INTEGRATED DISTRIBUTION SERVICES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 2387)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

HIGHLIGHTS

	Six months ended 30 June		
	2007	2006	Change
	US$ million	*US$ million*	*%*
Revenue	**583.15**	467.45	24.8%
Core operating profit	**10.68**	8.58	24.4%
Operating profit	**22.86**	8.58	166.3%
Profit attributable to shareholders	**16.49**	8.54	93.1%
Earnings per share	**US5.32 cents**	US2.76 cents	92.8%
Earnings per share (equivalent to)	**HK41.57 cents**	HK21.40 cents	
Interim dividend per share	**HK12.00 cents**	HK7.00 cents	71.4%

- As a result of business growth and gains recorded from the second tranche divestment of Slumberland Asia Pacific shares, profit attributable to shareholders in the first half of 2007 registered solid increase of 93.1% against same period in 2006.
- Acquisitions of two Fast Moving Consumer Goods (FMCG) distribution companies in East Malaysia announced in April were completed in May and July. Another acquisition was announced in August of an apparel and footwear logistics company in the UK to establish our foothold in Europe.
- Achieved commendable results in business development with over 50 new contracts secured in the first half of 2007, far exceeding the run rate experienced in the past few years.
- Efforts are underway to upgrade the efficiency and IT platform of the newly acquired logistics operations in the US. Investments made in this year are expected to position the US operations for strong growth in 2008 and onwards.
- Commenced planning process for the next Three-Year Strategic Plan 2008-2010 to determine the direction and key transformational goals for the future development of the Group.

The board of directors (the "Board") of Integrated Distribution Services Group Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 together with the comparative figures for the corresponding period as follows:

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited 30 June 2007** ***US$'000***	Audited 31 December 2006 *US$'000*
ASSETS			
Non-current assets			
Intangible assets		**38,512**	39,496
Property, plant and equipment		**68,917**	68,914
Lease premium for land		**2,963**	1,684
Associated companies		**6,043**	-
Other non-current assets		**7,970**	7,774
Pension assets		**899**	849
Deferred tax assets		**7,842**	9,818
		133,146	128,535
Current assets			
Inventories		**133,388**	116,182
Trade and other receivables	*4*	**223,365**	210,172
Taxation recoverable		**579**	652
Time deposits		**27,334**	46,432
Bank balances and cash		**42,542**	38,161
		427,208	411,599
Total assets		**560,354**	540,134
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**31,190**	30,900
Reserves	*2*	**90,879**	78,248
		122,069	109,148
Minority interests		**6,020**	7,085
Total equity		**128,089**	116,233
LIABILITIES			
Non-current liabilities			
Unsecured bank loan		**52,249**	51,242
Obligations under finance leases		**-**	15
Deficit on pension schemes		**1,668**	1,544
Post-employment benefit liabilities		**2,963**	2,942
Other non-current payables		**12,506**	16,408
Deferred tax liabilities		**2,412**	1,793
		71,798	73,944
Current liabilities			
Trade and other payables	*5*	**311,023**	297,075
Bank loans and other borrowings		**44,330**	47,245
Taxation payable		**5,114**	5,637
		360,467	349,957
Total liabilities		**432,265**	423,901
Total equity and liabilities		**560,354**	540,134
Net current assets		**66,741**	61,642
Total assets less current liabilities		**199,887**	190,177

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30 June	
		2007	2006
	Notes	***US$'000***	*US$'000*
Revenue	*3*	**583,149**	467,450
Cost of sales		**(418,464)**	(352,867)
Gross profit		**164,685**	114,583
Marketing and logistics expenses		**(131,399)**	(89,174)
Administrative expenses		**(22,605)**	(16,825)
Core operating profit	*3*	**10,681**	8,584
Other gains	*6*	**12,178**	-
Operating profit	*7*	**22,859**	8,584
Finance costs, net	*8*	**(1,819)**	(516)
Share of profits less losses of associated companies		**85**	-
Profit before taxation		**21,125**	8,068
Taxation	*9*	**(3,787)**	1,010
Profit for the period		**17,338**	9,078
Profit attributable to:			
Shareholders of the Company		**16,486**	8,537
Minority interests		**852**	541
		17,338	9,078
Interim dividend	*10*	**4,801**	2,782
Earnings per share for profit attributable to the shareholders of the Company during the period	*11*		
Basic		**US5.32 cents**	US2.76 cents
Diluted		**US5.12 cents**	US2.69 cents

Notes:

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34: Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This unaudited condensed consolidated financial information should be read in conjunction with the 2006 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information is consistent with those used in the annual financial statements for the year ended 31 December 2006.

This interim financial information has been prepared in accordance with those HKAS and Hong Kong Financial Reporting Standards ("HKFRS") and interpretations issued and effective as at the time of preparing this interim financial information.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007. Management has considered and concluded that there is either no significant financial impact or relevance to the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007. Management is currently assessing the impact on the Group's operations.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

2. **Reserves**

	Unaudited					
	Share premium *US$'000*	**Employee share-based compensation reserve** *US$'000*	**Merger reserve** *US$'000*	**Exchange reserve** *US$'000*	**Retained earnings** *US$'000*	**Total** *US$'000*
At 1 January 2006	21,019	537	16,450	1,242	17,116	56,364
Exchange differences	-	-	-	3,067	-	3,067
Profit for the period	-	-	-	-	8,537	8,537
2005 final dividend paid	-	-	-	-	(5,575)	(5,575)
Employee share option benefits	-	475	-	-	-	475
At 30 June 2006	21,019	1,012	16,450	4,309	20,078	62,868
Exchange differences	-	-	-	3,237	-	3,237
Actuarial losses from post employment benefits recognized in reserve:						
- gross	-	-	-	-	(268)	(268)
- tax	-	-	-	-	37	37
Profit for the period	-	-	-	-	14,651	14,651
2006 interim dividend paid	-	-	-	-	(2,782)	(2,782)
Employee share option benefits	-	505	-	-	-	505
At 31 December 2006	21,019	1,517	16,450	7,546	31,716	78,248
Exchange differences	-	-	-	5,058	-	5,058
Profit for the period	-	-	-	-	16,486	16,486
2006 final dividend paid	-	-	-	-	(11,141)	(11,141)
Employee share option benefits						
- cost of employee services	-	726	-	-	-	726
- proceeds from shares issued	1,502	-	-	-	-	1,502
- transfer to share premium	291	(291)	-	-	-	-
Disposal of a subsidiary	-	-	167	(793)	626	-
At 30 June 2007	22,812	1,952	16,617	11,811	37,687	90,879

3. **Revenue and segment information**

The Group is principally engaged in the provision of logistics services, the marketing and distribution of consumer and healthcare products and manufacturing.

	Unaudited Six months ended 30 June	
	2007 *US$'000*	2006 *US$'000*
Sales of goods	**467,567**	402,842
Rendering of services	**115,582**	64,608
	583,149	467,450

Primary reporting format – business segments

An analysis of the Group's segment revenue and contribution to operating profit for the period by business segment is as follows:

	Unaudited					
	Logistics *US$'000*	**Marketing** *US$'000*	**Manufacturing** *US$'000*	**Corporate** *US$'000*	**Inter-segment elimination** *US$'000*	**Group total** *US$'000*
Six months ended 30 June 2007						
Sales of goods	-	413,360	54,363	-	(156)	467,567
Rendering of services	107,785	4,464	9,919	-	(6,586)	115,582
Revenue	107,785	417,824	64,282	-	(6,742)	583,149
Gross profit	103,635	63,262	3,376	-	(5,588)	164,685
Marketing, logistics and administrative expenses	(96,479)	(55,099)	(1,660)	(6,354)	5,588	(154,004)
Core operating profit	7,156	8,163	1,716	(6,354)	-	10,681
Other gains	-	-	-	12,178		12,178
Segment results	7,156	8,163	1,716	5,824		22,859
Finance costs, net						(1,819)
Share of profits less losses of associated companies						85
Profit before taxation						21,125
Taxation						(3,787)
Profit for the period						17,338
Depreciation and amortization	2,989	1,352	1,377	973		6,691
Capital expenditure	3,034	880	2,479	319		6,712
Capital expenditure arising from acquisition of a subsidiary	-	4,330	-	-		4,330

	Unaudited					
	Logistics *US$'000*	Marketing *US$'000*	Manufacturing *US$'000*	Corporate *US$'000*	Inter-segment elimination *US$'000*	Group total *US$'000*
Six months ended 30 June 2006						
Sales of goods	-	335,546	67,405	-	(109)	402,842
Rendering of services	65,484	3,645	2,047	-	(6,568)	64,608
Revenue	65,484	339,191	69,452	-	(6,677)	467,450
Gross profit	60,519	56,197	3,460	-	(5,593)	114,583
Marketing, logistics and administrative expenses	(54,639)	(50,301)	(1,315)	(5,337)	5,593	(105,999)
Core operating profit	5,880	5,896	2,145	(5,337)	-	8,584
Other gains	-	-	-	-		-
Segment results	5,880	5,896	2,145	(5,337)		8,584
Finance costs, net						(516)
Share of profits less losses of associated companies						-
Profit before taxation						8,068
Taxation						1,010
Profit for the period						9,078
Depreciation and amortization	1,955	1,207	691	598		4,451
Capital expenditure	1,132	844	803	127		2,906

An analysis of the Group's segment assets and liabilities at period/year end is as follows:

	Unaudited				
30 June 2007	**Logistics** *US$'000*	**Marketing** *US$'000*	**Manufacturing** *US$'000*	**Corporate** *US$'000*	**Group total** *US$'000*
Segment assets	123,079	298,713	52,676	79,843	554,311
Associated companies	-	6,043	-	-	6,043
Total assets	123,079	304,756	52,676	79,843	560,354
Total liabilities	113,372	233,704	31,667	53,522	432,265

	Audited				
31 December 2006	Logistics *US$'000*	Marketing *US$'000*	Manufacturing *US$'000*	Corporate *US$'000*	Group total *US$'000*
Total assets	137,556	273,336	43,762	85,480	540,134
Total liabilities	129,061	214,241	26,781	53,818	423,901

Secondary reporting format – geographical segments

	Unaudited Revenue Six months ended 30 June		**Unaudited Capital expenditure Six months ended 30 June**	
	2007	2006	**2007**	2006
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**109,835**	106,961	**535**	351
PRC	**107,499**	72,819	**863**	683
Taiwan	**13,243**	9,300	**370**	77
Thailand	**78,964**	67,041	**1,239**	750
Malaysia	**69,182**	65,512	**5,776**	379
Singapore	**38,848**	32,214	**295**	135
the Philippines	**123,926**	96,055	**216**	294
Indonesia	**5,012**	3,990	**380**	140
Brunei	**16,432**	15,618	**7**	97
the US	**23,008**	-	**1,361**	-
	585,949	469,510	**11,042**	2,906
Less: Inter-segment elimination	**(2,800)**	(2,060)	**-**	-
Total	**583,149**	467,450	**11,042**	2,906

	Segment assets	
	Unaudited	Audited
	30 June 2007	31 December 2006
	US$'000	*US$'000*
Hong Kong	**102,822**	119,341
PRC	**113,787**	95,113
Taiwan	**27,431**	34,631
Thailand	**72,139**	64,120
Malaysia	**102,830**	85,619
Singapore	**26,169**	35,992
the Philippines	**50,258**	35,762
Indonesia	**6,074**	8,755
Brunei	**11,133**	11,369
the US	**41,668**	49,432
	554,311	540,134

4. Trade receivables

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

	Unaudited	Audited
	30 June 2007	31 December 2006
	US$'000	*US$'000*
Less than 90 days	**152,149**	153,367
91-180 days	**9,333**	8,715
181-360 days	**2,712**	1,513
Over 360 days	**1,054**	759
	165,248	164,354

The Group normally grants 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 payables was as follows:

	Unaudited	Audited
	30 June 2007	31 December 2006
	US$'000	*US$'000*
Less than 90 days	**204,443**	178,037
91-180 days	**32,979**	30,569
181-360 days	**1,211**	1,758
Over 360 days	**647**	1,415
	239,280	211,779

6. Other gains

	Unaudited Six months ended 30 June	
	2007	2006
	US$'000	*US$'000*
Gain on disposal of a subsidiary	**11,286**	-
Gain on acquisition of additional interest in a subsidiary	**892**	-
	12,178	-

7. Operating profit

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

	Unaudited Six months ended 30 June	
	2007	2006
	US$'000	*US$'000*
Depreciation of		
Owned property, plant and equipment	**5,632**	3,798
Leased property, plant and equipment	**27**	37
Amortization of intangible assets	**996**	609
Amortization of prepaid operating lease payment	**36**	7
Provision for impairment losses on trade receivables	**144**	82
(Reversal of provision)/Provision for obsolete inventories	**(249)**	781
Gain on disposal of plant and equipment	**(24)**	(11)
Costs of inventories sold	**413,638**	345,974
Exchange gain	**(313)**	(58)

8. Finance costs, net

	Unaudited Six months ended 30 June	
	2007	2006
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**2,359**	1,702
Interest expense on finance leases	**7**	4
Imputed interest on non-current payables *(note)*	**575**	-
	2,941	1,706
Interest income from bank deposits	**(1,122)**	(1,190)
Finance costs, net	**1,819**	516

Note:

The amount represents imputed interest on non-current position 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 been provided for at the rate of 17.5% on the estimated assessable profits for the period. It has not been provided for the six months ended 2006 as the Group's assessable profits in Hong Kong have been offset against tax losses from prior years. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the condensed consolidated income statement for the period represents:

	Unaudited Six months ended 30 June	
	2007	2006
	US$'000	*US$'000*
Current taxation:		
- Hong Kong profits tax	**39**	-
- overseas taxation	**2,200**	2,683
Deferred taxation	**1,548**	(3,693)
Taxation charge/(credit)	**3,787**	(1,010)

10. Interim dividend

	Unaudited Six months ended 30 June	
	2007	2006
	US$'000	*US$'000*
Interim dividend – proposed after balance sheet date of HK12.00 cents (equivalent to US1.54 cents) (2006: HK7.00 cents (equivalent to US0.90 cent)) per share *(note)*	**4,801**	2,782

Note:

At a meeting held on 15 August 2007 the directors declared an interim dividend of HK12.00 cents (equivalent to US1.54 cents) per share. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of reserve 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$16,486,000 (2006: US$8,537,000). The basic earnings per share is based on the weighted average number of 310,162,000 (2006: 309,000,000) shares in issue during the period.

The diluted earnings per share is based on the weighted average number of 310,162,000 (2006: 309,000,000) shares in issue during the period plus the weighted average number of 12,010,000 (2006: 7,982,000) shares deemed to have been issued at no consideration if all outstanding options had been exercised.

BUSINESS REVIEW

Overview

The Group continued to deliver solid growth through the two-pronged strategy of strong organic growth and strategic mergers and acquisitions in the first half of 2007. The Group registered a 24.4% growth in core operating profit in the first six months of 2007 compared to the same period in 2006. After including the one-off gains from the divestment of the second tranche of 17.5% shares in Slumberland Asia Pacific, profit attributable to shareholders registered a solid growth of 93.1% to US$16.49 million in 2007.

In April 2007, the Group announced the acquisition of a 67.09% interest in Sebor (Sarawak) Sdn Bhd and a 40% interest in Sebor (Sabah) Sdn Bhd. Both companies are well-established distributors in East Malaysia with over 30 years experience in the FMCG segment and are leaders in their respective geographic markets with an extensive distribution network. The acquisitions were completed subsequently in May and July 2007 respectively and will further strengthen our overall operations in Malaysia and augment our existing business in Brunei.

Subsequent to the period under review, the Group announced the acquisition of an apparel and footwear logistics company in the United Kingdom. This is an important strategic move to expand our logistics presence globally and make our first entry into Europe.

Operations Review

During the first six months of 2007, both Logistics and Marketing recorded strong double-digit growth in operating profit, while Manufacturing showed a decline against the same period of last year. The Group has achieved commendable results in business development with over 50 new contracts signed, far exceeding the run rate experienced in the past few years.

Logistics registered a 21.7% growth in Operating Profit to US$7.16 million against the first half of 2006. China continued to deliver a strong performance, while the Malaysia operations were substantially enhanced after the acquisition of a domestic logistics company in October 2006.

Substantial efforts are underway to improve the efficiency and upgrade the IT platform of the US logistics operations, which were acquired in 2006. The back-end supporting functions were strengthened in the first quarter of 2007 with a new management team to oversee the finance, IT and human resources functions. A project was launched in May to implement the group-wide Enterprise Resources Planning (ERP) system and Warehouse Management System (WMS), and to review the processes and procedures to upgrade operational efficiency and service levels. By the time the project is completed towards the end of the year, the US operations will be positioned for strong growth from 2008 onwards.

The Group's logistics service continued to make significant progress in business development. 25 new contracts were signed during the first half of 2007, including major contracts with Johnson & Johnson in the Philippines and Diageo in Thailand that will contribute to strong organic growth in 2008.

Marketing delivered exceptional results during the first half of 2007. Operating profit during the period grew by 38.4% to US$8.16 million, with across-the-board improvement compared to last year. China continued to grow from strength to strength amidst buoyant consumer sentiment. The Philippine operations were expected to break even by the end of 2007. The rationalization program of terminating unprofitable accounts in Thailand, Malaysia, Indonesia and Singapore during 2005 and 2006 has successfully improved performance of these units. As a result, the Marketing operating margin improved from 1.7% in the first half of 2006 to 2.0% this year.

The progressive divestment of our interests in Slumberland Asia Pacific that began in 2006 has resulted in the increased involvement of our partner, Hilding Anders. With their technology know-how and marketing expertise, Hilding Anders assisted in improving productivity of the plants and negotiating for more favorable raw materials prices. After completing the second tranche divestment of Slumberland Asia Pacific shares in June 2007, the Group also transferred the management control of the company to Hilding Anders. As a consequence, Slumberland Asia Pacific became an associated company of the Group from 8 June 2007 onwards and ceased to be consolidated in the Group's accounts.

The Manufacturing business started off slowly in 2007 with revenue and operating profit declining by 7.4% and 20.0% respectively. The political instability in Thailand affected the order volume in the first half of the year. The Malaysia operations also suffered from reduced customer orders. However, some signs of improvement were seen in the second quarter and the Malaysia plant successfully secured a number of new contracts from beverage companies.

Following the commencement of production for Henkel, the plant in Indonesia has shown instant improvement in profitability and operational standards. The plant has commenced the implementation of MFG/Pro, the Group's standard material resource planning software, to further automate processes. In June 2007, IDS won an extension of the manufacturing contract with Johnson & Johnson to expand the export coverage of the Group's Listerine plant in Thailand from the existing countries to the entire Asia Pacific. This is a significant breakthrough as the production volume will increase substantially during the next 18–24 months. A plant extension project is now underway to cater for the increase in volume.

Financial Overview

	Six months ended 30 June		
	2007	2006	Change
	US$ million	*US$ million*	*%*
Revenue	**583.1**	467.5	24.8%
Core operating profit	**10.7**	8.6	24.4%
Operating profit	**22.9**	8.6	166.3%
Profit attributable to shareholders	**16.5**	8.5	93.1%

Revenue

The group reported revenue of US$583.1 million for the six months ended 30 June 2007, an increase of 24.8% compared with the same period last year. The strong growth in revenue was driven by the 64.6% increase in Logistics, benefiting from the U.S. and Malaysia acquisitions. Marketing business grew 23.2%, reflecting continued strong performances from China and the Philippines. Manufacturing recorded 7.4% decline in revenue.

Gross profit

Gross profit increased to US$164.7 million from US$114.6 million for the six months ended 30 June 2007. Gross profit margin rose from 24.5% in first half of 2006 to 28.2% in first half of 2007 mainly due to favourable revenue mix reflecting the significant increase in Logistics revenue.

Expenses

The combined marketing and logistics expenses increased by 47.4% for the six months ended 30 June 2007 to US$131.4 million. The increase was mainly attributed to the acquisition of logistics business in Malaysia and the U.S.. The increase in marketing expenses reflected the growth of our Marketing business.

Administrative expenses for the six months ended 30 June 2007 increased by 34.4% to US$22.6 million.

Core operating profit

Taking the above into account, core operating profit grew by 24.4% to US$10.7 million for the six months ended 30 June 2007.

Operating profit

Operating profit for the six months ended 30 June 2007 surged to US$22.9 million, 166.3% increase over same period last year, which included a US$11.3 million gain on the divestment of 17.5% equity interest in Slumberland Asia Pacific.

Net profit

Net finance costs for the six months ended 30 June 2007 increased by US$1.3 million to US$1.8 million, reflecting the finance cost for the new acquisitions. Taxation for the first six months amounted to US$3.8 million, an effective tax rate of 17.9%, compared to a net tax credit of US$1.0 million for the same period last year which included the recognition of US$3.4 million one-off deferred tax credit.

Taking account into the above, profit attributable to shareholders grew 93.1% to US$16.5 million for the six months ended 30 June 2007.

Segmental analysis

Logistics
The Group's Logistics business continued to grow in 2007. Revenue and segment results increased by 64.6% and 21.7% to US$107.8 million and US$7.2 million respectively, driven by new contracts won, improved operating leverage and the U.S. and Malaysia new businesses acquired during the fourth quarter of 2006.

Marketing
As a result of the expanded distribution network in China and the strong revenue growth in the Philippines, revenue increased by 23.2% to US$417.8 million. Core operating profit of the Marketing segment increased by 38.4% to US$8.2 million for the six months ended 30 June 2007.

Manufacturing
Revenue and segment results dropped by 7.4% and 20.0% to US$64.3 million and US$1.7 million respectively for the six months ended 30 June 2007 mainly due to soft consumer demand and lower order volume.

Geographical analysis

Total revenue grew 24.8% mainly attributable to the strong growth from China and the Philippines, registering 47.6% and 29.0% growth respectively. Double-digit revenue growth was also registered in Taiwan, Thailand, Singapore and Indonesia.

Liquidity and financial resources

As at 30 June 2007, the Group had a gearing ratio of 20.8%. Additional loans were raised mainly for acquisitions. The Group has available bank loans and overdraft facilities of US$250.0 million of which US$96.5 million have been utilized.

Charges on group assets

As at 30 June 2007, there were no charges on the Group's assets.

Subsequent events

On 31 July 2007, the Group completed the sale and purchase agreement to acquire 40% equity interest of Sebor (Sabah) Sdn Bhd, a distribution company in Malaysia, for an aggregate cash consideration of approximately US$1.3 million. Details of the acquisition are set out in the announcement of the Company dated 16 April 2007.

On 15 August 2007, the Group entered into a sale and purchase agreement to acquire the entire issued share capital of PB Logistics Limited, a logistics company in the United Kingdom, for an aggregate cash consideration of approximately US$23.2 million. Details of the acquisition are set out in separate announcement of the Company published on the same date.

FUTURE PROSPECTS

The Group remains encouraged about the overall economy in the regions of Greater China and ASEAN countries despite some short-term challenges in certain markets. We believe the trend of outsourcing will continue in Asia, thus leading to stronger demand for services rendered by IDS. This, coupled with the recent acquisitions, sees the Group confident it will close the current Three-Year Strategic Plan 2005-2007 strongly, and build a robust foundation for even stronger growth in the next Strategic Plan period for 2008-2010.

The investments made in this year to upgrade the Group's US logistics operations will be crucial to the development of export logistics. Through connecting the US operations with the Group's extensive infrastructure in Asia, IDS will be well positioned to administer global logistics programs and control the end-to-end supply chain to optimize the flows of inventories, information, service and capital for customers.

The Leadership, Management and Talent (LMT) Development Program launched in 2006 will continue to be a key imperative for the Group to ensure sufficient in-bred talent pool for our next Three-Year Strategic Plan 2008-2010. The first regional IDS Internship and Management Trainee Program (MTP) was launched in June 2007, with the first batch of over 100 international recruited management trainees commenced their two-year training program.

The Group initiated the preparation of the next Three-Year Strategic Plan 2008-2010 in March 2007. The Plan will determine the direction and key transformational goals for the future development of IDS and will be finalized before the end of the year.

INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of HK12.00 cents (equivalent to US1.54 cents) (2006: HK7.00 cents (equivalent to US0.90 cent)) in cash per share for the six months ended 30 June 2007, which will be payable to shareholders whose names appear on the Register of Members of the Company on 7 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 4 September 2007 to 7 September 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Abacus Limited (formerly known as Abacus Share Registrars Limited) at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 3 September 2007. Dividend warrants will be despatched to shareholders on or about 21 September 2007.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at *www.hkex.com.hk* under the section "Latest Listed Company Information" and on the website of the Company at *www.idsgroup.com* under the section "Investor Information". The Interim Report will be despatched to shareholders of the Company and will be available on the websites of HKEx and the Company in due course.

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 an appropriate oversight by Independent Non-executive Directors.

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 written 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 HKEx ("Listing Rules").

Corporate Governance practices adopted by the Company during the six-month period to 30 June 2007 are in line with those practices set out in the Company's 2006 Annual Report.

AUDIT COMMITTEE

The Audit Committee met twice to date in 2007 (with an average attendance rate of 87.5%) 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 accounting principles and practices adopted by the Group, Listing Rules and statutory compliance, internal controls, risk management and financial reporting matters (including the interim financial information for the six-month period to 30 June 2007 for the Board's approval).

The Audit Committee had reviewed the interim results for the six-month period to 30 June 2007.

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 and the Group's Internal Audit team during the six-month period to 30 June 2007, the Audit Committee is satisfied that the internal controls and accounting systems of the Group are 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 information 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. The Company noted no incident of non-compliance during the six-month period to 30 June 2007.

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 on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the six-month period to 30 June 2007.

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

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

By Order of the Board
Victor FUNG Kwok King
Chairman

Hong Kong, 15 August 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 HOBBINS, Mr. LAU Butt Farn and Mr. William Winship FLANZ; and the independent non-executive directors of the Company are Mr. John Estmond STRICKLAND, Dr. FU Yu Ning and Prof. LEE Hau Leung.