INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005

HIGHLIGHTS

	Year ended 31 December		
	2005	2004	Change
	US$ million	*US$ million* (Restated)	*%*
Revenue	**821.5**	584.9	40.5%
Operating profit	**19.0**	13.3	42.4%
Profit attributable to shareholders	**13.3**	10.6	25.3%
Earnings per share	**US4.31 cents**	US4.35 cents	(1)%
Earnings per share (equivalent to)	**HK33.6 cents**	HK33.9 cents	(1)%
Dividend per share – Final	**HK14.0 cents**	Nil	N/A
– Full Year	**HK20.0 cents**	N/A	N/A

- Solid start to the 3-year Strategic Plan with Operating Profit growth of 42.4%
- Profit attributable to shareholders delivering 25.3% increase from US$10.6 million to US$13.3 million driven by Logistics and Marketing
- Earnings per share marginally lower due to full year impact of increase in number of shares following IPO in December 2004
- Logistic continues to be the engine of growth with revenue up 34.8% and operating profit up 55.9%
- Marketing registered a solid 51.6% revenue growth driven by the emergence of China, the group's fastest growing market
- A strong unleveraged balance sheet with US$57.5 million of gross cash (net cash of US$6.8 million) to support future growth including acquisitions
- Total full year dividend of HK20 cents per share representing payout ratio of approximately 60%

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 2005 together with the comparative figures for the corresponding year as follows:

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2005 US$'000	2004 US$'000 (Restated)
ASSETS			
Non-current assets			
Intangible assets		**6,852**	5,485
Property, plant and equipment		**39,351**	33,880
Lease premium for land		**395**	416
Other long-term investments		**–**	16
Other non-current assets		**4,858**	3,031
Surplus on pension schemes		**546**	370
Deferred tax assets		**4,546**	1,951
		56,548	45,149
Current assets			
Inventories		**91,074**	78,081
Trade and other receivables	*4*	**167,503**	137,075
Taxation recoverable		**692**	566
Time deposits		**37,039**	24,858
Bank balances and cash		**20,446**	28,108
		316,754	268,688
Total assets		**373,302**	313,837
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**30,900**	30,900
Reserves		**56,364**	45,825
		87,264	76,725
Minority interest		**5,058**	4,371
Total equity		**92,322**	81,096
LIABILITIES			
Non-current liabilities			
Unsecured bank loan		**30,174**	30,110
Obligations under finance leases		**42**	138
Deficit on pension schemes		**1,244**	1,064
Post-employment benefit liabilities		**1,850**	902
Other non-current liabilities		**2,762**	476
Deferred tax liabilities		**1,123**	834
		37,195	33,524

	Note		
Current liabilities			
Trade and other payables	*5*	**217,486**	181,003
Bank loans and other borrowings		**20,444**	15,185
Taxation payable		**5,855**	3,029
		243,785	199,217
Total liabilities		**280,980**	232,741
Total equity and liabilities		**373,302**	313,837
Net current assets		**72,969**	69,471
Total assets less current liabilities		**129,517**	114,620

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2005	2004
	Note	***US$'000***	*US$'000*
			(Restated)
Revenue		**821,530**	584,876
Cost of sales		**(604,568)**	(419,825)
Gross profit		**216,962**	165,051
Marketing and logistics expenses		**(168,272)**	(122,083)
Administrative expenses		**(32,738)**	(30,280)
Core operating profit	*2*	**15,952**	12,688
Other gains	*6*	**3,011**	860
Other expenses		**–**	(227)
Operating profit	*7*	**18,963**	13,321
Finance costs, net	*8*	**(856)**	(687)
Operating profit after finance costs		**18,107**	12,634
Share of profit of a jointly controlled entity		**–**	25
Profit before taxation		**18,107**	12,659
Taxation	*9*	**(3,828)**	(1,096)
Profit for the year		**14,279**	11,563
Profit attributable to:			
Shareholders of the Company		**13,333**	10,640
Minority interest		**946**	923
		14,279	11,563
Dividends	*10*	**7,961**	21,958
Earnings per share for profit attributable to the shareholders of the Company during the year	*11*		
Basic		**US4.31 cents**	US4.35 cents
Diluted		**US4.27 cents**	US4.35 cents

1. Basis of preparation

Pursuant to a group reorganization ("Reorganization") in preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 20 November 2004. The comparative figures of the consolidated financial statements have been prepared on the basis of merger accounting as if the Company had been the holding company of the Group throughout the accounting periods presented.

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.

The adoption of new/revised HKFRS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations and effective for the financial year beginning 1 January 2005.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
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 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS-Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The Group has elected to adopt Amendment to HKAS 19, Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures, ahead of its effective date of 1 January 2006. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

The adoption of HKASs 1, 2, 7, 8, 10, 12, 14, 16, 18, 21, 23, 24, 27, 33, 37 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest and other disclosures.

– HKASs 2, 8, 16 and 21 affect certain disclosures in the financial statements.

– HKASs 7, 10, 12, 14, 18, 23, 27, 33, 37 and HKAS-Int 15 do not have any impact as the Group's accounting policies already comply with the standards.

– HKAS 24 has affected the identification of related parties and some other related party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, leasehold land was accounted for at valuation less accumulated depreciation and accumulated impairment.

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 has 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.

The adoption of HKAS 32 and HKAS 39 has resulted in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. Prior to this:

– the fair value of derivative financial instruments was not recognized in the balance sheet; and

– the trade and other receivables are initially recognized without discounting to the net present value at the effective interest rate.

In accordance with the provisions of HKAS 32 and HKAS 39:

– the fair value of derivative financial instruments is recognized in the balance sheet and any change in the fair value is recorded in the income statement; and

– Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The adoption of HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for trademarks. Prior to this, trademarks were:

– amortized on a straight-line basis over a period of not exceeding 20 years; and

– assessed for impairment at each balance sheet date.

In accordance with the provisions of HKAS 38:

– the Group ceased amortization of trademarks with indefinite useful lives from 1 January 2005;

– from the year ended 31 December 2005 onwards, such trademarks are tested annually for impairment, as well as when there are indications of impairment.

The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. Prior to this, the provision of share options to employees did not result in a charge to the income statement. Following the adoption of HKFRS 2, the fair value of share options at grant date is amortized over the relevant vesting periods to the income statement.

The adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill. Prior to the change, the Group did not have any goodwill recorded. Following the adoption, goodwill is not required to be amortized but is tested annually for impairment, as well as when there are indications of impairment.

All relevant changes in the accounting policies have been made in accordance with the transitional provisions of the respective standards, which require retrospective application to prior year comparatives other than:

– HKAS 36 and HKAS 38 – prospective accounting for trademarks from 1 January 2005.

– HKAS 39 which recognizes all derivatives at fair value in the balance sheet on 1 January 2005 and adjusts the balance to retained earnings as at that date.

– HKAS-Int 15 – does not require the recognition of incentives for leases beginning before 1 January 2005.

– HKFRS 3 – prospectively from 1 January 2005.

Effect of changes in accounting policies on consolidated income statement

	Effect of adopting					
	HKAS 17	**HKAS 19**	**HKFRS 2**	**HKAS 36 & HKAS 38**	**HKAS 39**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(a)	*(a)*	*(a)*	*(b)*	*(b)*	
Year 2005						
Increase in other gains	**975**	**–**	**–**	**–**	**–**	**975**
Decrease in cost of sales	**42**	**–**	**–**	**–**	**–**	**42**
Decrease/(increase) in administrative expenses	**33**	**106**	**(537)**	**62**	**54**	**(282)**
Increase in taxation	**(297)**	**–**	**–**	**–**	**–**	**(297)**
Total increase/(decrease) in profit	**753**	**106**	**(537)**	**62**	**54**	**438**
Increase/(decrease) in earnings per share						
Basic	**0.24 cents**	**0.03 cents**	**(0.17 cents)**	**0.02 cents**	**0.02 cents**	**0.14 cents**
Diluted	**0.24 cents**	**0.03 cents**	**(0.17 cents)**	**0.02 cents**	**0.02 cents**	**0.14 cents**
Year 2004						
Decrease in cost of sales	42	–	–	–	–	42
Decrease in administrative expenses	33	43	–	–	–	76
Increase in taxation	(24)	–	–	–	–	(24)
Total increase in profit	51	43	–	–	–	94
Increase in earnings per share						
Basic	0.02 cents	0.02 cents	–	–	–	0.04 cents
Diluted	0.02 cents	0.02 cents	–	–	–	0.04 cents

Effect of changes in accounting policies on consolidated balance sheet

	Effect of adopting					
	HKAS 17 *US$'000* *(a)*	**HKAS 19** *US$'000* *(a)*	**HKFRS 2** *US$'000* *(a)*	**HKAS 36 & HKAS 38** *US$'000* *(b)*	**HKAS 39** *US$'000* *(b)*	**Total** *US$'000*
At 1 January 2004 (Equity only)						
Increase/(decrease) in equity:						
Properties revaluation reserve	(2,281)	–	–	–	–	(2,281)
Accumulated losses	555	(1,076)	–	–	–	(521)
Minority interest	(112)	–	–	–	–	(112)
At 31 December 2004						
Increase/(decrease) in assets:						
Fixed assets	(2,879)	–	–	–	–	(2,879)
Lease premium for land	416	–	–	–	–	416
Surplus on pension schemes	–	(1,150)	–	–	–	(1,150)
Deferred tax assets	132	–	–	–	–	132
Increase/(decrease) in liabilities/equity:						
Properties revaluation reserve	(1,961)	–	–	–	–	(1,961)
Accumulated losses	286	(1,836)	–	–	–	(1,550)
Minority interest	(112)	–	–	–	–	(112)
Deferred tax liabilities	(544)	–	–	–	–	(544)
Deficit on pension schemes	–	592	–	–	–	592
Post-employee benefit liabilities	–	94	–	–	–	94
At 31 December 2005						
Increase/(decrease) in assets						
Intangible assets	–	–	–	62	–	62
Fixed assets	(1,808)	–	–	–	–	(1,808)
Lease premium for land	395	–	–	–	–	395
Surplus on pension schemes	–	(823)	–	–	–	(823)
Deferred tax assets	138	186	–	–	–	324
Increase/(decrease) in liabilities/equity:						
Employee share-based compensation reserve	–	–	537	–	–	537
Properties revaluation reserve	(986)	–	–	–	–	(986)
Accumulated loss	64	(1,774)	(537)	62	(64)	(2,249)
Minority interest	(112)	–	–	–	–	(112)
Deferred tax liabilities	(241)	–	–	–	–	(241)
Deficit on pension schemes	–	622	–	–	–	622
Post-employee benefit liabilities	–	515	–	–	–	515
Trade and other payables	–	–	–	–	64	64

(a) adjustments which take effect retrospectively

(b) adjustments which take effect prospectively from 1 January 2005

2. Core operating profit

Core operating profit is the recurring profit generated from the Group's business which comprises profit before interest income, finance costs and tax, and excludes material gain or loss which are of capital nature or non-recurring nature (such as gain or loss on disposal or impairment provision of fixed assets or other assets).

3. Segment information

Primary reporting format – business segments

	Logistics 2005 *US$'000*	**Marketing 2005** *US$'000*	**Manufacturing 2005** *US$'000*	**Corporate 2005** *US$'000*	**Intersegment elimination 2005** *US$'000*	**Group total 2005** *US$'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	**127,030**	**575,898**	**134,313**	**–**	**(15,711)**	**821,530**
Segment results	**10,365**	**11,856**	**3,928**	**(7,186)**		**18,963**
Finance costs, net						**(856)**
Profit before taxation						**18,107**
Taxation						**(3,828)**
Profit for the year						**14,279**
Depreciation and amortization	**4,015**	**2,040**	**1,235**	**1,131**		**8,421**
Impairment of inventory	**182**	**342**	**586**	**–**		**1,110**
Impairment of trade receivables	**7**	**385**	**5**	**–**		**397**

	Logistics 2004 *US$'000* *(Restated)*	Marketing 2004 *US$'000* *(Restated)*	Manufacturing 2004 *US$'000* *(Restated)*	Corporate 2004 *US$'000* *(Restated)*	Intersegment elimination 2004 *US$'000* *(Restated)*	Group total 2004 *US$'000* *(Restated)*
Sales of goods	–	375,902	122,414	–	(285)	498,031
Rendering of services	94,251	4,034	1,417	–	(12,857)	86,845
Revenue	94,251	379,936	123,831	–	(13,142)	584,876
Segment results	6,647	9,104	4,392	(6,822)		13,321
Finance costs, net						(687)
Share of profit of a jointly controlled entity	–	25	–	–		25
Profit before taxation						12,659
Taxation						(1,096)
Profit for the year						11,563
Depreciation and amortization	3,318	1,726	1,445	998		7,487
Impairment of inventory	–	1,027	46	–		1,073
Provision/(reversal) of impairment of trade receivables	22	(306)	–	–		(284)

Secondary reporting format – geographical segments

	Revenue 2005 *US$'000*	Revenue 2004 *US$'000*
Hong Kong	**230,230**	220,503
Taiwan	**18,211**	12,964
Thailand	**121,095**	110,169
Malaysia	**131,658**	125,302
Singapore	**60,207**	44,796
the Philippines	**137,173**	14,639
Indonesia	**8,354**	8,225
China	**101,203**	39,921
Brunei	**18,444**	12,427
	826,575	588,946
Less: Inter-segment elimination	**(5,045)**	(4,070)
Total	**821,530**	584,876

4. Trade receivable

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

	2005 *US$'000*	2004 *US$'000*
Less than 90 days	**124,552**	103,984
91-180 days	**6,165**	6,248
181-360 days	**1,788**	2,096
Over 360 days	**789**	164
	133,294	112,492

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 payable

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

	2005 *US$'000*	2004 *US$'000*
Less than 90 days	**144,531**	114,418
91-180 days	**13,721**	15,969
181-360 days	**2,260**	913
Over 360 days	**1,001**	1,008
	161,513	132,308

6. Other gains

	2005 *US$'000*	2004 *US$'000* (Restated)
Gain on disposal of properties	**1,860**	860
Realised exchange gain upon settlement of long term intergroup loan	**540**	–
Service fee income	**611**	–
Other gains	**3,011**	860

7. Operating profit

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

	2005	2004
	US$'000	*US$'000*
		(Restated)
Loss on disposal of a subsidiary	**–**	227
Other expenses	**–**	227
Depreciation of		
Owned property, plant and equipment	**7,376**	6,667
Leased property, plant and equipment	**126**	114
Gain on disposal of plant and equipment	**(115)**	(299)
Amortization of prepaid operating lease payment	**15**	15
Amortization of intangible assets	**904**	691
Costs of inventories sold	**592,932**	405,002

8. Finance costs, net

	2005	2004
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**2,784**	2,229
Interest expense of finance leases	**8**	14
Interest expense on balances with related companies	**–**	185
	2,792	2,428
Interest income from bank deposits	**(1,936)**	(1,336)
Interest income from related parties	**–**	(405)
	856	687

9. Taxation

Hong Kong profits tax has not been provided as the Group has no assessable profit in Hong Kong for the years ended 2005 and 2004. 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 amount of taxation charged to the consolidated income statement for the year represents:

	2005	2004
	US$'000	*US$'000*
		(Restated)
Current taxation:		
– Overseas taxation	**5,953**	5,216
Deferred taxation	**(2,125)**	(4,120)
Taxation charges	**3,828**	1,096

10. Dividends

	2005	2004
	US$'000	*US$'000*
Interim, paid before the Reorganization *(note)*	**–**	10,558
Special, paid before the Reorganization *(note)*	**–**	11,400
Interim dividend paid of HK6.00 cents (equivalent to US0.77cent) (2004: N/A) per share	**2,386**	–
Proposed dividend after balance sheet date of HK14.00 cents (equivalent to US1.8 cents) (2004: Nil) per share	**5,575**	–
	7,961	21,958

At a meeting held on 20 April 2006, the Directors proposed a final dividend of HK14 cents (equivalent to US1.8 cents) per share. The proposed dividends are not reflected as dividend payable in this financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2006.

Note: The amounts represented dividends paid by the subsidiaries to their then shareholders before the Reorganization. The rates of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful.

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$13,333,000 (2004: US$10,640,000 as restated). The basic earnings per share is based on the weighted average number of 309,000,000 (2004: 244,488,000) shares in issue during the year.

The diluted earnings per share is based on the weighted average number of 309,000,000 (2004: 244,488,000) shares in issue during the year plus the weighted average number of 3,060,000 (2004: Nil) shares deemed to be issued at no consideration if all outstanding options had been exercised.

Note: In determining the weighted average number of ordinary shares deemed to be in issue during 2004, a total of 239,880,000 ordinary shares were deemed to be in issue since 1 January 2004 after taking into consideration of the effect of the Reorganization.

Business Review

The first year of our Three-Year Strategic Plan 2005-2007 finished strongly driven by all round organic growth. We are on track to achieve our Strategic Plan target of doubling 2004 profit to US$21.2 million by 2007. We have also crystallized our new business model to remake the traditional distribution business. By championing Logistics as our fundamental enabler and connecting our Marketing and Manufacturing businesses to form an end-to-end value chain, IDS now has a unique offering of integrated-distribution services, from procurement of raw materials to delivery of finished goods to the end consumer.

Among our three core businesses, Logistics continued to deliver the strongest growth accompanied by improvement in margin, mainly attributable to the smooth implementation of the major contracts won in late 2004. Marketing also reported strong growth as a result of impressive performances in China and Brunei. The commencement of Marketing operations in the Philippines made a substantial contribution to the top line, but the operation is still in its investment phase and hence impacted overall Marketing operating margin. The Manufacturing business was affected by the soft customer demand in Malaysia. Compared to the first half of the year, we experienced a stronger second half largely brought about by the signing of several new contracts as well as the commencement of the production of Listerine mouthwash in Thailand for Pfizer.

Finance overview

Revenue

The Group reported revenue of US$821.5 million for 2005, an increase of 40.5% compared with 2004. The increase in revenue was driven by a 34.8% growth in Logistics on the back of new contracts won from both existing as well as new customers. Marketing business grew by 51.6%. This was mainly attributed to the commencement of Marketing business in the Philippines in April 2005 and the rapid expansion of the China Marketing business since its inception in April 2004.

Gross profit

Gross profit increased by 31.5% in 2005 to US$217.0 million. The increase in gross profit was in line with the strong growth in revenue. Gross profit margin decreased from 28.2% in 2004 to 26.4% in 2005. The reason for the decrease was the change in revenue mix with a higher proportion of new Marketing business delivering lower gross profit margin compared to the overall gross margin of the Group.

Expenses

The combined marketing and logistics expenses increased by 37.8% in 2005 to US$168.3 million. The former was largely attributed to the expansion of our distribution network in China and the entry in the Philippines. The latter was primarily due to the strong growth of our Logistics business. Due to our scalable business model, administrative expenses increased by only 8.1% in 2005 to US$32.7 million.

Core operating profit
As a result of increase in gross profit from higher revenues and benefit of operating leverage, core operating profit increased by 25.7% in 2005 to US$16.0 million.

Operating profit
With the growth in core operating profit and other gains arising mainly from sale of surplus properties in Indonesia, operating profit increased by 42.4% in 2005 to US$19.0 million.

Net profit
Taxation increased from US$1.1 million in 2004 to US$3.8 million in 2005 primarily due to the write back of deferred tax liabilities arising from disposal of a property in the previous year.

Taking into account the above, profit attributable to shareholders grew by 25.3% to US$13.3 million.

Segmental Analysis
Logistics
The Group's Logistics business continued its growth momentum in 2005. Revenue and segment results increased by 34.8% and 55.9% respectively, compared with last year. These were driven mainly by new contract wins as well as growth in existing business in all economies.

Marketing
As a result of the expansion of distribution network in China, the strategic entry into the Philippines as well as strong revenue growth driven by new contracts from other economies, revenue and segment results of Marketing business increased by 51.6% and 30.2% to US$575.9 million and US$11.9 million in 2005, respectively.

Manufacturing
Revenue increased by 8.5% to US$134.3 million in 2005 but segment results decreased by 10.6% to US$3.9 million in 2005. The decrease in segment result is primary attributable to soft demand in Malaysia due to poor retail sentiment combined with start-up costs related to investment in a new plant in Thailand for Pfizer.

Future Prospects
The Group will continue to focus on our Three-Year Strategic Plan 2005-2007 target of delivering US$21.2 million profit by the end of the Plan period.

New service offerings that have been identified and tested with success in 2005, including Credit & Cash Management and Export Logistics, will be promoted further. Other services like Transportation and Network Management will be rolled out in 2006.

The Group will intensify its regional business development efforts to expand our customer relationships in terms of both service scope and geographical coverage. We will form a dedicated team comprises business development personnel from each of our core businesses backed by technology support. This team will be responsible for sharing best practices and market intelligence, which should enhance our success rate for new contract bids.

China will continue to emerge and become our fastest-growing geography. With a comprehensive logistics and distribution network the Group has become one of the largest wholly-owned non-local third party distributor of consumer products in China. We will leverage our leadership position and proactively promote our China solution to potential customers in other parts of the region.

We will continue to identify, evaluate and scrutinize various potential acquisition targets. We have also been weighing up our options on geographical expansion. These important initiatives are going to help us "fill in the mosaic", and in the process complement our organic growth.

Liquidity and Financial Resources

As at 31 December 2005, the Group is in a strong financial position no net borrowings and with a net cash position amounting to US$6.8 million. Hence, no gearing ratio is presented. In addition, the Group has available bank loans and overdraft facilities of US$180 million of which only US$50.7 million have been utilized.

Charges on Group Assets

As at 31 December 2005, there were no charges on the Group's assets.

Foreign Exchange Risk Management

The Group operates regionally in nine economies in Asia and is thus exposed to foreign exchange risk. 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

As at 31 December 2005, the Group has the following outstanding bank guarantees issued by banks in the ordinary course of business:

	2005	2004
	US$'000	*US$'000*
As security in favour of local tax and customs authorities in accordance with local regulations	**9,032**	9,201
For purchase of goods in favour of suppliers	**9,145**	7,756
Performance bonds and others	**566**	155
For rental payment in favour of the landlords	**4,665**	3,456
	23,408	20,568

Human Resources

As at 31 December 2005, the Group employed 5,000 (vs. 4,400 in 2004) permanent employees and 4, 000 (vs. 2,900 in 2004) contract/temporary employees. They were located throughout our operations in the nine economies in Asia, namely Hong Kong, Taiwan, Thailand, Malaysia, Singapore, the Philippines, Indonesia, the Chinese Mainland and Brunei. Total staff costs on 31 December 2005 amounted to US$90.3 million (vs. US$74.4million in 2004).

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 HK14 cents (2004: Nil) per share for the year ended 31 December 2005 absorbing HK$43,260,000 (2004: Nil) on 309,000, 000 shares issued as at 20 April 2006. An interim dividend of HK6 cents (2004: N/A) per share was paid by the Company on 23 September 2005.

Closure of Register of Members

The Register of Members will be closed from 19 May 2006 to 25 May 2006, 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 18 May 2006. Dividend warrants will be despatched immediately after the holding of the Annual General Meeting on 25 May 2006 subject to shareholders' approval of payment of the final dividend.

Annual General Meeting

The Annual General Meeting of the Company will be held at Chater Room I-II, B1 Function Room Level, The Ritz-Carlton, 3 Connaught Road, Central, Hong Kong on Thursday, 25 May 2006 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 2005 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 28 April 2006.

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 (the "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 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 2005 Annual Report.

Audit Committee

The Audit Committee met three times in 2005 (with an average attendance rate of 92%) to review with senior management and the Company's internal and external auditors, the Group's 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 and annual financial statements for the Board's approval).

The Audit Committee has reviewed the annual results for the year ended 31 December 2005.

Internal Control and Risk Management

The Board recognizes the importance of internal controls to safeguard shareholders' interests and investments and the Company'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 auditors in 2005 and up to the approval date of the Company's 2005 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 authorisation 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. Specific enquiries have been made to all directors to confirm compliance with the Model Code. 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. No incident of non-compliance was noted by the Company in 2005.

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 2005.

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 April 2006

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 HOBBINS, Mr. LAU Butt Farn and Mr. Derrick LEE Meow Chan; 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.