



2006 First Half Results

marketing

logistics

manufacturing

16 August 2006



Our eyes on the ball. All the time.

Our whole organization, our processes, the technology we use, the skills and expertise of our people, are all geared towards one single-minded objective: Our Customers' Business. We embrace it, we nurture it and we care for it, and ultimately we deliver value every single step of the way. Relentlessly. Our uniquely integrated approach to bringing products to market integrates our Core Businesses of Marketing, Logistics and Manufacturing into one seamless end-to-end Value Chain. Which means we never take our eyes off the ball. Ever.

Focus on our Customers

Focus on our Costs





1st Half 2006 Financial Highlights

- 1H 06 Net Profit registered double-digit increase of 15.8% from US\$7.38 million to US\$8.54 million.
- 1H 06 Revenue growth was strong, increasing by 26.2% to US\$467 million driven mainly by strong growth from China and full-year impact of Philippines Marketing start-up.
- Revenue from China represented 15.5% of Group total in 1st Half 2006, up from 11.8% in 2005. 1H 06 China OP increased 139% from US\$1.32m to US\$3.16m whilst OP margin grew from 3.0% to 4.3%
- 1H 06 Logistics OP increase 15.4% from US\$5.09m to US\$5.88m with OP margin increase from 8.4% to 9.0%
- Strong rebound of Manufacturing with 1H 06 OP increase of 68% to US\$2.15m



1st Half 2006 Financial Highlights

- Focus on M&A has yielded two potential Logistics acquisitions in 2H 06:
 - ❖ S&P signed on 3 August to acquire Malaysian 3PL Logistics service provider
 - ❖ MOU signed today to acquire Impac Logistics, a US-based garment Logistics service provider
- Strong Cash Flow from Operations at US\$16.50 million inflow vs. 1H 2005 at US\$1.58 million outflow
- Solid balance sheet with US\$56.76 million of gross cash (net cash of US\$10.71m) to fund future growth and acquisitions
- IDS Board of Directors has approved a dividend payout of HK7 cents per share vs. HK6 cents for 1H 05, a 16.8% increase



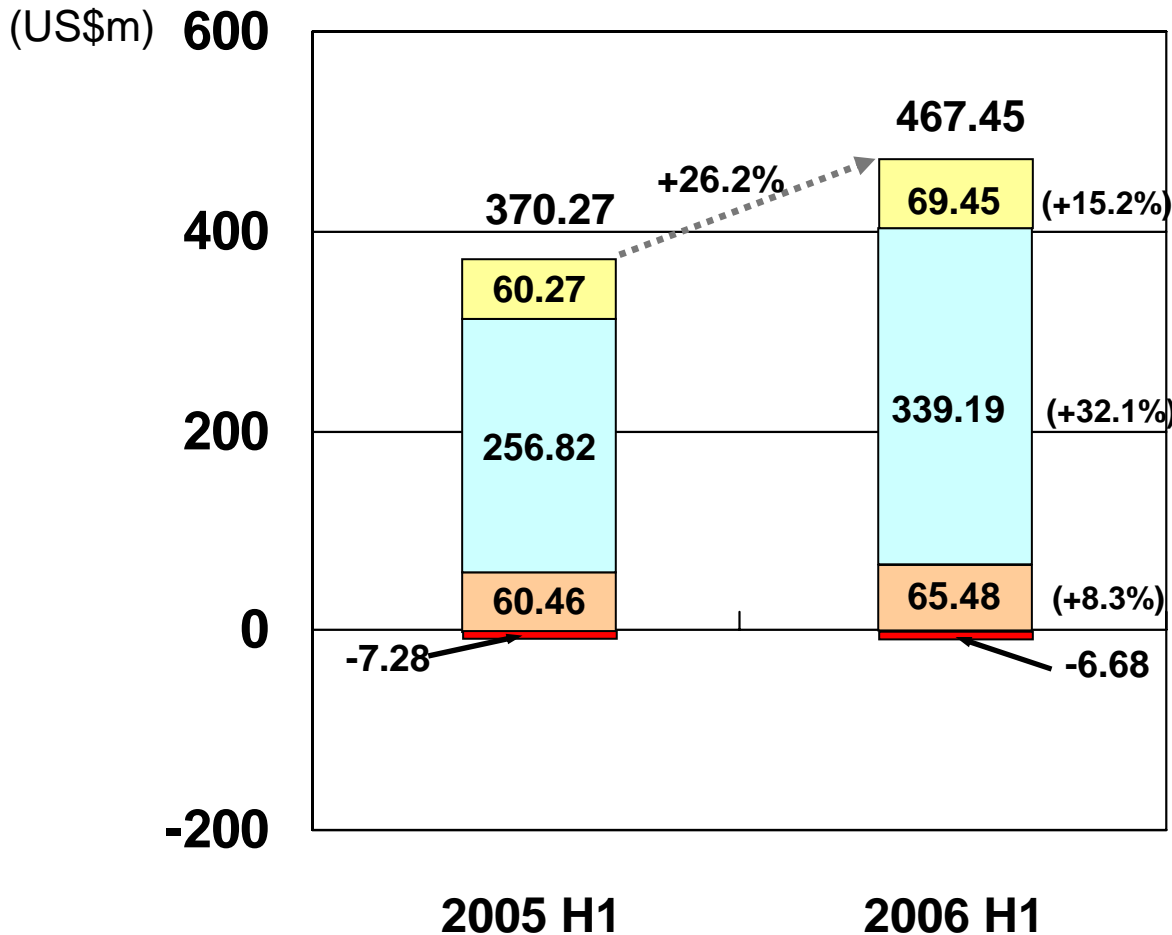
1st Half 2006 Results

(US\$ million)

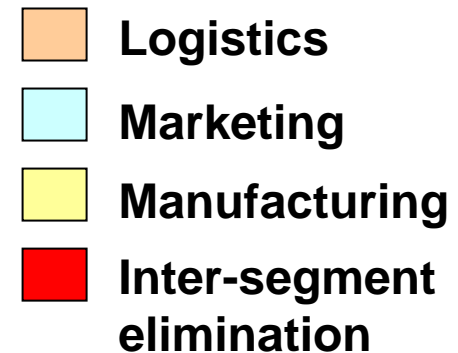
	<u>2006</u>	<u>2005</u>	<u>Change (%)</u>
Revenue	467.45	370.27	26.2%



1st Half 2006 Revenue Segment Results



- Logistics continued to show steady top line growth
- Marketing growth driven by continued expansion in China and full six months' impact of Philippines
- Manufacturing registered rebound in Malaysia & Thailand after a soft 2005





1st Half 2006 Results

(US\$ million)

Six months ended 30 June

	<u>2006</u>	<u>2005</u>	<u>Change (%)</u>
Revenue	467.45	370.27	26.2%
Gross Profit	114.58	102.35	11.9%
OP before Corporate	13.92	12.01	15.9%
<i>Corporate expense</i>	<u>(5.34)</u>	<u>(4.06)</u>	
Core Operating Profit	8.58	7.95	8.0%



1st Half 2006 Results

(US\$ million)

Six months ended 30 June

	<u>2006</u>	<u>2005</u>	<u>Change (%)</u>
Revenue	467.45	370.27	26.2%
Gross Profit	114.58	102.35	11.9%
OP before Corporate	13.92	12.01	15.9%
<i>Corporate expense</i>	<i>(5.34)</i>	<i>(4.06)</i>	
Core Operating Profit	8.58	7.95	8.0%
<i>Other gains</i>	-	<i>0.97</i>	
<i>Finance cost</i>	<i>(0.52)</i>	<i>(0.35)</i>	
<i>Taxation</i>	<i>1.02</i>	<i>(0.63)</i>	
<i>Minority interests</i>	<i>(0.54)</i>	<i>(0.56)</i>	
Net Profit	8.54	7.38	15.8%
Interim dividend	HK7cents	HK6cents	16.8%



M&A Update – Sitt Tatt Logistics

- Acquisition of 3rd Party Logistics provider including two high quality DCs in Kuala Lumpur and Penang totaling 550,000sq ft
- Total Consideration approximately US\$25.75 million
 - ❖ Approximately US\$4.52 million for Sitt Tatt representing NAV of US\$3.16 million and goodwill of US\$1.36 million
 - ❖ Approximately US\$21.23 million for the two distribution centers
- Financed by internal cash reserves and bank borrowings
- Completion for share capital of Sitt Tatt by 30 Sept 2006, and for distribution centers by 31 Dec 2006
- Sitt Tatt 2005 net profit after tax was approximately US\$0.56 million. This excludes rental income and associated costs relating to the two distribution centers



M&A Update – Sitt Tatt Logistics

- Enable IDS to take leadership position in 3rd Party Logistics especially in the FMCG segment in Malaysia. This will also double the size of our logistics operations and achieve critical mass to enhance profitability
- Strong management and operations team will continue on with IDS. Operating leverage through consolidating the back room and support functions
- Solid and diverse customer base primarily focusing on fast moving consumer goods and electronics products, such as Unilever, Solectron, B Braun
- Augment existing customer portfolio in Malaysia – Carrefour, L'Oreal, Watsons, Fonterra, Fuji Film etc and facilitates entry into electronics logistics segment with strong operations in Penang



M&A Update – Impac Logistics Services

- MOU signed to acquire Impac Logistics, a US-based 3PL garment logistics company
- Consideration of US\$35m, subject to due diligence by IDS of:
 - ❖ Average FY2004 & FY2005 EBITDA of approximately US\$5.5 million
 - ❖ Minimum NAV of US\$10 million
- Additional earn-out of up to US\$7.5 million subject to meeting EBITDA targets in 2006, 2007 & 2008
- Extensive operations in New Jersey , Los Angeles and Miami with 11 DC's totaling 1.4 million sq ft
- Enjoys strong reputation and a premier Garment-on-Hanger service provider
- Other services include specialized pick & pack and “Woopps” – a garment repair and retail service company



M&A Update – Impac Logistics Services

- Provides IDS Strategic and strong Logistics entry in the US
- Supports our expansion of Export Logistics (mainly China) business by establishing last mile presence in the US, a key requirement of the customers
- Gives IDS new opportunity in the apparel logistics sector and enable us to go after potential business from the customer base of Li & Fung Limited
- Positions IDS to develop end-to-end Supply Chain solutions to existing and new customer base
- Both entrepreneurial founders, management team and its staff (totaling 1,000 employees) will continue on with IDS to further drive logistics growth after acquisition



2006 Full Year Outlook

- Strong focus on customer and establishment of senior-level Regional Business Development (RBD) team has yielded account wins. 37 new contracts won in 1H 06, including P&G in Logistics Taiwan, Diageo in Singapore for Regional Hubbing and Henkel in Manufacturing Indonesia
- Annual Gross Profit (Service fee) from these contracts is estimated to be about 140% and 15% more than 2H 05 and 1H 05 respectively



2006 Full Year Outlook

- Full implementation and investment in Country Resource Teams (CRT – Finance, IT & HR) provides leverage for scalable organic and M&A growth
- “Making the difference with People” - strategic HR initiatives currently undertaken to strengthen our talent pool. Key programs underway are:
 - ❖ Core Management Program
 - ❖ Accelerated Professional Program
 - ❖ Hi-Po Development Program
 - ❖ Specialized Technical and BU-specific Programs
- FY 06 Operating Profit before Corporate expected to grow strongly. Corporate investments in CRT and HR programs will however mean a lower Core Operating Profit but will prepare IDS for a solid 2007



Strategic Plan 2005 – 2007

IDS is on track to deliver 3-Year Plan growth with Aggressive Organic Expansion and Selective M&A

Aggressive Organic Expansion

- **Regional Business Development**
- **Riding on outsourcing trend & brand proliferation**
- **New service offerings**
 - **Export Logistics**
 - **Regional Hubbing**
 - **Credit & Cash Management**
- **Rapid expansion in China**

Selective M & A

- **Small and medium size M&A opportunities**
- **Fill in the mosaic for critical mass**
- **New market entry in ASEAN**
- **Global presence in Logistics and strategic entry into Garment Logistics**



At IDS, we
never lose sight of
Our Customers' Business.
The ball is always
in our court.

