



INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 2387)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

HIGHLIGHTS

	Year ended 31 December		Change %
	2006 US\$ million	2005 US\$ million	
Revenue	993.61	821.53	20.9%
Gross profit	257.93	216.96	18.9%
Core operating profit	20.11	15.95	26.1%
Operating profit	27.06	18.96	42.7%
Profit attributable to shareholders	23.19	13.33	73.9%
Earnings per share	US7.50 cents	US4.31 cents	73.9%
Dividend per share- Final	HK28.00 cents	HK14.00 cents	100.0%
- Full Year	HK35.00 cents	HK20.00 cents	75.0%

- Profit attributable to shareholders registered strong growth of 73.9% against last year at US\$23.19 million.
- Strong across-the-board organic growth recorded in all businesses with Core Operating Profit increasing by 26.1%.
- Commenced building a global logistics network with the acquisition of a garment logistics company in the US. Also completed the acquisition of a third party logistics operator in Malaysia.
- China continued to deliver solid growth with operating profit growing by 102.4%. Revenue from China now accounts for 15.7% of total Group revenue, up from 12.2% in 2005.
- 71 new contracts signed, about half of which were with existing customers to expand scope of service or geographical coverage.
- Proposed final dividend of HK28 cents per share. Total dividend for the year amounted to HK35 cents per share compared to HK20 cents per share in 2005, a growth of 75%.

The board of directors (the “Board”) of Integrated Distribution Services Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2006 together with the comparative figures for the corresponding year as follows:

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2006 US\$'000	2005 US\$'000
ASSETS			
Non-current assets			
Intangible assets		39,496	6,852
Property, plant and equipment		68,914	39,351
Lease premium for land		1,684	395
Other non-current assets		7,774	4,858
Pension assets		849	546
Deferred tax assets		9,818	4,546
		<u>128,535</u>	<u>56,548</u>
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Current assets			
Inventories		116,182	91,074
Trade and other receivables	4	210,172	167,503
Taxation recoverable		652	692
Time deposits		46,432	37,039
Bank balances and cash		38,161	20,446
		<u>411,599</u>	<u>316,754</u>
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Total assets		<u><u>540,134</u></u>	<u><u>373,302</u></u>
EQUITY			
Capital and reserves attributable to the Company’s shareholders			
Share capital		30,900	30,900
Reserves	2	78,248	56,364
		<u>109,148</u>	<u>87,264</u>
Minority interest		7,085	5,058
		<u>116,233</u>	<u>92,322</u>
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Total equity		<u><u>116,233</u></u>	<u><u>92,322</u></u>

CONSOLIDATED BALANCE SHEET (continued)

	Note	As at 31 December	
		2006 US\$'000	2005 US\$'000
LIABILITIES			
Non-current liabilities			
Unsecured bank loans		51,242	30,174
Obligations under finance leases		15	42
Deficit on pension schemes		1,544	1,244
Post-employment benefit liabilities		2,942	1,850
Other non-current liabilities		16,408	2,762
Deferred tax liabilities		1,793	1,123
		<u>73,944</u>	<u>37,195</u>
		-----	-----
Current liabilities			
Trade and other payables	5	297,075	217,486
Bank loans and other borrowings		47,245	20,444
Taxation payable		5,637	5,855
		<u>349,957</u>	<u>243,785</u>
Total liabilities		423,901	280,980
Total equity and liabilities		<u>540,134</u>	<u>373,302</u>
Net current assets		<u>61,642</u>	<u>72,969</u>
Total assets less current liabilities		<u>190,177</u>	<u>129,517</u>

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2006 US\$'000	2005 US\$'000
Revenue	3	993,611	821,530
Cost of sales		(735,684)	(604,568)
		257,927	216,962
Gross profit			
Marketing and logistics expenses		(202,659)	(168,272)
Administrative expenses		(35,157)	(32,738)
		20,111	15,952
Core operating profit			
Other gains	6	7,997	3,011
Other expenses	7	(1,050)	-
		27,058	18,963
Operating profit	7		
Finance costs, net	8	(1,442)	(856)
		25,616	18,107
Profit before taxation			
Taxation	9	(1,725)	(3,828)
		23,891	14,279
Profit for the year		23,891	14,279
Profit attributable to:			
Shareholders of the Company		23,188	13,333
Minority interest		703	946
		23,891	14,279
		23,891	14,279
Dividends	10	13,891	7,961
		13,891	7,961
Earnings per share for profit attributable to the shareholders of the Company during the year			
Basic		US7.50 cents	US4.31 cents
Diluted		US7.29 cents	US4.27 cents
		US7.29 cents	US4.27 cents

1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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 the Company’s accounting policies.

Amendments to published standards effective in 2006

The Group early adopted Amendment to HKAS 19, Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures in financial year ended 31 December 2005. The early adoption of revised HKAS 19 provides an option of recognizing actuarial gains and losses in full in the period in which they occur, outside profit or loss, in equity.

The Group elected to take the option to recognize all actuarial gains and losses, including those actuarial gains and losses previously included as part of the transitional unrecognized liabilities. In prior years, cumulative unrecognized net actuarial gains and losses, to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets, were recognized in the income statement over the average remaining service lives of employees.

Standards, amendments and interpretations effective in 2006

The following standards, amendments and interpretations are mandatory for financial year ended 31 December 2006. Management has concluded that there is either no significant financial impact or relevance to the Group:

HKAS 21(Amendment)	Net Investment in a Foreign Operation
HKAS 39(Amendment)	The Fair Value Option
HKAS 39(Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 and HKFRS 4(Amendments)	Financial Guarantee Contracts
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 May 2006 or later periods but which the Group has not early adopted. The new HKFRS expected to be applicable to the Group's operations are as follows:

HKAS 1 (Amendment), Presentation of Financial Statements – Capital Disclosures (effective from 1 January 2007)

The revised standard will affect the disclosures of qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; compliance with any capital requirements; and the consequences of any non-compliance. The group will apply this amendment from annual periods beginning 1 January 2007.

HKFRS 7, Financial Instruments: Disclosures (effective from 1 January 2007)

HKFRS 7 will replace HKAS 32 and has modified the disclosure requirements of HKAS 32 relating to financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Group will apply HKFRS 7 from annual periods beginning 1 January 2007.

HK(IFRIC)-Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006)

HK(IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued, to establish whether or not they fall within the scope of HKFRS 2. Management is currently assessing the impact of HK(IFRIC)-Int 8 on the Group's consolidated financial statements.

HK(IFRIC)-Int 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006)

HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. Management is currently assessing the impact of HK(IFRIC)-Int 9 on the Group's consolidated financial statements.

HK(IFRIC)-Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006)

HK(IFRIC)-Int 10 prohibits the impairment losses recognized in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from annual periods beginning 1 January 2007.

HK(IFRIC)-Int 11, HKFRS 2, Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)

HK(IFRIC)-Int 11 addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from 1 January 2008 but it is not expected to have any significant impact on the Group's financial statements.

Management has considered the following new standards, amendments and interpretations and concluded that they are not relevant to the Group:

HK(IFRIC)-Int 7 Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

2 Reserves

	Share premium US\$'000	Employee share-based compensation reserve US\$'000	Merger reserve US\$'000	(Accumulated losses)/ retained earnings US\$'000	Exchange reserve US\$'000	Total US\$'000
At 1 January 2005	21,019	-	59,450	(36,787)	2,025	45,707
Exchange differences	-	-	-	-	(783)	(783)
Transfer to accumulated losses/ retained earnings	-	-	(43,000)	43,000	-	-
Actuarial losses from post employment benefit recognized in reserve:						
- gross	-	-	-	(230)	-	(230)
- tax	-	-	-	186	-	186
Profit for the year	-	-	-	13,333	-	13,333
2005 interim dividend paid	-	-	-	(2,386)	-	(2,386)
Employee share option benefits	-	537	-	-	-	537
At 31 December 2005	21,019	537	16,450	17,116	1,242	56,364
Exchange differences	-	-	-	-	6,304	6,304
Actuarial losses from post employment benefit recognized in reserve:						
- gross	-	-	-	(268)	-	(268)
- tax	-	-	-	37	-	37
Profit for the year	-	-	-	23,188	-	23,188
2005 final dividend paid	-	-	-	(5,575)	-	(5,575)
2006 interim dividend paid	-	-	-	(2,782)	-	(2,782)
Employee share option benefits	-	980	-	-	-	980
At 31 December 2006	21,019	1,517	16,450	31,716	7,546	78,248

3 Segment information

Primary reporting format - business segments

The segment results for the year ended 31 December 2006 are as follows:

	Logistics US\$'000	Marketing US\$'000	Manufacturing US\$'000	Corporate US\$'000	Inter- segment elimination US\$'000	Group total US\$'000
Sales of goods	-	707,691	120,037	-	(235)	827,493
Rendering of services	155,531	7,567	16,729	-	(13,709)	166,118
Revenue	<u>155,531</u>	<u>715,258</u>	<u>136,766</u>	<u>-</u>	<u>(13,944)</u>	<u>993,611</u>
Gross profit	144,061	117,218	7,647	-	(10,999)	257,927
Marketing, logistics and administrative expenses	(131,270)	(104,922)	(2,558)	(10,065)	10,999	(237,816)
Core operating profit	12,791	12,296	5,089	(10,065)	-	20,111
Other gains	-	-	-	7,997	-	7,997
Other expenses	-	(1,050)	-	-	-	(1,050)
Segment results	<u>12,791</u>	<u>11,246</u>	<u>5,089</u>	<u>(2,068)</u>		<u>27,058</u>
Finance costs, net						(1,442)
Profit before taxation						25,616
Taxation						(1,725)
Profit for the year						<u>23,891</u>
Total assets	<u>137,556</u>	<u>273,336</u>	<u>43,762</u>	<u>85,480</u>		<u>540,134</u>
Total liabilities	<u>129,061</u>	<u>214,241</u>	<u>26,781</u>	<u>53,818</u>		<u>423,901</u>
Capital expenditure	<u>4,868</u>	<u>2,350</u>	<u>2,535</u>	<u>2,627</u>		<u>12,380</u>
Capital expenditure arising from acquisition of a subsidiary / business	<u>35,130</u>	<u>-</u>	<u>-</u>	<u>22,424</u>		<u>57,554</u>
Depreciation and amortization	<u>4,262</u>	<u>2,431</u>	<u>1,447</u>	<u>1,503</u>		<u>9,643</u>
Impairment of inventory	<u>69</u>	<u>1,045</u>	<u>-</u>	<u>-</u>		<u>1,114</u>
Impairment of trade receivables	<u>(2)</u>	<u>611</u>	<u>113</u>	<u>-</u>		<u>722</u>

3 Segment information (continued)

The segment results for the year ended 31 December 2005 are as follows:

	Logistics US\$'000	Marketing US\$'000	Manufacturing US\$'000	Corporate US\$'000	Inter- segment elimination US\$'000	Group total US\$'000
Sales of goods	-	570,966	132,952	-	(339)	703,579
Rendering of services	127,030	4,932	1,361	-	(15,372)	117,951
Revenue	<u>127,030</u>	<u>575,898</u>	<u>134,313</u>	<u>-</u>	<u>(15,711)</u>	<u>821,530</u>
Gross profit	117,112	104,731	6,533	-	(11,414)	216,962
Marketing, logistics and administrative expenses	<u>(106,747)</u>	<u>(93,486)</u>	<u>(2,605)</u>	<u>(9,586)</u>	<u>11,414</u>	<u>(201,010)</u>
Core operating profit	10,365	11,245	3,928	(9,586)	-	15,952
Other gains	-	611	-	2,400	-	3,011
Segment results	<u>10,365</u>	<u>11,856</u>	<u>3,928</u>	<u>(7,186)</u>		<u>18,963</u>
Finance costs, net						<u>(856)</u>
Profit before taxation						18,107
Taxation						<u>(3,828)</u>
Profit for the year						<u>14,279</u>
Total assets	<u>71,309</u>	<u>209,834</u>	<u>46,431</u>	<u>45,728</u>		<u>373,302</u>
Total liabilities	<u>54,779</u>	<u>155,911</u>	<u>28,274</u>	<u>42,016</u>		<u>280,980</u>
Capital expenditure	<u>5,681</u>	<u>4,243</u>	<u>4,303</u>	<u>1,534</u>		<u>15,761</u>
Depreciation and amortization	<u>4,015</u>	<u>2,040</u>	<u>1,235</u>	<u>1,131</u>		<u>8,421</u>
Impairment of inventory	<u>182</u>	<u>342</u>	<u>586</u>	<u>-</u>		<u>1,110</u>
Impairment of trade receivables	<u>7</u>	<u>385</u>	<u>5</u>	<u>-</u>		<u>397</u>

3 Segment information (continued)

Secondary reporting format - geographical segments

The segment results for the year ended 31 December 2006 are as follows:

	Revenue US\$'000	Total assets US\$'000	Capital expenditure US\$'000
Hong Kong	223,352	119,341	3,241
Taiwan	23,194	34,631	1,411
Thailand	133,806	64,120	1,340
Malaysia	137,768	85,619	26,045
Singapore	73,986	35,992	545
the Philippines	198,174	35,762	511
Indonesia	11,919	8,755	1,164
PRC	157,050	95,113	3,039
Brunei	31,614	11,369	140
USA	7,733	49,432	32,498
	<u>998,596</u>	<u>540,134</u>	<u>69,934</u>
Less: Inter-segment elimination	(4,985)	-	-
Total	<u><u>993,611</u></u>	<u><u>540,134</u></u>	<u><u>69,934</u></u>

The segment results for the year ended 31 December 2005 are as follows:

	Revenue US\$'000	Total assets US\$'000	Capital expenditure US\$'000
Hong Kong	230,230	103,466	2,751
Taiwan	18,211	28,696	252
Thailand	121,095	54,704	4,994
Malaysia	131,658	52,724	2,893
Singapore	60,207	30,302	800
the Philippines	137,173	26,799	1,250
Indonesia	8,354	7,439	218
PRC	101,203	60,105	2,479
Brunei	18,444	9,067	124
	<u>826,575</u>	<u>373,302</u>	<u>15,761</u>
Less: Inter-segment elimination	(5,045)	-	-
Total	<u><u>821,530</u></u>	<u><u>373,302</u></u>	<u><u>15,761</u></u>

4 Trade receivables

The aging analysis of the Group's trade receivable based on invoice date was as follows:

	2006 US\$'000	2005 US\$'000
Less than 90 days	153,367	124,552
91-180 days	8,715	6,165
181-360 days	1,513	1,788
Over 360 days	759	789
	<u>164,354</u>	<u>133,294</u>

The Group normally granted credit terms to its customers ranging from 30 to 90 days. In certain circumstances, longer credit terms are given based on negotiated contract terms.

5 Trade payables

The aging analysis of the Group's trade payable was as follows:

	2006 US\$'000	2005 US\$'000
Less than 90 days	178,037	144,531
91-180 days	30,569	13,721
181-360 days	1,758	2,260
Over 360 days	1,415	1,001
	<u>211,779</u>	<u>161,513</u>

6 Other gains

	2006 US\$'000	2005 US\$'000
Gain on partial divestment of a subsidiary	7,997	-
Gain on disposal of properties	-	1,860
Realized exchange gain upon settlement of long term intragroup loan	-	540
Service fee income	-	611
	<u>7,997</u>	<u>3,011</u>

7 Operating profit

Operating profit is stated after charging and (crediting) the following:

	2006 US\$'000	2005 US\$'000
Cost for restructuring	1,050	-
Other expenses	1,050	-
Depreciation of		
Owned property, plant and equipment	8,099	7,376
Leased property, plant and equipment	85	126
Loss/(gain) on disposal of plant and equipment	87	(115)
Amortization of prepaid operating lease payment	17	15
Amortization of intangible assets	1,442	904
Costs of inventories sold	722,377	592,932

8 Finance costs, net

	2006 US\$'000	2005 US\$'000
Interest expense on bank loans and overdrafts	3,668	2,784
Interest expense of finance leases	9	8
Imputed interest on non-current payables (note)	119	-
	3,796	2,792
Interest income from bank deposits	(2,354)	(1,936)
	1,442	856

Note:

The amount represents imputed interest on non-current portion of the purchase consideration payable at the average borrowing rate of 5.68% under the effective interest method.

9 Taxation

Hong Kong profits tax has not been provided as the Group's assessable profits in Hong Kong for the years ended 2006 and 2005 have been offset against tax losses from prior years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated income statement for the year represents:

	2006 US\$'000	2005 US\$'000
Current taxation:		
- Overseas taxation	6,379	5,953
Deferred taxation	(4,654)	(2,125)
	<hr/>	<hr/>
Taxation charges	1,725	3,828
	<hr/> <hr/>	<hr/> <hr/>

10 Dividends

	2006 US\$'000	2005 US\$'000
Interim dividend paid of HK7.00 cents (equivalent to US0.90 cents) (2005:HK6.00 cents (equivalent to US0.77 cents) per share	2,782	2,386
Proposed dividend after balance sheet date of HK28.00 cents (equivalent to US3.58 cents) (2005:HK14.00 cents (equivalent to US1.80 cents) per share)	11,109	5,575
	<hr/>	<hr/>
	13,891	7,961
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At a meeting held on 20 March 2007, the Directors proposed a final dividend of HK28.00 cents (equivalent to US3.58 cents) per share. The proposed dividends are not reflected as dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

11 Earnings per share

The calculation of the Group's basic and diluted earnings per share is based on the consolidated profit attributable to shareholders of US\$23,188,000 (2005: US\$13,333,000). The basic earnings per share is based on the weighted average number of 309,000,000 (2005: 309,000,000) shares in issue during the year.

The diluted earnings per share is based on the average number of 309,000,000 (2005: 309,000,000) shares in issue during the year plus the weighted average number of 9,273,000 (2005: 3,060,000) shares deemed to have been issued at no consideration if all outstanding options had been exercised.

BUSINESS REVIEW

In 2006, the Group continued to pursue the two-pronged strategy of strong organic growth and strategic mergers and acquisitions. During the year, all our core businesses, namely Logistics, Marketing and Manufacturing, registered solid organic growth. Over 70 new contracts were secured during the year, both with new customers as well as extending partnerships with existing customers. Major new contracts included Procter & Gamble in Taiwan, L'Oreal in Hong Kong, Diageo hubbing and labeling operation in Singapore, Pacific Brands logistics operations in China and Henkel manufacturing in Indonesia.

Our efforts in identifying suitable merger and acquisition targets have resulted in the completion of two strategic logistics acquisitions. The first one was in Malaysia, which would double the current scale of our local logistics operations. This was followed shortly by a deal in the US that gave us entry into garment logistics and allowed us to establish our local presence in the largest logistics market in the world. The two acquisitions will put IDS into high gear for business expansion in 2007.

The buoyant consumer market in China coupled with new contract wins resulted in another remarkable year for our businesses in China. Revenue from our China operations grew by 55.2% to US\$157.05 million and contributed 15.7% to total Group revenue in 2006, compared to 12.2% in 2005. Operating profit from China more than doubled year-on-year. We are now operating 17 branch offices and 14 distribution centers in China covering over 120 cities.

FINANCIAL OVERVIEW

The Group reported revenue of US\$993.61 million, a 20.9% growth compared with 2005. The strong growth in revenue was driven by a 24.2% increase in the Marketing business and a 22.4% increase in the Logistics business. Gross profit grew by US\$40.97 million, an increase of 18.9%. The gross profit margin was 26.0% in 2006, compared to 26.4% in 2005 due to business growth in the Philippines where the profit margin was relatively lower. The impact was partly offset by higher margin in Manufacturing benefiting from cost control and continued productivity improvement.

The Group's core operating profit rose 26.1% to US\$20.11 million in 2006, driven by higher revenue and benefit of operating leverage. Operating profit grew by 42.7% to US\$27.06 million including a US\$8.00 million gain on the progressive divestment of a 12.5% share in Slumberland Asia Pacific, our bedding business subsidiary, partly offset by a US\$1.05 million provision for closure costs relating to the underperforming FMCG divisions in Malaysia and Indonesia. Net finance costs increased from US\$0.86 million in 2005 to US\$1.44 million in 2006 due to the financing for the acquisitions. Taxation reduced from US\$3.83 million to US\$1.73 million due to the recognition of additional deferred tax credits in 2006. As a result, profit attributable to shareholders surged 73.9% to US\$23.19 million.

Inventory, debtors and creditors turnover days went up proportionately reflecting the Group's strategy to increase market coverage which was largely self-financed by the principals' extended credit terms. Overall working capital performance was satisfactory.

SEGMENTAL ANALYSIS

Logistics

Logistics revenue and segment results increased by 22.4% and 23.4% to US\$155.53 million and US\$12.79 million respectively. The growth in Logistics stream was mainly attributable to the strong organic growth and to a smaller extent from acquisitions in Malaysia and USA. During the year, substantial new contracts were won from major principals, such as P&G and Diageo. Together with the significant growth in existing services, particularly China, IDS succeeded in geographical and scope expansions for both new and existing customers. The acquisitions in Malaysia and USA in the last quarter of 2006 contributed revenue of US\$10.39 million to the Logistics stream.

Marketing

Marketing revenue and core operating profit rose by 24.2% and 9.3% to US\$715.26 million and US\$12.30 million respectively. The growth in Marketing was mainly attributable to the continued expansion in China. In 2006, 11 new branch offices were opened and the distribution coverage expanded to over 120 cities. The full year operations from the Philippines in 2006 also contributed to the revenue growth since its commencement in April 2005. Apart from this, there was good organic growth in Brunei, Thailand and Singapore from the gain of new principals and continued growth in existing business lines.

Manufacturing

Despite the high oil price and weak consumer demand, Manufacturing revenue and operating profit recorded growth of 1.8% and 29.6% compared to 2005. The growth has demonstrated our success in cost control and efficiency enhancement.

Geographically, all economies continued their growth momentum in 2006 in particular of China where the sales revenues surged by 55.2%. Hong Kong is still the Group's largest market, accounting for 22.4% of the total revenue.

FUTURE PROSPECTS

Our theme for year 2007 will be "Making the Difference with People". We will be focusing on developing a talent base with the right skills and mindset to build a winning company and drive a quantum leap in business growth. A comprehensive Leadership, Management and Talent Development program has been developed and will be rolled out on a full scale in 2007.

The planning process for the next Strategic Plan cycle for 2008 – 2010 will commence in the first quarter of this year. This will be an iterative exercise with full involvement of the management team and extensive consultation from across all levels of the company.

China will continue to be the main driver of our strong growth. Following the establishment of our logistics foothold in the US, we can now provide end-to-end logistics solutions and aggressively grow our international business. Leveraging our strong infrastructure in China, we are able to offer comprehensive logistics services dealing with both the import and export movements.

In 2007 we will also step up our efforts in identifying suitable merger and acquisition targets. We will continue to look for profitable, well-run companies across our core businesses that can either complement our growth or give us entry into new markets as well as provide us with a strong management team. We will institutionalize the integration process for all acquisitions to ensure that our business processes and procedures are standardized for maximum synergies.

ACQUISITIONS AND DISPOSAL

During the year, the Group completed two acquisitions. In September, the Group acquired the entire issued share capital of Sitt Tatt Logistics Sdn. Bhd., a logistics company operating in Malaysia, for a consideration of US\$25.62 million. Another acquisition was the assets and apparel logistics business of Impac Logistics Services LLC and its affiliates, which was completed in December for a consideration of US\$39.20 million. These acquisitions have strengthened our position in the logistics industry and will also enable the Group to develop and grow outside of Asia. The Group also as part of a strategic decision divested a 12.5% share in its Slumberland business and recorded a gain of approximately US\$8.00 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2006, the Group had a gearing ratio of 11.8%. The new loans raised were mainly for financing the acquisitions. In addition, the Group has available bank loans and overdraft facilities of US\$250 million of which only US\$ 98.32 million have been utilized.

CHARGES ON GROUP ASSETS

As at 31 December 2006, there were no charges on the Group's assets.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group operates in ten economies over the world and is exposed to foreign exchange risk in the Asian economies. Fluctuations in exchange rates in these economies can affect the earnings and net assets of the Group.

In addition, certain purchase transactions are not conducted in the respective local currencies of our operations. The foreign currencies involved in these transactions include mainly U.S. Dollars, Euro, Japanese Yen and Pounds Sterling. The Group purchases foreign currency contracts to protect against the adverse effect of such exchange fluctuations on the foreign currency. Our Group policy is to hedge all material purchases transacted in foreign currencies and restrict from engaging in speculative foreign exchange transactions.

CONTINGENT LIABILITIES

The Group has counter-guaranteed the following outstanding bank guarantees issued by banks for normal business operation:

	2006 US\$'000	2005 US\$'000
As security in favour of local tax and customs authorities in accordance with local regulations	9,811	9,032
For purchase of goods in favour of suppliers	10,052	9,145
Performance bonds and others	407	566
For rental payment in favour of the landlords	5,762	4,665
	<hr/>	<hr/>
	26,032	23,408
	<hr/> <hr/>	<hr/> <hr/>

HUMAN RESOURCES

As at 31 December 2006, the Group employed 6,200 (vs. 5,000 in 2005) permanent employees and 4,700 (vs. 4,000 in 2005) contract/ temporary employees. They were located throughout our operations in ten economies within the Group. Total staff costs on 31 December 2006 amounted to about US\$109.92 million (vs. US\$90.32 million in 2005).

The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options are granted to eligible staff based on individual and Group performance. The Group is committed to nurturing a learning culture in the organization.

FINAL DIVIDEND

The Board of Directors recommended to pay to the shareholders a final dividend of HK28 cents (2005: HK14 cents) per share for the year ended 31 December 2006 absorbing HK\$86,790,760 (2005: HK\$43,260,000) on 309,967,000 shares (2005:309,000,000 shares) issued as at 20 March 2007. An interim dividend of HK7 cents (2005: HK6 cents) per share was paid by the Company on 22 September 2006.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 16 May 2007 to 22 May 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 15 May 2007. Dividend warrants will be despatched immediately after the holding of the Annual General Meeting on 22 May 2007 subject to shareholders' approval of payment of the final dividend.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Stork Room, 1st Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Tuesday, 22 May 2007 at 12:00 noon. Notice of the Annual General Meeting will be sent to the shareholders of the Company shortly.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.idsgroup.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). The 2006 annual report and the notice of annual general meeting will be despatched to the shareholders of the Company and available on the same websites on or about 23 April 2007.

CORPORATE GOVERNANCE

The Board of Directors and Management are committed to principles of good corporate governance consistent with prudent enhancement and management of shareholder value. These principles emphasize transparency, accountability and independence.

In order to reinforce independence, accountability and responsibility, the role of the Group Chairman is separate from that of the Group Managing Director with their respective responsibilities endorsed by the Board in writing.

The Board has established the Audit Committee, the Compensation Committee and the Nomination Committee with defined terms of reference (available to shareholders upon request), which are of no less exacting terms than those set out in the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). All committees are chaired by non-executive directors. To further reinforce independence, all committees include a majority of independent non-executive directors since the listing in 2004 with both the Audit and Nomination Committees respectively being chaired by an independent non-executive director.

Full details on the subject of corporate governance are set out in the Company’s 2006 Annual Report.

AUDIT COMMITTEE

The Audit Committee met five times in 2006 (with an average attendance rate of 80%) to review with senior management and the Group’s internal and external auditors, the significant internal controls and financial matters as set out in the Committee’s terms of reference. The committee’s review covers the audit plans and findings of internal and external auditors, external auditor’s independence, the Group’s accounting principles and practices, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the interim financial information and annual financial statements for the Board’s approval).

The Audit Committee has reviewed the annual results for the year ended 31 December 2006.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board recognizes the importance of internal controls to safeguard shareholders’ interests and investments and the Group’s assets, and managing business risks. The Board assumes the overall responsibility for reviewing the adequacy and integrity of the Group’s system of internal controls and risk management through the Audit Committee.

Based on the assessments made by senior management, the Group’s Internal Audit team and the external auditor in 2006 and up to the approval date of the Company’s 2006 Annual Report and financial statements, the Audit Committee is satisfied that the internal controls and accounting systems of the Group have been in place and function effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management’s authorization and the financial statements are reliable for publication; and that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Group has adopted procedures governing directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code. Specific enquiries have been made to all directors and relevant employees to confirm compliance with the Model Code. No incident of non-compliance was noted by the Company in 2006.

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

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the year ended 31 December 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

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

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 20 March 2007

As at the date of this announcement, the executive directors of the Company are Mr. Benedict CHANG Yew Teck, Mr. Joseph Chua PHI and Mr. Rajesh Vardichand RANAVAT; the non-executive directors of the Company are Dr. Victor FUNG Kwok King, Dr. William FUNG Kwok Lun, Mr. Jeremy Paul Egerton HOBBS and Mr. LAU Butt Farn; and the independent non-executive directors of the Company are Mr. William Winship FLANZ, Mr. John Estmond STRICKLAND, Dr. FU Yu Ning and Prof. LEE Hau Leung.

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