NEW ISLAND PRINTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 0377)

INTERIM RESULTS 2008/2009

INTERIM RESULTS

The board of directors ("the Board") of New Island Printing Holdings Limited ("the Company") announces the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September, 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2008 - unaudited

	Note	Six months ended 30th September, 2008 *HK$'000*	2007 *HK$'000*
Turnover	2	350,090	283,624
Cost of sales		(270,447)	(226,677)
		79,643	56,947
Other revenue		5,024	4,146
Other net (loss) / income		(647)	7,250
Selling and distribution costs		(20,839)	(15,423)
Administrative expenses		(35,436)	(33,271)
Profit from operations		27,745	19,649
Finance costs	3(a)	(5,725)	(8,538)
Profit before taxation	3	22,020	11,111
Income tax	4	(8,187)	(1,002)
Profit for the period		13,833	10,109
Earnings per share			
- Basic	5(a)	HK6.22cents	HK4.54cents
- Diluted	5(b)	HK6.22cents	HK4.54cents

CONSOLIDATED BALANCE SHEET

At 30th September, 2008 - unaudited

	Note	At 30th September, 2008		At 31st March, 2008	
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets					
-Property, plant and equipment			364,476		375,557
-Interest in leasehold land held for own use under operating leases			30,338		30,744
Non-current prepayments			3,839		4,056
			398,653		410,357
Current assets					
Inventories		106,160		110,989	
Trade debtors, prepayments and deposits	6	158,339		112,942	
Pledged bank deposit		1,009		1,002	
Cash and cash equivalents		34,408		26,051	
		299,916		250,984	
Current liabilities					
Bank loans and overdrafts		112,281		82,063	
Obligations under finance leases		15,746		15,431	
Trade creditors and accrued charges	7	137,796		105,897	
Bills payable		43,254		37,809	
Current tax payable		1,928		2,868	
		311,005		244,068	
Net current (liabilities)/assets			(11,089)		6,916
Total assets less current liabilities			387,564		417,273
Non-current liabilities					
Bank loans		47,060		86,641	
Obligations under finance leases		11,654		19,651	
Deferred taxation		23,088		16,827	
			(81,802)		(123,119)
NET ASSETS			305,762		294,154

CONSOLIDATED BALANCE SHEET

At 30th September, 2008 – unaudited (Cont'd)

	Note	At 30th September, 2008		At 31st March, 2008	
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital and reserves					
Share capital			22,253		22,253
Reserves			283,509		271,901
TOTAL EQUITY			305,762		294,154

NOTES

1. Basis of preparation

The interim financial information for the six months ended 30th September, 2008 has been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), including compliance with Hong Kong Accounting Standard 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim financial report should be read in conjunction with the annual financial statements for the year ended 31st March, 2008.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements. HKICPA has issued a number of interpretations that are effective for accounting periods beginning on or after 1st January, 2008. The adoption of the new interpretations does not have any impact on the interim financial report.

The interim financial report is unaudited, but has been reviewed by the independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA. The interim financial report has also been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31st March, 2008 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2008 are available from the Company's registered office.

2. Turnover

The principal activities of the Group are printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products.

Turnover represents the invoiced value of goods sold, net of sales tax, returns and discounts.

All the Group's turnover and operating result are generated from the printing and manufacture of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products. Further, the Group's business participates in only one geographical location classified by the location of assets, i.e. the People's Republic of China ("PRC"). Accordingly, no segmental analysis is provided.

3. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30th September,	
	2008	2007
	HK$'000	*HK$'000*
(a) Finance costs:		
Finance charges on obligations under finance leases	525	1,333
Interest on bank loans and overdrafts	5,200	7,205
	5,725	8,538
(b) Other items:		
Cost of inventories sold	270,447	226,677
Depreciation		
-owned assets	13,629	12,626
-assets held under finance leases	5,809	5,745
Amortisation of land lease premium	406	387
Impairment loss on trade debtors recognised	3,500	893
Gain on disposal of fixed assets	(129)	(6,185)

4. Income tax

	Six months ended 30th September, 2008	2007
	HK$'000	*HK$'000*
Current tax		
Provision for Hong Kong Profits Tax	9	992
Provision for PRC Profits Tax	1,917	1,644
	1,926	2,636
Deferred tax		
Origination and reversal of temporary differences	6,261	(1,634)
	8,187	1,002

The provision for Hong Kong Profits Tax for the period was calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

Income tax for subsidiaries in the PRC is calculated at the appropriate current rates for taxation ruling in the PRC.

5. Earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the consolidated profit for the period of HK$13,833,000 (2007: HK$10,109,000) and on the number of 222,529,000 shares (2007: 222,529,000 shares) in issue during the period.

(b) *Diluted earnings per share*

There were no dilutive potential shares during the six months ended 30th September, 2008 and 2007, and diluted earnings per share are the same as basic earnings per share.

6. Trade debtors, prepayments and deposits

Included in trade debtors, prepayments and deposits are trade debtors (net of impairment losses for bad and doubtful debts) with the following ageing analysis:

	At 30th September, 2008 *HK$'000*	At 31st March, 2008 *HK$'000*
Current and less than one month past due	93,987	85,330
One to three months past due	51,953	9,771
More than three months past due	3,398	8,354
	149,338	103,455

Trade debtors are due not more than 90 days from the date of billing.

7. Trade creditors and accrued charges

Included in trade creditors and accrued charges are trade creditors with the following ageing analysis:

	At 30th September, 2008 *HK$'000*	At 31st March, 2008 *HK$'000*
Current and less than one month past due	39,706	50,974
One to three months past due	44,844	12,849
More than three months past due	5,660	2,174
	90,210	65,997

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Group reported a turnover of approximately HK$350.1 million for the six month period ended 30th September, 2008 (the "Review Period"), as compared to approximately HK$283.6 million for the six month period ended 30th September, 2007 (the "Corresponding Period"). Profit before taxation and net profit for the Review Period increased respectively to approximately HK$22.0 million and approximately HK$13.8 million, as compared to approximately HK$11.1 million and approximately HK$10.1 million for the Corresponding Period.

Notwithstanding the difficult operating conditions amid the global financial turmoil, the Group achieved an increase of approximately 23.4% in turnover to approximately HK$350.1 million for the Review Period. The increase in turnover was largely attributable to the increased orders in the local and PRC markets reflecting in part the additional demand for packaging printing products associated with the Olympic Games in Beijing. Gross profit margin also improved from approximately 20.1% during the Corresponding Period to approximately 22.7% during the Review Period. Under the hostile cost environment, the Group implemented stringent cost control measures and further streamlined its hand assembly operations through automation. This had enabled the Group to contain labour costs and cut down the number of headcounts during the Review Period when turnover actually increased. Moreover, as a high value added packaging service supplier with a strong market niche, the Group was able to raise prices for selected premium packaging printing products to match rising raw material costs. Accordingly, with the improvement in gross profit margin on top of the increase in turnover, gross profit increased by approximately 39.9% to approximately HK$79.6 million for the Review Period.

With a gain of only HK$0.1 million from assets disposal, however, other net loss amounted to approximately HK$0.6 million during the Review Period.

On the back of the increase in turnover and given the increase in freight costs driven by the increase in freight rates, selling and distribution costs during the Review Period increased by approximately 35.1% to approximately HK$20.8 million. Administration expenses, on the other hand, increased only by approximately 6.5% to approximately HK$35.4 million during the Review Period. The increase was essentially due to the recognition of a one-off impairment loss of HK$3.5 million on certain trade debtors. Meanwhile, in light of the uncertainty surrounding the global financial turmoil, the Group remained firmly committed to prudent financial management and continued to reduce the level of its borrowings. Coupled with the fall in borrowing rates, finance costs during the Review Period fell by approximately 32.9% to approximately HK$5.7 million.

As a result of the combined effect of the foregoing, profit before taxation nearly doubled to approximately HK$22.0 million for the Review Period. Nevertheless, mainly because of the recognition of certain deferred tax in relation to a subsidiary in Hong Kong totalling approximately HK$5.9 million, income tax during the Review Period increased by approximately HK$7.2 million to approximately HK$8.2 million. Accordingly, net profit increased by approximately 36.8% to approximately HK$13.8 million for the Review Period.

Over the last two financial years, the Group had taken a series of steps, including, among other things, the refinancing and rebalancing of its borrowing portfolio, the reorganisation of its operational units and the restructuring of its sales strategy, that the Directors believe had substantially strengthened the balance sheet, production efficiencies and earnings capabilities of the Group. This was evidenced by the notable turnaround in the Group's financial metrics, whether in terms of turnover, net profit, net current assets/liabilities or net assets, since the financial year ended 31st March, 2006. The Directors are confident that the steps taken have strengthened and better positioned the Group to weather the challenges facing the packaging printing industry under the global financial turmoil and to capitalise on the opportunities from the expected industry consolidation once the global economy bottoms out.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group spent a total of approximately HK$8.2 million on fixed assets investment. These investing activities and the daily operating activities of the Group were generally funded by the cash flow generated from the Group's operations and its banking facilities.

As at 30th September, 2008, the total borrowings of the Group, which were either denominated in Hong Kong dollars or Chinese Renminbi, stood at approximately HK$230.0 million (31st March, 2008: HK$241.6 million). Of these borrowings, approximately HK$125.1 million (31st March, 2008: HK$122.6 million) were secured by mortgages over the Group's land and buildings, machineries, trade debtors and pledged bank deposits with an aggregate net book value of approximately HK$155.1 million (31st March, 2008: HK$187.6 million). The net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 30th September, 2008 was approximately 64.0% (31st March, 2008: 73.3%).

COMMITMENTS

Capital commitments outstanding at 30th September, 2008, not provided for in the interim financial report were as follows:

	At 30th September, 2008 *HK$'000*	At 31st March, 2008 *HK$'000*
Contracted for	707	3,275

STAFF

As at 30th September, 2008, the Group had a total staff of 2,826 (31st March, 2008: 3,092) of which 2,743 (31st March, 2008: 3,017) were employed in the PRC for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship.

INTERIM DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30th September, 2008 (2007: HK$ nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six months period ended 30th September, 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. 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.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-Executive Directors and a Non-Executive Director and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditors to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company. The audit committee has reviewed the interim results of the Group for the six months ended 30th September, 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th September, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

By Order of the Board
SINN Wai Kin, Derek
Secretary

Hong Kong, 5th December, 2008

As at the date of this announcement, the Board comprises Madam So Chau Yim Ping, BBS, JP, Mrs. Fung So Ka Wah, Karen, Mrs. Cheong So Ka Wai, Patsy and Mr. So Wah Sum, Conrad as Executive Directors; Mr. Ting Woo Shou, Kenneth, SBS, JP as Non-Executive Director and Mr. Hui Yin Fat, O.B.E. JP, Mr. She Chiu Shun, Ernest and Mr. Wong Wang Fat, Andrew, O.B.E. (Hon.), JP as Independent Non-Executive Directors.