BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

INTERIM RESULTS 2007

Summary Financial Highlights
(HK$ million)

	2007 (1st half)	2006 (1st half)	% change
Revenue	**2,433.8**	2,048.1	+19%
Gross profit	**442.6**	316.9	+40%
Operational EBITA*	**61.8**	63.0	-2%
EBITA	**70.2**	84.8	-17%
Amortisation of intangible assets	**(7.8)**	(0.9)	
Net finance (costs)/income	**(4.9)**	0.3	
Income from jointly controlled entities/associates	**0.8**	2.3	
Income tax expenses	**(13.5)**	(10.0)	
Minority interests	**(8.1)**	(5.5)	
Net profit attributable to shareholders	**36.7**	71.0	-48%

* *Operational EBITA excludes one-off exceptional gains of HK$21.8 million relating to gain on disposal of associates and compensation on claims in the same period of last year, and excludes fair value gain on derivative financial instruments and net increase in put option liabilities amounting to HK$8.4 million this period.*

- **Record revenue driven by EMEA region expansion**
- **Gross profit up 40% and gross margin improved from 15.5% to 18.2%**
- **Operational EBITA declined by 2% due to PRC restructuring, transitional impact of shifting business focus from agents to own network and increased investment to strengthen management structure**
- **Expansion drive into EMEA region to continue**

MANAGEMENT DISCUSSION & ANALYSIS

1. Business Review

During the period under review, the Group achieved a record half-year revenue of over HK$ 2.4 billion, approximately 19% higher than the same period of last year, due to the substantial increase in revenue contribution from the Europe, Middle East and Africa ("EMEA") region through green-field set-ups and acquisitions.

Our gross profit increased by 40% to a record of HK$442.6 million, with gross margin improving from 15.5% in the first half of last year to 18.2% this year, due to the increase in new business in the EMEA region, our enhanced buying power with increased business volume, as well as more focus on intra-network co-operation. Our operational EBITA decreased slightly by less than 2% (despite top line increase and gross margin expansion) because the substantial improved performance in our EMEA region was offset by profit declines in Asia Pacific and North America regions due to reasons explained in "Key Factors" section below.

Our net profit was also negatively impacted by non-operational factors such as a HK$7.0 million increase in amortisation of intangible assets due to recent acquisitions, HK$5.2 million increase in net finance costs to finance recent acquisitions and inclusion of finance costs in South Africa, an increase in effective tax rate as we expand further overseas, and an increase in minority interests.

Key Factors

We would like to highlight a few key underlying factors impacting our performance in different markets and business segments.

PRC restructuring

In October 2006, we managed to merge two PRC entities into one. This merger entailed streamlining of our business portfolio, staff redundancies and restructuring costs. As a result, our EBITA in the PRC was down by HK$6.3 million compared to the first half of last year. The restructuring should be completed by the end of this financial year. Whilst this downsizing has short term negative impact on our top line and profitability, we believe that these are key steps in the right direction to enable us to consolidate our service platform in the PRC to be more competitive.

Shift in business focus from agents to network

We continue to build our own network, notably in the EMEA region, to increase the business volume contributed by our own group entities in key consignee markets and reduce our reliance in Asia Pacific region on overseas agents. Unlike sales to overseas agents, such intra-network sales to group entities are eliminated in the Group's financial consolidation, hence the revenue for Asia Pacific and to a lesser extent for North America were reduced as a result of increased weighting of such intra-network sales. Such shift in business focus also means that certain countries had reduced business from agents before network business picked up sufficiently to substitute for those sales, leading to reduced operating profit.

Increased costs in strengthening our management structure

Our operating profit was also affected by the increased costs in strengthening our group and regional management structure. As a result of new key hires, our key management compensation increased by 139% from HK$9.7 million same period last year to HK$23.2 million this year. Such increase was primarily reflected in the Asia Pacific region.

1.1 Markets

Revenue in HK$ million

	Asia Pacific	**North America**	**EMEA**	**Total**
2007 (1st half)	**1,304**	**299**	**831**	**2,434**
2006 (1st half)	1,539	329	180	2,048
% change	*-15%*	*-9%*	*+362%*	*+19%*

The Group's operation in the Asia Pacific region was the largest contributor to the Group's overall revenue during the first half representing approximately 54% of the Group's revenue. The Asia Pacific revenue decreased by 15%, attributed mainly to the PRC restructuring, shift of business focus from agents to network and increased proportion of intra-network sales.

As a result of such factors, in addition to the increased costs of newly strengthened head office and regional management structure, the operating profit in Asia Pacific region decreased by 58% over the same period of last year to approximately HK$20.9 million. Our increased head office costs were reflected in Asia Pacific regional operating profit.

North America contributed 12% of group revenue during the period. The revenue decreased by 9% because of challenging market environment in North America and increased proportion of intra-network sales. The operating profit of HK$7.6 million is 45% lower than same period of last year, mainly due to the increase of overhead costs in Canada in the face of market slowdown. The US had shown resilience in operating performance in an otherwise lackluster market environment.

The EMEA region makes up 34% of the group revenue during the period, up substantially from 9% same period of last year. The revenue increased by 362% with the inclusion of new subsidiaries in Germany, South Africa, Sweden and Dubai as well as revenue growth in the Netherlands and the UK. The EMEA region made an operating profit of HK$25.5 million, a substantial improvement over the small operating loss of HK$1.4 million same period of last year. All EMEA entities are operating profitably with growing volumes which would benefit the rest of the group network going forward.

Overall, the Group is undergoing a significant transition to become a global player with stronger network focus. Our continuing expansion into the new EMEA region will enable us to manage the transition for our Asia Pacific region to move gradually from a partnership/agency model to one with greater focus on intra-network co-operation so that we can provide a seamless BALtrans platform, both at origin and destination, to our customers with improved service and enhance our competitiveness in the longer term.

1.2 Services

1.2.1 Freight Forwarding

Air freight revenue in HK$ million

	Asia Pacific	North America	EMEA	Total
2007 (1st half)	**755**	**189**	**364**	**1,308**
2006 (1st half)	940	212	70	1,222
% change	*-20%*	*-11%*	*+420%*	*+7%*

Sea freight revenue in HK$ million

	Asia Pacific	North America	EMEA	Total
2007 (1st half)	**386**	**106**	**427**	**919**
2006 (1st half)	460	111	105	676
% change	*-16%*	*-5%*	*+307%*	*+36%*

Air freight revenue increased by 7% to approximately HK$ 1.3 billion, accounting for 54% of the Group's total revenue, whilst sea freight revenue increased by 36% to HK$919.0 million, accounting for 38% of the Group's revenue. Both air freight and sea freight revenue increased driven mainly by the business expansion in the EMEA region. Revenue decreased in Asia Pacific due to the higher proportion of intra-network sales to the growing EMEA region and transitional impact from the shift of business focus from agents to own network.

As a result of the factors explained above and the allocation of increased key management compensation, air freight operating profit decreased by 30% from HK$38.9 million to HK$27.1 million and sea freight operating profit decreased by 8% to HK$17.8 million.

1.2.2 Exhibition Forwarding and Household Removal

The revenue from exhibition forwarding and household removal increased 58% to HK$92.7 million. This is mainly due to the timing of key exhibition events of our current client base and new business. As a result, the operating profit increased from HK$1.4 million same period of last year to HK$6.3 million this period.

1.2.3 Third Party Logistics

The revenue from third-party logistics increased by 25% to HK$113.7 million due to the increase in business volume in the Netherlands and South Africa. An operating profit of HK$2.9 million was achieved during the first half of this year compared to HK$2.6 million in the same period of last year.

2. OUTLOOK

It is encouraging to see that we were able to increase our group revenue, improve our gross margin and penetrate into new markets in the first half of this year, notwithstanding our results had been temporarily impacted by the restructuring of our PRC platform, the increased investment to create a more solid and sustainable corporate and management structure, and the transition of Asia Pacific's business model from agencies to network-focused and co-operation with the growing number of group entities outside Asia Pacific.

The PRC market forms a key part of our expansion strategy and has clear potential to be one of the key contributors of the Group. The restructuring of the PRC platform which started in October 2006 is expected to be completed by the end of this financial year. The streamlined platform will enable us to effectively capture the potential upside of this strategically important market.

Our ramp up of investments on industry and corporate talents arose out of our needs to expand and upgrade our management capability and infrastructure for the Group to launch into its next phase of globalisation. We are in the investment phase, therefore the benefits will take time and efforts to materialise. With the key positions filled, we expect such increase in investment to moderate going forward.

We continue to push ahead with network expansion outside Asia Pacific. The network model that we are moving towards has many longer term advantages for the Group including more direct control over customer relationship, lower credit risk, improved Group margin and more coherent network IT strategy to improve productivity. We are now dealing with the growing pains of transitioning from agents to our own network. We believe the increasing number of new subsidiaries outside Asia Pacific as well as further rationalisation within the Asia pacific region should enable us to manage the impact of our gradual transition from agency businesses to a stage with more businesses contributed from our own network offices.

Despite the recent departure of our Group Chief Executive, the management structure of the Group remains largely unchanged and there has been no material impact on our ongoing expansion plans and business strategy. We will continue to expand into new key markets in the EMEA region, as evidenced by the opening of new office in France in April 2007. We will seek to enhance co-operation within the network and invest further to improve processes and systems to ensure we can reap longer term competitiveness and productivity gains.

3. FINANCIAL INFORMATION

3.1 Liquidity, Financial Resources and Funding

As at 31 January 2007, the Group possessed cash and cash equivalents of HK$260.1 million (31 July 2006: HK$280.0 million). The majority of the Group's cash was in either HKD or USD. The gearing ratio (total borrowings/total equity) for the period was 42.4% (31 July 2006: 32.7%). The Group's net cash position was reduced from HK$112.8 million as at 31 July 2006 to HK$7.9 million as at 31 January 2007 mainly due to the funding of acquisition costs for BALtrans Logistics (Sweden) AB (formerly known as Gothenburg Shipping Logistics AB) in Sweden and BNG Logistics GmbH in Germany.

For the half year ended 31 January 2007, total spending on property, plant and equipment was lower than the same period of last year. HK$7.6 million (2006: HK$9.3 million) was paid for the purchase of property, plant and equipment. HK$0.4 million (2006: HK$0.2 million) was received for the disposal of property, plant and equipment.

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

The Group's borrowings were mainly in HKD, ZAR, CAD, USD and TWD to fund the operations in those respective currencies. 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 on cash is not substantial.

As a matter of principle, the Group requires adequate working capital to be retained by 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 period under review, there was no significant deviation from the policies above.

3.2 Charges on Group Assets

The Group's leasehold land and buildings in Hong Kong and South Africa have been charged to banks in exchange for general banking facilities for the Group. Trade receivables of HK$58.4 million (31 July 2006: HK$76.9 million) and fixed deposits of HK$22.0 million (31 July 2006: HK$16.0 million) are pledged as security for banking facilities extended to the Group.

3.3 Core Investments and Acquisitions

During the six-month period ended 31 January 2007, the Group has completed the following material acquisitions:

(a) acquisition of BALtrans Logistics (Sweden) AB in Sweden; and

(b) increase its effective shareholding in BNG Logistics GmbH in Germany from approximately 48% to 96% by acquiring BN Holding AG.

3.4 Contingent Liabilities

Details of the contingent liabilities of the Group are set out in note 12 below.

3.5 Staff and Employment

As at 31 January 2007, the Group employed a workforce of 2,021 (2006: 1,752) due to the inclusion of new entities in the EMEA region. Total staff remuneration for the half year ended 31 January 2007 was HK$233.0 million including retirement benefit costs of HK$11.3 million (2006: HK$149.2 million including retirement benefit costs of HK$7.7 million)

The Group's remuneration policies, including both salaries and bonuses, are in line with the practices in the territories where the Group and its subsidiaries operate.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

INTERIM RESULTS

The board of Directors are pleased to present the Group's interim results and unaudited condensed consolidated interim financial statements for the six months ended 31 January 2007 of the Group (including the Company and its subsidiaries).

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 31 January 2007

		Unaudited	
		Six months ended 31 January	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Revenue	*3*	**2,433,780**	2,048,051
Cost of services rendered		**(1,991,163)**	(1,731,121)
Gross profit		**442,617**	316,930
Other gains, net	*4*	**15,625**	28,460
Administrative and other operating expenses	*5*	**(395,887)**	(261,429)
Operating profit		**62,355**	83,961
Finance income	*6*	**2,885**	2,052
Finance costs	*6*	**(7,767)**	(1,755)
Finance (costs)/income, net		**(4,882)**	297
Share of profits less losses of			
Jointly controlled entities		**712**	169
Associates		**121**	2,101
Profit before income tax		**58,306**	86,528
Income tax expenses	*7*	**(13,460)**	(10,006)
Profit for the period		**44,846**	76,522

Attributable to:			
Equity holders of the Company		**36,729**	71,032
Minority interests		**8,117**	5,490
		44,846	76,522
Dividend	*8*	**11,523**	11,241
		HK cents	*HK cents*
Earnings per share:			
Basic	*9*	**11.8**	23.4
Diluted	*9*	**11.6**	23.0

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 31 January 2007

	Note	Unaudited At 31 January 2007 HK$'000	Audited At 31 July 2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**110,001**	111,602
Leasehold land and land use rights		**53,132**	53,740
Intangible assets		**347,585**	196,362
Jointly controlled entities		**6,284**	6,581
Associates		**3,483**	3,758
Derivative financial instruments		**16,208**	5,694
Available-for-sale financial assets		**615**	615
Deferred income tax assets		**12,637**	11,141
		549,945	389,493
Current assets			
Trade and other receivables	*10*	**830,643**	794,695
Financial assets at fair value through profit or loss		**—**	4,397
Derivative financial instruments		**340**	340
Current income tax receivable		**602**	2,708
Bank balances and cash		**306,529**	333,689
		1,138,114	1,135,829
Total assets		**1,688,059**	1,525,322

EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**31,142**	30,977
Reserves			
Retained profits		**350,708**	325,980
Other reserves		**207,507**	199,605
Proposed dividends		**11,523**	36,553
		600,880	593,115
Minority interests		**58,121**	50,672
Total equity		**659,001**	643,787
LIABILITIES			
Non-current liabilities			
Borrowings		**2,338**	5,269
Retirement liabilities		**1,018**	1,447
Deferred income tax liabilities		**3,752**	816
Other non-current liabilities		**78,319**	76,192
		85,427	83,724
Current liabilities			
Trade and other payables	*11*	**632,291**	562,915
Borrowings		**279,304**	208,088
Current income tax payable		**32,036**	26,808
		943,631	797,811
Total liabilities		**1,029,058**	881,535
Total equity and liabilities		**1,688,059**	1,525,322
Net current assets		**194,483**	338,018
Total assets less current liabilities		**744,428**	727,511

Notes:

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 January 2007 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 July 2006.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2006.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 July 2007, which are relevant to the Group’s operations.

HKAS 19 Amendment	Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 8	Scope of HKFRS 2

The adoption of HKASs 19 Amendment, 39 Amendment and HK(IFRIC) — Int 8 did not result in substantial changes to the Group’s accounting policies.

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group’s accounting periods beginning on or after 1 August 2007 or later periods but which the Group has not early adopted as follows:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements — Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007

The Group will apply these new standards, interpretations and amendments from 1 August 2007, but it is not expected to have any significant impact on the Group’s financial statements.

3. REVENUE AND 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 warehouse services).

(a) Primary reporting format — geographical segments

The Group is organised into the following geographical segments:

(i) Asia Pacific (including Greater China and Southeast Asia);

(ii) North America; and

(iii) Europe, Middle East and Africa ("EMEA").

	Six months ended 31 January 2007				
	Asia Pacific	**North America**	**EMEA**	**Elimination**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External	1,303,369	299,325	831,086	—	2,433,780
Inter-segment	349,268	63,443	65,763	(478,474)	—
Total	1,652,637	362,768	896,849	(478,474)	2,433,780
Segment results	20,878	7,626	25,464	—	53,968
Fair value gain on derivative financial instruments	10,514	—	—	—	10,514
Net increase in put option liabilities	(2,127)	—	—	—	(2,127)
					62,355
Finance income	1,573	674	638	—	2,885
Finance costs	(3,150)	(461)	(4,156)	—	(7,767)
Finance costs, net					(4,882)
Share of profits less losses of					
Jointly controlled entities	712	—	—	—	712
Associates	121	—	—	—	121
Profit before income tax					58,306
Income tax expenses					(13,460)
Profit for the period					44,846

Capital expenditure for					
Property, plant					
and equipment	4,844	237	6,239	—	11,320
Intangible assets	2,483	—	155,488	—	157,971
Depreciation charge	9,244	435	2,287	—	11,966
Amortisation charge					
Leasehold land					
and land use rights	623	—	—	—	623
Other intangible assets	356	—	6,856	—	7,212

	At 31 January 2007				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	891,498	110,124	663,431	—	1,665,053
Jointly controlled entities	6,284	—	—	—	6,284
Associates	2,961	522	—	—	3,483
Unallocated assets					13,239
Total assets					1,688,059
Segment liabilities	605,257	31,501	356,512	—	993,270
Unallocated liabilities					35,788
Total liabilities					1,029,058

	Six months ended 31 January 2006				
	Asia Pacific	**North America**	**EMEA**	**Elimination**	**Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External	1,538,927	329,515	179,609	—	2,048,051
Inter-segment	229,520	47,680	28,981	(306,181)	—
Total	1,768,447	377,195	208,590	(306,181)	2,048,051

Segment results	49,665	13,816	(1,372)	—	62,109
Compensation on claims	874	8,937	632	—	10,443
Gain on disposal of associates	11,409	—	—	—	11,409
					83,961
Finance income	1,222	597	233	—	2,052
Finance costs	(1,360)	(329)	(66)	—	(1,755)
Finance income, net					297
Share of profits less losses of					
Jointly controlled entities	169	—	—	—	169
Associates	956	88	1,057	—	2,101
Profit before income tax					86,528
Income tax expenses					(10,006)
Profit for the period					76,522
Capital expenditure for					
Property, plant and equipment	6,901	230	2,166	—	9,297
Depreciation charge	9,524	390	811	—	10,725
Amortisation charge					
Leasehold land and land use rights	664	—	—	—	664
Other intangible assets	214	—	—	—	214

	At 31 July 2006				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	993,364	130,309	377,461	—	1,501,134
Jointly controlled entities	6,581	—	—	—	6,581
Associates	2,839	522	397	—	3,758
Unallocated assets					13,849
Total assets					1,525,322
Segment liabilities	481,685	43,668	328,558	—	853,911
Unallocated liabilities					27,624
Total liabilities					881,535

(b) Secondary reporting format — business segments

	Six months ended 31 January 2007			At 31 January 2007
	Revenue	**Segment results**	**Capital expenditure**	**Total assets**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Air freight	1,308,383	27,054	48,227	630,121
Sea freight	918,966	17,770	119,840	455,146
Exhibition forwarding and household removal services	92,734	6,293	602	65,057
Third party logistics	113,697	2,851	622	51,645
	2,433,780	53,968	169,291	1,201,969
Jointly controlled entities	—	—	—	6,284
Associates	—	—	—	3,483
Unallocated#	—	8,387	—	476,323
Total	2,433,780	62,355	169,291	1,688,059

	Six months ended 31 January 2006			At 31 July 2006
	Revenue	**Segment results**	**Capital expenditure**	**Total assets**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Air freight	1,221,879	38,850	4,585	653,664
Sea freight	676,317	19,256	2,431	428,646
Exhibition forwarding and household removal services	58,875	1,375	932	61,813
Third party logistics	90,980	2,628	1,349	43,241
	2,048,051	62,109	9,297	1,187,364
Jointly controlled entities	—	—	—	6,581
Associates	—	—	—	3,758
Unallocated#	—	21,852	—	327,619
Total	2,048,051	83,961	9,297	1,525,322

Unallocated segment results for six months ended 31 January 2007 comprise fair value gain on derivative financial instruments and net increase in put option liabilities.

Unallocated segment results for six months ended 31 January 2006 comprised compensation on claims and gain on disposal of associates.

Unallocated assets at 31 January 2007 and 31 July 2006 comprise intangible assets, buildings, leasehold land and land use rights, current income tax receivable and deferred income tax assets.

4. OTHER GAINS, NET

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Compensation on claims *(note a)*	**—**	10,443
Gain on disposal of associates *(note b)*	**—**	11,409
Gain on partial disposal of an associate	**—**	122
Gain on dissolution of subsidiaries	**—**	30
(Loss)/gain on disposal of property, plant and equipment	**(19)**	105
Loss on disposal of financial assets at fair value through profit or loss	**(286)**	—
Fair value gain on derivative financial instruments	**10,514**	—
Net increase in put option liabilities	**(2,127)**	—
Write back of provision for impairment of trade receivables	**—**	3,096
Management fee income	**530**	567
Net exchange gain	**3,530**	1,601
Property letting income	**232**	128
Others	**3,251**	959
	15,625	28,460

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 Holdings Limited ("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.

5. EXPENSES BY NATURE

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Amortisation charge		
Leasehold land and land use rights	**623**	664
Other intangible assets	**7,212**	214
Depreciation charge		
Owned property, plant and equipment	**11,729**	10,639
Leased property, plant and equipment	**237**	86
Employee benefit expenses	**232,957**	149,168
Operating lease rental in respect of land and buildings	**27,608**	22,072
Provision for impairment of trade receivables	**4,165**	1,981
Other expenses	**111,356**	76,605
Total administrative and other operating expenses	**395,887**	261,429

6. FINANCE INCOME AND COSTS

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Interest expenses		
Interest on bank borrowings and overdrafts	**(7,698)**	(1,746)
Interest element of finance leases	**(69)**	(9)
	(7,767)	(1,755)
Interest income	**2,885**	2,052
Finance (costs)/income, net	**(4,882)**	297

7. INCOME TAX EXPENSES

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**2,634**	2,553
Overseas taxation	**11,530**	7,218
(Over)/under provision in prior years	**(828)**	238
Deferred income tax	**124**	(3)
	13,460	10,006

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period 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$163,000 (2006: HK$36,000) and HK$66,000 (2006: HK$188,000) are included in the income statement as shares of profits less losses of jointly controlled entities and associates respectively.

8. DIVIDEND

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Interim, proposed, of HK3.7 cents (2006: HK 3.7 cents) per share	**11,523**	11,241

Notes:

(a) A 2006 final dividend of HK11.8 cents (2005 final and special dividends: HK11.0 cents and HK2.0 cents respectively) per share, totalling HK$36,553,000 (2006: HK$42,657,000) was paid in January 2007.

(b) At a meeting held on 19 April 2007, the directors declared an interim dividend of HK3.7 cents per share for the six months ended 31 January 2007. This proposed dividend is not reflected as a dividend payable in these condensed consolidated interim financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 July 2007.

9. EARNINGS PER SHARE

	Six months ended 31 January	
	2007	2006
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**36,729**	71,032
Weighted average number of shares in issue during the period for the purpose of basic earnings per share (thousands)	**310,718**	303,396
Effect of dilutive potential shares in respect of share options deemed to be issued at no consideration (thousands)	**6,128**	4,829
Weighted average number of shares for the purpose of diluted earnings per share (thousands)	**316,846**	308,225
	HK cents	*HK cents*
Basic	**11.8**	23.4
Diluted	**11.6**	23.0

10. TRADE AND OTHER RECEIVABLES

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

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

	At 31 January 2007	At 31 July 2006
	HK$'000	*HK$'000*
30 days or below	**405,363**	413,944
31 - 60 days	**199,297**	214,051
61 - 90 days	**64,586**	46,841
Over 90 days	**27,754**	24,126
	697,000	698,962

11. TRADE AND OTHER PAYABLES

The ageing analysis of trade payables was as follows:

	At 31 January 2007	At 31 July 2006
	HK$'000	*HK$'000*
30 days or below	**177,848**	211,572
31 - 60 days	**26,888**	30,384
61 - 90 days	**2,946**	12,292
Over 90 days	**67,109**	21,091
	274,791	275,339

12. CONTINGENT LIABILITIES

(a) Contingent consideration payable

In May 2004, the Group acquired 60% equity interests in Exhibitstrans Logistics Limited at an initial consideration of HK$4,010,000 with further contingent consideration payable in 2005, 2006 and 2007. The contingent consideration will be arrived at by multiplying an applicable percentage to each tier of gross profit within those financial years, as summarised below:

Tiers of annual gross profit achieved during each financial year	**Applicable percentage**
1. The first US$200,000 gross profit	0%
2. Gross profit between US$200,001 and US$600,000	45.8%
3. Gross profit in excess of US$600,000	15%

The contingent consideration has been forecast to be HK$2,209,000 (31 July 2006: HK$4,872,000) based on the three-year business plan provided by the vendors. This amount has been accrued and included as deferred consideration payable as at 31 January 2007.

The final contingent consideration will be calculated based on the agreed formula after the gross profit for those financial years have been determined and any excess or shortfall to the accrued amount above will be adjusted accordingly.

(b) Pending lawsuit

As at 31 January 2007, the Group was subject to claims arising in the normal course of business. The directors are of the opinion that any final claim is 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 condensed consolidated interim financial statements.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.7 cents per share (2006 interim dividend: HK3.7 cents per share). The interim dividend will be payable on or before Wednesday, 30 May 2007 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 8 May 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 9 May 2007 to Friday, 11 May 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfer documents accompanying the relevant share certificates must be lodged with the Company's registrar 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 Tuesday, 8 May 2007. Dividend warrants will be dispatched to the shareholders on or before Wednesday, 30 May 2007.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 31 January 2007 except for code provision A.4.1.

For the period 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 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 seven Directors (except the Executive Chairman) subject to the requirement to retire by rotation, and one-third of them (or, if their number is not a multiple of three, the number nearest to but not less than one-third) 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the period under review.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 31 January 2007 with the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained, during the financial period, the amount of public float as required under the Listing Rules.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The 2007 Interim Report and interim results will be made available on The Stock Exchange of Hong Kong Limited's website, and the 2007 Interim Report will be dispatched to shareholders in due course.

By order of the Board
Lau Siu Wing Anthony
Executive Chairman and Acting Chief Executive

Hong Kong, 19 April 2007

As at the date of this announcement, the Board of the Company comprises Executive Directors: Mr. Lau Siu Wing Anthony, Mr. Ng Hooi Chong and Mr. Tetsu Toyofuku; Non-executive Directors: Mr. Wai Chung Hung David and Mr. William Hugh Purton Bird; and Independent Non-executive Directors: Mr. Yu Hon To David, Ms. Lau Kin Yee Miriam and Mr. Ng Cheung Shing.

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