the largest contributor to the Group's overall turnover during the financial year at 62%. The turnover of HK$2,506.3 million was up 7% from last year as turnover increase in the PRC is partly offset by weak performance in Taiwan. Operating profit increased 37% from HK$66.6 million to HK$91.3 million.

US and Canada contributed 15% of Group's turnover during the year. Turnover decrease of 16% was mainly due to the absence of turnover contribution from Fond Group which was disposed of late last year. Operating profit was HK$21.4 million, down 14% from the previous year.

Southeast Asia contributed approximately 8% of Group's turnover and achieved an increase of 11% over previous year. Operating profit for this segment increased 78% to approximately HK$14.5 million, mainly due to the turnaround of Malaysian operation, good profit growth in Indonesia and Sri Lanka as well as narrowing of operating losses in our new operation in India.

The EMEA region made up approximately 15% of the Group's turnover during the year, up from around 9% last year. Turnover increased by 73% to HK$589.9 million and operating profit reached HK$15.1 million. Excluding negative goodwill of HK$8.3 million, the recurrent operating profit is approximately HK$6.8 million, up 71% from last year. Improved performance in the UK and 3-month contribution from our newly acquired South African subsidiary, Clover Cargo Group, led to substantial increase in EMEA contribution, partially offset by start-up losses in our new Netherlands operation. Our Netherlands offices had turned profitable since the second half of the financial year, and together with full year contribution from Clover Cargo Group, continuing improvement in UK and Dubai offices as well as newly acquired subsidiaries in Sweden and Germany, we believe the EMEA region would become an important new market segment for the Group.

Services

Air freight

Turnover (HK$' million)

	Greater China	North America	Southeast Asia	EMEA	Total
2006	**1,583**	**405**	**177**	**227**	**2,392**
2005	1,450	490	155	102	2,197
% change	+9%	-17%	+14%	+123%	+9%

Air freight turnover increased by 9% to approximately HK$2.4 billion, making up approximately 59% of the Group's total turnover. The one-off impact of the absence of Fond Group in the air freight turnover in North America had been largely offset by the substantial increase in EMEA air freight turnover.

The air freight operating profit was HK$64.1 million, up 4% from last year.

Sea freight

Turnover (HK$' million)

	Greater China	North America	Southeast Asia	EMEA	Total
2006	**690**	**195**	**120**	**339**	**1,344**
2005	714	218	115	240	1,287
% change	-3%	-11%	+4%	+41%	+4%

Sea freight turnover increased 4% to approximately HK$1.3 billion, making up approximately 33% of the Group's total turnover. In North America, the absence of Fond Group had led to a decline in sea freight turnover.

Despite modest turnover growth, operating profit from sea freight increased 28% to HK$31.8 million from HK$24.9 million last year due to improved margin as well as increased contribution from the EMEA region.

Exhibition forwarding and household removal services

Despite what was expected to be a slower year based on cyclical trends in the past, the performance of our exhibition forwarding and household removal services held up very well as we managed to minimise the impact of cyclical downturn due to our success in gaining new events as well as the robust performance of Exhibitstrans Logistics Limited. The turnover from exhibition forwarding and household removal services decreased slightly by 3% to HK$130.0 million whilst operating profit was maintained at HK$15.4 million as in the previous year.

We expect the performance of exhibition forwarding and household removal services division will improve in the coming year as we benefit from the expected upcycle.

Third party logistics

The turnover from third party logistics ("3PL") was HK$180.2 million, a strong increase of 103% over the previous year. Our 3PL operation in Greater China achieved substantial profit improvement due to continued strong demand for 3PL services as well as our success in restructuring our customer portfolio. Furthermore, new entities in the Netherlands and South Africa had also added to our 3PL business base and contribution. As a result, we achieved an operating profit of HK$10.0 million during the financial year, compared to an operating profit of approximately HK$1.5 million last year.

Outlook

Global economy and trade flow continues to grow despite the concern over US economic slowdown after recent interest rate hikes. We are cautiously optimistic on the medium term economic growth and trade outlook in Europe and Asia Pacific.

We continue to push ahead with our long term strategy of building an integrated global network and expanding into new markets. We have now built up a substantial presence in 6 countries in the EMEA region namely Germany, the Netherlands, South Africa, Sweden, the UK and the United Arab Emirates, all of which will be re-branded BALtrans in the first quarter of 2007. Through our Middle Eastern hub in Dubai, we had also entered into a franchising arrangement to expand our branded operation into the Middle East region. These entities complement our existing offices in Asia Pacific and North America and seek to cooperate more closely with one another in winning new business and delivering services to our customers globally.

With the successful resolution of the PRC shareholding position, we had finally merged the two main operating entities for Northern and Eastern China, Jardine-CCTA Logistics Services Limited and BALtrans Logistics (China) Limited, into a single platform operating under the name of BALtrans Logistics Company Limited in October 2006. Apart from the apparent operational synergies to be reaped, this fully licensed single platform in the PRC would enable us to improve our service offering and execution capability to win new customers overseas as more and more overseas companies seek to source their goods from China. However, the restructuring in the PRC is likely to entail revamp of business portfolio, staff reduction and additional one-off costs and provisions which are necessary to establish a streamlined platform in the longer term. These will have negative impact on the bottom-line in the short term, but we believe this is a necessary and critical step in the right direction.

As planned during the last 12 months, senior management positions have been filled with key strategic hires including the new Group Chief Executive, the EMEA regional management team, the Asia Pacific regional managing director and heads of the key corporate functional roles. Looking ahead, we will review our strategic options in the various new markets either through recruitment of new talents or selective acquisitions.

Finally, with the backing of our new major shareholder, Mitsui & Co., Ltd., one of the largest trading conglomerates in Japan, we are seeking to tap into new business opportunities with Japanese corporate sector globally.

Liquidity, Financial Resources and Funding

As at 31 July 2006, the Group possessed cash and cash equivalents of HK$280.0 million (2005: HK$203.0 million). The majority of the Group's cash was in either HKD or USD. The gross gearing ratio (total borrowings/total equity) at the end of the year was 32.7% (2005: 19.0%). However, the Group was in a net cash position of HK$112.8 million (2005: HK$125.9 million).

For the year ended 31 July 2006, total spending on property, plant and equipment was lower than the last year. HK$23.1 million (2005: HK$23.2 million) was paid for the purchase of property, plant and equipment. HK$7.3 million (2005: HK$1.9 million) was received for the disposal of property, plant and equipment and leasehold land and land use rights.

The Group's funding requirements have been fulfilled mainly by internal resources with some short-term loan/overdraft facilities granted by banks.

The Group's borrowings were mainly in HKD, ZAR, CAD, USD and TWD. Overdraft and short-term loan facilities were granted to the Group at normal market interest rates. As the majority of the Group's cash is in either HKD or USD, exposure to exchange rate fluctuation is minimal.

As a matter of principle, the Group requires adequate working capital to be retained in overseas subsidiaries and then transfers excess funds back to the head office. Some of our overseas subsidiaries may use overdraft facilities in foreign currencies. Minimal hedging arrangement is arranged as we receive and pay mainly in local currency.

During the year under review, there was no significant deviation from the policies above.

Charges on Group Assets

The whole first floor of Sunshine Kowloon Bay Cargo Centre and the whole 8th floor of New Mandarin plaza, Tower A have been charged to a bank in exchange for general banking facilities for the Group. Trade receivables of HK$76.9 million (2005: Nil) and fixed deposits of HK$16.0 million (2005: HK$11.3 million) are pledged as security for banking facilities extended to the Group.

Material acquisitions and disposal of subsidiaries or associates

During the year, the Group has completed the following material acquisitions:

(a) the acquisition of remaining minority shareholding of BALtrans Logistics (China) Limited in May 2006;

(b) the acquisition of 52% of Clover Cargo Holdings (Proprietary) Limited of South Africa in May 2006;

(c) the acquisition of 100% of BALtrans Logistics (UAE) LLC in Dubai in June 2006;

(d) the acquisition of the remaining 25% in JLS Logistics UK Limited in July 2006.

During the year, the Group has also completed the disposal of its entire equity interest in Korchina Logistics Holdings Limited (50%) ("Korchina Logistics") and Korchina Freight Taiwan Limited (35%) in August 2005.

Subsequent to the financial year end and in August 2006, the Group completed the acquisition of 100% in Gothenburg Shipping Logistics AB in Sweden and increased its effective shareholding in BNG Logistics GmbH in Germany from approximately 48% to 96%.

Except as disclosed above, there was no material acquisition or disposal of subsidiaries, jointly controlled entities or associates during the year.

Contingent liabilities

Details of the contingent liabilities of the Group are set out in note 14.

Staff and Employment

As at 31 July 2006, the Group employed a workforce of 2,070 (2005: 1,695). Total staff remuneration for the year ended 31 July 2006 was HK$336.3 million including retirement benefit costs of HK$17.4 million (2005: HK$300.5 million including retirement benefit costs of HK$12.8 million).

RESULTS

The Board of Directors of BALtrans Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 July 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 July 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
Turnover	*4*	**4,046,380**	3,706,310
Cost of services rendered		**(3,386,059)**	(3,089,851)
Gross profit		**660,321**	616,459
Other gains	*5*	**48,539**	11,234
Administrative and other operating expenses		**(566,520)**	(524,181)
Operating profit	*6*	**142,340**	103,512
Finance costs	*7*	**(4,780)**	(3,359)
Share of profits less losses of			
Jointly controlled entities		**1,176**	(2,859)
Associates		**4,132**	7,554
Profit before income tax		**142,868**	104,848
Income tax expenses	*8*	**(18,965)**	(12,962)
Profit for the year		**123,903**	91,886
Attributable to:			
Equity holders of the Company		**113,259**	83,281
Minority interests		**10,644**	8,605
		123,903	91,886
Dividends	*9*	**48,000**	49,236
		HK cents	*HK cents*
Earnings per share			
Basic	*10*	**37.1**	27.6
Diluted	*10*	**36.4**	27.3

CONSOLIDATED BALANCE SHEET

As at 31 July 2006

	Note	2006 HK$'000	2005 HK$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**111,602**	98,320
Leasehold land and land use rights		**53,740**	55,923
Intangible assets	*11*	**196,362**	122,303
Jointly controlled entities		**6,581**	3,461
Associates		**3,758**	31,143
Derivative financial instruments		**5,694**	–
Available-for-sale financial assets		**615**	–
Deferred income tax assets		**11,141**	9,106
		389,493	320,256
Current assets			
Trade and other receivables	*12*	**794,695**	675,478
Financial assets at fair value through profit or loss		**4,397**	–
Other investments		**–**	1,565
Derivative financial instruments		**340**	–
Current income tax receivable		**2,708**	891
Bank balances and cash		**333,689**	247,878
		1,135,829	925,812
Total assets		**1,525,322**	1,246,068
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**30,977**	30,220
Reserves			
Retained profits		**325,980**	261,384
Other reserves		**199,605**	242,330
Proposed dividends		**36,553**	39,286
		593,115	573,220
Minority interests		**50,672**	21,999
Total equity		**643,787**	595,219
LIABILITIES			
Non-current liabilities			
Borrowings		**5,269**	15,657
Retirement liabilities		**1,447**	2,320
Deferred income tax liabilities		**816**	1,938
Other non-current liabilities		**76,192**	–
		83,724	19,915

Current liabilities			
Trade and other payables	*13*	**562,915**	506,432
Borrowings		**208,088**	108,130
Current income tax payable		**26,808**	16,372
		797,811	630,934
Total liabilities		**881,535**	650,849
Total equity and liabilities		**1,525,322**	1,246,068
Net current assets		**338,018**	294,878
Total assets less current liabilities		**727,511**	615,134

Notes

1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and Hong Kong Accounting Standards ("HKAS") and interpretations ("HKAS-Int") (collectively the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements have been prepared under the historical cost convention, except that available-for-sale financial assets, derivative financial instruments and financial assets at fair value through profit or loss are carried at fair value. In the year ended 31 July 2005, the Group early adopted HKFRS 3 "Business combinations", HKAS 36 "Impairment of assets" and HKAS 38 "Intangible assets". With effect from 1 August 2005, the Group adopted all the remaining new and revised HKFRSs that are currently in issue and effective for the accounting periods commencing on or after 1 January 2005. Details are set out in note 2 below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying policies of the Group. There are areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2 Summary of changes in accounting policies

During the year, the Group has adopted the new HKFRSs listed below, which are relevant to its operations. The comparative figures have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HKAS-Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payments
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

In summary:

(i) HKASs 7, 8, 10, 23, 27, 28, 31, 33, 37, HKAS-Int 15 and HKFRS 5 had no material effect on the Group's accounting policies.

(ii) HKAS 21 had no material effect on the Group's accounting policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.

(iii) HKAS 24 has affected the identification of related parties and some other related party disclosures.

The major changes in the Group's principal accounting policies or the presentation of financial statements as a result of the adoption of the new HKFRSs are summarised below:

(1) HKAS 1

The adoption of HKAS 1 has mainly resulted in the following presentation change in the Group's financial statements:

(i) minority interests are now required to be shown within the Group's equity. In the income statement, minority interests are presented as an allocation of the total profit or loss for the year; and

(ii) the Group's share of profits less losses of jointly controlled entities and associates are required to be presented net of income taxes in the income statement.

(2) HKAS 16

In prior years, buildings were stated at valuation. Increases in valuation were credited to the revaluation reserve. Decreases in valuation were first offset against increases on earlier valuations in respect of the same property and were thereafter charged to operating profit. Any subsequent increases were credited to operating profit up to the amount previously charged. Deferred income tax was provided on temporary difference arising from revaluation on buildings.

The Group has opted for the cost model in respect of its accounting policy on buildings upon the adoption of HKAS 16 and the buildings are now carried at cost less accumulated depreciation and any accumulated impairment losses.

This change in accounting policy has been applied retrospectively so that the comparative figures have been restated to conform with the changed policy.

The residual values and useful lives of property, plant and equipment are now required to be reviewed and adjusted, if appropriate, at least at each balance sheet date. The directors have reviewed the residual values and useful lives of property, plant and equipment and do not consider that there are any significant changes from the previous estimates.

(3) HKAS 17

In prior years, the leasehold land and land use rights were stated at valuation less accumulated amortisation and any accumulated impairment losses.

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

This change in accounting policy has been applied retrospectively so that the comparative figures presented have been restated to conform with the changed policy.

(4) HKASs 32, 39 and 39 Amendment

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value. HKAS 39 does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis.

In prior years, the Group classified its investments other than subsidiaries, jointly controlled entities and associates as other investments. Other investments held for non-trading purpose were stated at fair value at the balance sheet date. Changes in fair value of individual investment were dealt with as a movement in the income statement.

The adoption of HKASs 32 and 39 has no impact to the opening equity as at 1 August 2005 except for the redesignation of other investments as financial assets at fair value through profit or loss.

(5) HKFRS 2

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments.

The Group operates an equity-settled, share-based compensation plan. Until 31 July 2005, the Group did not account for the expenses in respect of share options granted by the Company to the Group's directors and employees. With effect from 1 August 2005, the cost of share options is recognised in the income statement. Such change in accounting policy has been applied retrospectively and the comparative figures have been restated accordingly.

3 Summary of effects on adopting the new HKFRSs

Summary of effects on adopting the new HKFRSs is set out below:

(i) Consolidated income statement

	As previously reported	Effect on adopting HKAS 1	Effect on adopting HKAS 16	Effect on adopting HKAS 17	Effect on adopting HKFRS 2	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 July 2005						
Turnover	3,706,310	–	–	–	–	3,706,310
Cost of services rendered	(3,089,851)	–	–	–	–	(3,089,851)
Gross profit	616,459	–	–	–	–	616,459
Other gains	2,862	8,372	–	–	–	11,234
Administrative and other operating expenses	(512,705)	(8,372)	1,567	(1,327)	(3,344)	(524,181)
Write back of deficit on revaluation of leasehold land and buildings	24,602	–	(24,602)	–	–	–
Operating profit	131,218	–	(23,035)	(1,327)	(3,344)	103,512
Finance costs	(3,359)	–	–	–	–	(3,359)
Share of profit less losses of						
Jointly controlled entities	(2,451)	(408)	–	–	–	(2,859)
Associates	9,404	(1,850)	–	–	–	7,554
Profit before income tax	134,812	(2,258)	(23,035)	(1,327)	(3,344)	104,848
Income tax expenses	(15,220)	2,258	–	–	–	(12,962)
Profit for the year	119,592	–	(23,035)	(1,327)	(3,344)	91,886
Attributable to:						
Equity holders of the Company	110,987	–	(23,035)	(1,327)	(3,344)	83,281
Minority interests	8,605	–	–	–	–	8,605
	119,592	–	(23,035)	(1,327)	(3,344)	91,886
Earning per share						
Basic *(HK cents)*	36.8	–	(7.6)	(0.4)	(1.2)	27.6
Diluted *(HK cents)*	36.3	–	(7.5)	(0.4)	(1.1)	27.3

	Effect on adopting					
	HKAS 1	HKAS 16	HKAS 17	HKASs 32 and 39	HKFRS 2	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 July 2006						
Turnover	–	–	–	–	–	–
Cost of services rendered	–	–	–	–	–	–
Gross profit	–	–	–	–	–	–
Other gains	–	–	–	488	–	488
Administrative and other operating expenses	–	1,610	(1,372)	–	(4,459)	(4,221)
Operating profit	–	1,610	(1,372)	488	(4,459)	(3,733)
Finance costs	–	–	–	–	–	–
Share of profit less losses of						
Jointly controlled entities	(233)	–	–	–	–	(233)
Associates	(408)	–	–	–	–	(408)
Profit before income tax	(641)	1,610	(1,372)	488	(4,459)	(4,374)
Income tax expenses	641	–	–	–	–	641
Profit for the year	–	1,610	(1,372)	488	(4,459)	(3,733)
Attributable to:						
Equity holders of the Company	–	1,610	(1,372)	488	(4,459)	(3,733)
Minority interests	–	–	–	–	–	–
	–	1,610	(1,372)	488	(4,459)	(3,733)
Earning per share						
Basic *(HK cents)*	–	0.50	(0.40)	(0.20)	(1.50)	(1.20)
Diluted *(HK cents)*	–	0.50	(0.40)	(0.20)	(1.50)	(1.20)

(ii) *Consolidated balance sheet*

	Effect on adopting				
	HKAS 16	HKAS 17	HKASs 32 and 39	HKFRS 2	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Increase/(decrease) in net assets					
At 31 July 2005					
Property, plant and equipment	(74,600)	(68,445)	–	–	(143,045)
Leasehold land and land use rights	–	55,923	–	–	55,923
Financial assets at fair value through profit or loss	–	–	1,565	–	1,565
Other investments	–	–	(1,565)	–	(1,565)
Deferred income tax liabilities	13,875	–	–	–	13,875
	(60,725)	(12,522)	–	–	(73,247)
Retained profits	4,682	(12,522)	–	(4,370)	(12,210)
Other reserves	(65,407)	–	–	4,370	(61,037)
Equity	(60,725)	(12,522)	–	–	(73,247)
At 31 July 2006					
Property, plant and equipment	(72,990)	(67,634)	–	–	(140,624)
Leasehold land and land use rights	–	53,740	–	–	53,740
Derivative financial instruments	–	–	6,034	–	6,034
Financial assets at fair value through profit or loss	–	–	4,397	–	4,397
Other investments	–	–	(3,909)	–	(3,909)
Deferred income tax liabilities	13,875	–	–	–	13,875
Other non-current liabilities	–	–	(76,192)	–	(76,192)
	(59,115)	(13,894)	(69,670)	–	(142,679)
Retained profits	6,292	(13,894)	488	(8,829)	(15,943)
Other reserves	(65,407)	–	(70,158)	8,829	(126,736)
Equity	(59,115)	(13,894)	(69,670)	–	(142,679)

4 Segment information

The Group is principally engaged in the provision of air and sea freight forwarding services, exhibition forwarding and household removal services and third party logistics (representing trucking and warehousing services).

(a) Primary reporting format – geographical segments

	As at or for the year ended 31 July 2006					
	Greater China *HK$'000*	**North America** *HK$'000*	**Southeast Asia** *HK$'000*	**EMEA** *HK$'000*	**Elimination** *HK$'000*	**Group** *HK$'000*
Turnover						
External	**2,506,311**	**611,140**	**338,984**	**589,945**	**–**	**4,046,380**
Inter-segment	**428,493**	**107,882**	**48,038**	**68,577**	**(652,990)**	**–**
Total	**2,934,804**	**719,022**	**387,022**	**658,522**	**(652,990)**	**4,046,380**
Segment results	**91,330**	**21,440**	**14,493**	**15,077**	**–**	**142,340**
Finance costs	**(2,109)**	**(824)**	**(102)**	**(1,745)**	**–**	**(4,780)**
Share of profits less losses of						
Jointly controlled entities	**1,176**	**–**	**–**	**–**	**–**	**1,176**
Associates	**777**	**173**	**402**	**2,780**	**–**	**4,132**
Profit before income tax						**142,868**
Income tax expenses						**(18,965)**
Profit for the year						**123,903**
Segment assets	**882,887**	**130,309**	**110,477**	**377,461**	**–**	**1,501,134**
Jointly controlled entities	**6,581**	**–**	**–**	**–**	**–**	**6,581**
Associates	**1,909**	**522**	**930**	**397**	**–**	**3,758**
Unallocated assets						**13,849**
Total assets						**1,525,322**
Segment liabilities	**438,774**	**43,668**	**42,911**	**328,558**	**–**	**853,911**
Unallocated liabilities						**27,624**
Total liabilities						**881,535**
Capital expenditure for						
Property, plant and equipment	**17,408**	**397**	**1,679**	**3,569**	**–**	**23,053**
Intangible assets	**27,005**	**–**	**2,275**	**46,056**	**–**	**75,336**
Depreciation charge	**16,096**	**833**	**2,848**	**2,049**	**–**	**21,826**
Amortisation charge						
Leasehold land and land use rights	**1,372**	**–**	**–**	**–**	**–**	**1,372**
Other intangible assets	**431**	**–**	**64**	**1,135**	**–**	**1,630**

	As at or for the year ended 31 July 2005 (Restated)					
	Greater China *HK$'000*	North America *HK$'000*	Southeast Asia *HK$'000*	EMEA *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
Turnover						
External	2,332,860	726,360	305,823	341,267	–	3,706,310
Inter-segment	404,617	83,146	26,706	35,036	(549,505)	–
Total	2,737,477	809,506	332,529	376,303	(549,505)	3,706,310
Segment results	66,609	24,822	8,145	3,936	–	103,512
Finance costs	(2,671)	(344)	(197)	(147)	–	(3,359)
Share of profits less losses of						
Jointly controlled entities	(2,859)	–	–	–	–	(2,859)
Associates	7,823	34	763	(1,066)	–	7,554
Profit before income tax						104,848
Income tax expenses						(12,962)
Profit for the year						91,886
Segment assets	860,648	165,580	89,256	85,983	–	1,201,467
Jointly controlled entities	3,461	–	–	–	–	3,461
Associates	29,516	798	3,360	(2,531)	–	31,143
Unallocated assets						9,997
Total assets						1,246,068
Segment liabilities	482,714	33,788	35,150	80,887	–	632,539
Unallocated liabilities						18,310
Total liabilities						650,849
Capital expenditure for						
Property, plant and equipment	21,193	1,138	2,182	573	–	25,086
Intangible assets	22,715	–	–	–	–	22,715
Depreciation charge	13,722	896	2,949	1,374	–	18,941
Amortisation charge						
Leasehold land and land use rights	1,327	–	–	–	–	1,327
Other intangible assets	178	–	–	–	–	178

(b) Secondary reporting format – business segments

	As at or for the year ended 31 July 2006			
	Turnover *HK$'000*	**Segment results** *HK$'000*	**Total assets** *HK$'000*	**Capital expenditure** *HK$'000*
Air freight	**2,392,198**	**64,058**	**653,664**	**50,972**
Sea freight	**1,344,053**	**31,780**	**428,646**	**40,008**
Exhibition forwarding and household removal services	**129,961**	**15,365**	**61,813**	**1,993**
Third party logistics	**180,168**	**9,954**	**43,241**	**5,416**
	4,046,380	**121,157**	**1,187,364**	**98,389**
Jointly controlled entities	**–**	**–**	**6,581**	**–**
Associates	**–**	**–**	**3,758**	**–**
Unallocated[1]	**–**	**21,183**	**327,619**	**–**
Total	**4,046,380**	**142,340**	**1,525,322**	**98,389**

	As at or for the year ended 31 July 2005 (Restated)			
	Turnover *HK$'000*	Segment results *HK$'000*	Total assets *HK$'000*	Capital expenditure *HK$'000*
Air freight	2,197,372	61,739	466,480	23,820
Sea freight	1,286,781	24,855	344,340	16,087
Exhibition forwarding and household removal services	133,434	15,435	71,429	928
Third party logistics	88,723	1,483	82,070	6,966
	3,706,310	103,512	964,319	47,801
Jointly controlled entities	–	–	3,461	–
Associates	–	–	31,143	–
Unallocated[1]	–	–	247,145	–
Total	3,706,310	103,512	1,246,068	47,801

[1] Unallocated segment results mainly comprise gains on disposal of associates and financial assets at fair value through profit or loss. Unallocated assets comprise intangible assets, buildings, leasehold land and land use rights, current income tax receivable and deferred income tax assets.

5 Other gains

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Compensation on claims *(note a)*	**10,443**	–
Excess of fair value of net assets acquired over cost of acquisition of a subsidiary	**8,331**	–
Gain on disposal of subsidiaries	**23**	8,228
Gain on disposal of associates, net *(note b)*	**11,283**	–
Gain on disposal of financial assets at fair value through profit or loss	**9,900**	–
Property letting income	**310**	338
Interest income received from		
Bank	**4,336**	1,454
Associates	**106**	74
Management fee received from		
A third party	**204**	–
Associates	**978**	996
Net exchange gain	**2,137**	144
Fair value gain on financial assets at fair value through profit or loss	**488**	–
	48,539	11,234

Notes:

(a) Subsequent to the completion of the acquisition of 100% interest of Jardine Logistics Group, certain issues were raised and claims have been filed against the vendor. In January 2006, the Group entered into a settlement deed with the vendor for HK$26,500,000. The compensation was fully settled in cash and credited in part to the income statement except for the portion relating to the compensation for certain specific future expenses which has been deferred and will be applied to offset those expenses as they are incurred.

(b) In August 2005, the Group disposed of its 50% interest in Korchina Logistics and 35% interest in Korchina Freight Taiwan Limited to Korchina Holdings Limited, the other shareholder of Korchina Logistics. The aggregate consideration of US$4,800,000 (approximately HK$37,440,000) was settled in cash on 25 August 2005 and resulted in a gain of HK$11,410,000.

6 Operating profit

Operating profit is stated after charging the following:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Amortisation charge		
Leasehold land and land use rights	**1,372**	1,327
Other intangible assets	**1,630**	178
Depreciation charge		
Owned property, plant and equipment	**21,737**	18,750
Leased property, plant and equipment	**89**	191
Loss on disposal of other investments	**–**	173
Loss on disposal of property, plant and equipment and leasehold land and land use rights	**270**	45
Operating lease rental in respect of land and buildings	**47,138**	48,641
Provision for impairment of trade receivables	**12,143**	15,420
Staff costs, including directors' remuneration	**336,296**	300,522

7 Finance costs

	2006	2005
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**4,730**	3,274
Interest element of finance leases payable within five years	**50**	85
	4,780	3,359

8 Income tax expenses

	2006	2005
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**6,865**	4,676
Overseas taxation	**13,400**	8,948
Under/(over) provision in prior years	**1,476**	(1,135)
Deferred income tax	**(2,776)**	473
	18,965	12,962

Hong Kong profits tax has been provided for at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The Group's shares of income tax expenses of jointly controlled entities and associates of HK$233,000 (2005: HK$408,000) and HK$408,000 (2005: HK$1,850,000) are included in the income statement as share of profits less losses of jointly controlled entities and associates respectively.

9 Dividends

	2006	2005
	HK$'000	*HK$'000*
Interim, paid, of HK3.7 cents (2005: HK3.3 cents) per share	**11,447**	9,950
Final, proposed, of HK11.8 cents (2005: HK11.0 cents) per share	**36,553**	33,242
Special, proposed, of nil (2005: HK2.0 cents) per share	**–**	6,044
	48,000	49,236

At a meeting held on 23 November 2006, the directors proposed a final dividend of HK11.8 cents per share. This proposed final dividend is not reflected as dividends payable in the financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 July 2007.

10 Earnings per share

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Profit attributable to equity holders of the Company	**113,259**	83,281
Weighted average number of shares in issue during the year for the purpose of basic earnings per share (thousands)	**305,508**	301,606
Effect of dilutive potential shares in respect of share options deemed to be issued at no consideration (thousands)	**5,296**	3,863
Weighted average number of shares for the purpose of diluted earnings per share (thousands)	**310,804**	305,469
	HK cents	*HK cents*
		(Restated)
Basic earnings per share	**37.1**	27.6
Diluted earning per share	**36.4**	27.3

11 Intangible assets

Intangible assets represented goodwill, agency network, customer base and relationship and licence.

12 Trade and other receivables

	2006	2005
	HK$'000	*HK$'000*
Trade receivables		
Third parties	**721,592**	573,697
Jointly controlled entities	**943**	2,847
Associates	**32,728**	48,398
Related companies	**1,417**	1,314
Minority shareholders	**13**	218
	756,693	626,474
Less: Provision for impairment	**(57,731)**	(63,042)
	698,962	563,432
Deposits, prepayments and other receivables		
Third parties	**95,733**	107,068
Related companies	**–**	4,978
	95,733	112,046
	794,695	675,478

Notes:

(a) The credit terms given to trade customers are determined on an individual basis with the credit period ranging from one month to three months.

(b) Trade receivables, deposits, prepayments and other receivables from jointly controlled entities, associates, related companies and minority shareholders are unsecured and interest free. Trade receivables from related parties have credit terms similar to those of third party customers whereas the other balances have no fixed terms of repayment.

In prior year, there were trade receivables from certain associates of HK$374,000 which bore interest ranging from 1.5% to 6% per annum.

(c) The ageing analysis of trade receivables (net of provision) was as follows:

	2006	2005
	HK$'000	*HK$'000*
30 days or below	**413,944**	298,471
31 – 60 days	**214,051**	149,898
61 – 90 days	**46,841**	58,269
Over 90 days	**24,126**	56,794
	698,962	563,432

13 Trade and other payables

	2006	2005
	HK$'000	*HK$'000*
Trade payables		
Third parties	**273,504**	248,792
Jointly controlled entities	**260**	154
Associates	**1,332**	3,687
Related companies	**243**	125
	275,339	252,758
Accrued charges and other payables	**287,576**	251,731
Other payable to a related company	**–**	1,943
	562,915	506,432

Notes:

(a) Trade and other payables to jointly controlled entities, associates and related companies are unsecured and interest free. Trade payables with related parties have similar terms of repayment as third party creditors whereas other payable has no fixed terms of repayment.

(b) The ageing analysis of trade payables was as follows:

	2006	2005
	HK$'000	*HK$'000*
30 days or below	**211,572**	172,140
31 – 60 days	**30,384**	43,329
61 – 90 days	**12,292**	8,623
Over 90 days	**21,091**	28,666
	275,339	252,758

14 Contingent liabilities

Pending lawsuits

As at 31 July 2006, the Group was subject to claims arising in the normal course of business. The directors are of the opinion that any final claims will be unlikely to be crystallised, will be insignificant or will be covered by insurance compensation. Accordingly no provision has been made for these claims in the financial statements.

15 Subsequent events

(a) Business combinations

(i) On 14 July 2006, the Group entered into an agreement to acquire 100% of the share capital of Gothenburg Shipping Logistics AB, a company principally engaged in the provision of air transportation, customs clearance, warehousing and distribution services, both internationally and within Sweden. The acquisition was completed on 15 August 2006.

The estimated purchase consideration and fair value of share of net assets acquired amounted to approximately HK$157.1 million and approximately HK$57.2 million, resulting in a goodwill of approximately HK$99.9 million. The purchase consideration shall be adjusted based on the audited profit after income tax of Gothenburg Shipping Logistics AB for the year ended 31 August 2006 based on its audited financial statements. Share of net assets included other intangible assets acquired, mainly consisting of customer relationship of approximately HK$38.7 million identified on acquisition. The goodwill can be attributable to the anticipated high profitability of the business acquired.

(ii) On 28 July 2006, he Group entered into an agreement to acquire an additional 49.98% of the share capital of BN Holding AG, a then 50.02% owned subsidiary as at 31 July 2006, from the minority shareholder. BN Holding AG is an investment holding company which holds 96% equity interest in BNG Logistics, a company principally engaged in the provision of international freight forwarding agency services in Germany. The acquisition was completed on 10 August 2006.

The purchase consideration and fair value of share of net assets acquired amounted to HK$9.9 million and approximately HK$4.1 million respectively, resulting in a goodwill of HK$5.7 million. Share of net assets included other intangible assets acquired which mainly comprised customer relationship. The goodwill is attributable to the assembled work force acquired and anticipated high profitability of the business acquired.

(b) Borrowings

On 6 October 2006, the Group entered into a syndicated loan agreement with banks in the aggregate amount of HK$250,000,000 (the "Facilities"). The Facilities consist of (i) a term loan of HK$187,500,000, repayable in 13 equal instalments with the first instalment payable 12 months from the date of agreement and (ii) a revolving loan of HK$62,500,000 with final maturity date falling 48 months from the date of agreement.

PROPOSED DIVIDENDS

At a meeting held on 23 November 2006, the directors proposed a final dividend of HK11.8 cents per share.

The final dividend, subject to shareholders' approval at the forthcoming Annual General Meeting, is expected to be paid on or before 9 January 2007 to those shareholders whose names appear on the register of members of the Company on 21 December 2006.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2006 to 21 December 2006, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 15 December 2006.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

AUDIT COMMITTEE

The Company has established an audit committee whose written terms of reference was prepared and adopted with reference to Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). As at the date of this announcement, the Audit Committee comprises two independent non-executive directors and a non-executive director. The annual result for the year ended 31 July 2006 have been reviewed by the Company's Audit Committee.

CORPORATE GOVERNANCE

The Company has compiled with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the year ended 31 July 2006 except for code provision A.4.1.

For the year under review, non-executive directors were not appointed for a specific term, and this constituted deviation from code provision A.4.1 of the Code on Corporate Governance Practices. The board of directors regards that although no specific term was set out in writing for each of the non-executive directors, they are all subject to retirement by rotation and re-election at the Company's annual general meetings pursuant to the Company's Bye-laws. On average, directors are subject to re-election by shareholders once every three years, and that such provision in the Company's Bye-laws ensures that shareholders may exercise their right in terminating the terms of any non-executive director.

As there are currently nine directors (except the Executive Chairman) subject to the requirement to retire by rotation, and one-third of them shall retire and subject to re-election by the shareholders at each annual general meeting of the Company, each of the non-executive directors is effectively appointed for a term of approximately three years.

As at the date of this announcement, the executive directors of the Company are Mr. Lau Siu Wing Anthony, Mr. Henrik August von Sydow, Mr. Ng Hooi Chong and Mr. Tetsu Toyofuku; the non-executive directors are Mr. William Hugh Purton Bird, Mr. Wai Chung Hung David and Mr. Christopher John David Clarke; and the independent non-executive directors are Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing.

By Order of the Board
Lau Siu Wing Anthony
Executive Chairman

Hong Kong, 23 November 2006

"Please also refer to the published version of this announcement in South China Morning Post"