Interim Report 2007

BALtrans Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 562)

The Board of Directors of BALtrans Holdings Limited (the "Board") are pleased to present the Group's Interim Report and unaudited condensed consolidated interim financial statements for the six months ended 31 January 2007 of the Group (including the Company and its subsidiaries). The condensed consolidated interim income statement, condensed consolidated interim cash flow statement and condensed consolidated interim statement of changes in equity of the Group for the six months ended 31 January 2007, and the condensed consolidated interim balance sheet of the Group as at 31 January 2007, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 17 to 48 of this report.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK3.7 cents per share (2006 interim dividend: HK3.7 cents per share). The interim dividend will be payable on or before Wednesday, 30 May 2007 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 8 May 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 9 May 2007 to Friday, 11 May 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the above interim dividend, all transfer documents accompanying the relevant share certificates must be lodged with the Company's registrar in Hong Kong, Abacus Share Registrars Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 8 May 2007. Dividend warrants will be dispatched to the shareholders on or before Wednesday, 30 May 2007.

Management Discussion & Analysis

SUMMARY HIGHLIGHTS

- Record revenue driven by EMEA region expansion
- Gross profit up 40% and gross margin improved from 15.5% to 18.2%
- Operational EBITA declined by 2% due to PRC restructuring, transitional impact of shifting business focus from agents to own network and increased investment to strengthen management structure
- Expansion drive into EMEA region to continue

FINANCIAL HIGHLIGHTS

(HK$ million)

	2007 (1st half)	2006 (1st half)	% change
Revenue	**2,433.8**	2,048.1	+19%
Gross profit	**442.6**	316.9	+40%
Operational EBITA*	**61.8**	63.0	-2%
EBITA	**70.2**	84.8	-17%
Amortisation of intangible assets	**(7.8)**	(0.9)	
Net finance (costs)/income	**(4.9)**	0.3	
Income from jointly controlled entities/associates	**0.8**	2.3	
Income tax expenses	**(13.5)**	(10.0)	
Minority interests	**(8.1)**	(5.5)	
Net profit attributable to shareholders	**36.7**	71.0	-48%

* *Operational EBITA excludes one-off exceptional gains of HK$21.8 million relating to gain on disposal of associates and compensation on claims in the same period of last year, and excludes fair value gain on derivative financial instruments and net increase in put option liabilities amounting to HK$8.4 million this period.*

Management Discussion & Analysis *(Continued)*

BUSINESS REVIEW

During the period under review, the Group achieved a record half-year revenue of over HK$ 2.4 billion, approximately 19% higher than the same period of last year, due to the substantial increase in revenue contribution from the Europe, Middle East and Africa ("EMEA") region through green-field set-ups and acquisitions.

Our gross profit increased by 40% to a record of HK$442.6 million, with gross margin improving from 15.5% in the first half of last year to 18.2% this year, due to the increase in new business in the EMEA region, our enhanced buying power with increased business volume, as well as more focus on intra-network co-operation. Our operational EBITA decreased slightly by less than 2% (despite top line increase and gross margin expansion) because the substantial improved performance in our EMEA region was offset by profit declines in Asia Pacific and North America regions due to reasons explained in "Key Factors" section below.

Our net profit was also negatively impacted by non-operational factors such as a HK$7.0 million increase in amortisation of intangible assets due to recent acquisitions, HK$5.2 million increase in net finance costs to finance recent acquisitions and inclusion of finance costs in South Africa, an increase in effective tax rate as we expand further overseas, and an increase in minority interests.

Key Factors

We would like to highlight a few key underlying factors impacting our performance in different markets and business segments.

PRC restructuring

In October 2006, we managed to merge two PRC entities into one. This merger entailed streamlining of our business portfolio, staff redundancies and restructuring costs. As a result, our EBITA in the PRC was down by HK$6.3 million compared to the first half of last year. The restructuring should be completed by the end of this financial year. Whilst this downsizing has short term negative impact on our top line and profitability, we believe that these are key steps in the right direction to enable us to consolidate our service platform in the PRC to be more competitive.

Management Discussion & Analysis *(Continued)*

BUSINESS REVIEW *(Continued)*

Key Factors *(Continued)*

Shift in business focus from agents to network

We continue to build our own network, notably in the EMEA region, to increase the business volume contributed by our own group entities in key consignee markets and reduce our reliance in Asia Pacific region on overseas agents. Unlike sales to overseas agents, such intra-network sales to group entities are eliminated in the Group's financial consolidation, hence the revenue for Asia Pacific and to a lesser extent for North America were reduced as a result of increased weighting of such intra-network sales. Such shift in business focus also means that certain countries had reduced business from agents before network business picked up sufficiently to substitute for those sales, leading to reduced operating profit.

Increased costs in strengthening our management structure

Our operating profit was also affected by the increased costs in strengthening our group and regional management structure. As a result of new key hires, our key management compensation increased by 139% from HK$9.7 million same period last year to HK$23.2 million this year. Such increase was primarily reflected in the Asia Pacific region.

Markets

Revenue in HK$ million

	Asia Pacific	North America	EMEA	Total
2007 (1st half)	**1,304**	**299**	**831**	**2,434**
2006 (1st half)	1,539	329	180	2,048
% change	*-15%*	*-9%*	*+362%*	*+19%*

The Group's operation in the Asia Pacific region was the largest contributor to the Group's overall revenue during the first half representing approximately 54% of the Group's revenue. The Asia Pacific revenue decreased by 15%, attributed mainly to the PRC restructuring, shift of business focus from agents to network and increased proportion of intra-network sales.

Management Discussion & Analysis *(Continued)*

BUSINESS REVIEW *(Continued)*

Markets *(Continued)*

As a result of such factors, in addition to the increased costs of newly strengthened head office and regional management structure, the operating profit in Asia Pacific region decreased by 58% over the same period of last year to approximately HK$20.9 million. Our increased head office costs were reflected in Asia Pacific regional operating profit.

North America contributed 12% of group revenue during the period. The revenue decreased by 9% because of challenging market environment in North America and increased proportion of intra-network sales. The operating profit of HK$7.6 million is 45% lower than same period of last year, mainly due to the increase of overhead costs in Canada in the face of market slowdown. The US had shown resilience in operating performance in an otherwise lackluster market environment.

The EMEA region makes up 34% of the group revenue during the period, up substantially from 9% same period of last year. The revenue increased by 362% with the inclusion of new subsidiaries in Germany, South Africa, Sweden and Dubai as well as revenue growth in the Netherlands and the UK. The EMEA region made an operating profit of HK$25.5 million, a substantial improvement over the small operating loss of HK$1.4 million same period of last year. All EMEA entities are operating profitably with growing volumes which would benefit the rest of the group network going forward.

Overall, the Group is undergoing a significant transition to become a global player with stronger network focus. Our continuing expansion into the new EMEA region will enable us to manage the transition for our Asia Pacific region to move gradually from a partnership/agency model to one with greater focus on intra-network co-operation so that we can provide a seamless BALtrans platform, both at origin and destination, to our customers with improved service and enhance our competitiveness in the longer term.

Management Discussion & Analysis *(Continued)*

BUSINESS REVIEW *(Continued)*

Services

Freight Forwarding

Air freight revenue in HK$ million

	Asia Pacific	North America	EMEA	Total
2007 (1st half)	**755**	**189**	**364**	**1,308**
2006 (1st half)	940	212	70	1,222
% change	*-20%*	*-11%*	*+420%*	*+7%*

Sea freight revenue in HK$ million

	Asia Pacific	North America	EMEA	Total
2007 (1st half)	**386**	**106**	**427**	**919**
2006 (1st half)	460	111	105	676
% change	*-16%*	*-5%*	*+307%*	*+36%*

Air freight revenue increased by 7% to approximately HK$ 1.3 billion, accounting for 54% of the Group's total revenue, whilst sea freight revenue increased by 36% to HK$919.0 million, accounting for 38% of the Group's revenue. Both air freight and sea freight revenue increased driven mainly by the business expansion in the EMEA region. Revenue decreased in Asia Pacific due to the higher proportion of intra-network sales to the growing EMEA region and transitional impact from the shift of business focus from agents to own network.

As a result of the factors explained above and the allocation of increased key management compensation, air freight operating profit decreased by 30% from HK$38.9 million to HK$27.1 million and sea freight operating profit decreased by 8% to HK$17.8 million.

Management Discussion & Analysis *(Continued)*

BUSINESS REVIEW *(Continued)*

Services ***(Continued)***

Exhibition Forwarding and Household Removal

The revenue from exhibition forwarding and household removal increased 58% to HK$92.7 million. This is mainly due to the timing of key exhibition events of our current client base and new business. As a result, the operating profit increased from HK$1.4 million same period of last year to HK$6.3 million this period.

Third Party Logistics

The revenue from third-party logistics increased by 25% to HK$113.7 million due to the increase in business volume in the Netherlands and South Africa. An operating profit of HK$2.9 million was achieved during the first half of this year compared to HK$2.6 million in the same period of last year.

OUTLOOK

It is encouraging to see that we were able to increase our group revenue, improve our gross margin and penetrate into new markets in the first half of this year, notwithstanding our results had been temporarily impacted by the restructuring of our PRC platform, the increased investment to create a more solid and sustainable corporate and management structure, and the transition of Asia Pacific's business model from agencies to network-focused and co-operation with the growing number of group entities outside Asia Pacific.

The PRC market forms a key part of our expansion strategy and has clear potential to be one of the key contributors of the Group. The restructuring of the PRC platform which started in October 2006 is expected to be completed by the end of this financial year. The streamlined platform will enable us to effectively capture the potential upside of this strategically important market.

Our ramp up of investments on industry and corporate talents arose out of our needs to expand and upgrade our management capability and infrastructure for the Group to launch into its next phase of globalisation. We are in the investment phase, therefore the benefits will take time and efforts to materialise. With the key positions filled, we expect such increase in investment to moderate going forward.

OUTLOOK *(Continued)*

We continue to push ahead with network expansion outside Asia Pacific. The network model that we are moving towards has many longer term advantages for the Group including more direct control over customer relationship, lower credit risk, improved Group margin and more coherent network IT strategy to improve productivity. We are now dealing with the growing pains of transitioning from agents to our own network. We believe the increasing number of new subsidiaries outside Asia Pacific as well as further rationalisation within the Asia Pacific region should enable us to manage the impact of our gradual transition from agency businesses to a stage with more businesses contributed from our own network offices.

Despite the recent departure of our Group Chief Executive, the management structure of the Group remains largely unchanged and there has been no material impact on our ongoing expansion plans and business strategy. We will continue to expand into new key markets in the EMEA region, as evidenced by the opening of new office in France in April 2007. We will seek to enhance co-operation within the network and invest further to improve processes and systems to ensure we can reap longer term competitiveness and productivity gains.

FINANCIAL INFORMATION

Liquidity, Financial Resources and Funding

As at 31 January 2007, the Group possessed cash and cash equivalents of HK$260.1 million (31 July 2006: HK$280.0 million). The majority of the Group's cash was in either HKD or USD. The gearing ratio (total borrowings/total equity) for the period was 42.4% (31 July 2006: 32.7%). The Group's net cash position was reduced from HK$112.8 million as at 31 July 2006 to HK$7.9 million as at 31 January 2007 mainly due to the funding of acquisition costs for BALtrans Logistics (Sweden) AB (formerly known as Gothenburg Shipping Logistics AB) in Sweden and BNG Logistics GmbH in Germany.

For the half year ended 31 January 2007, total spending on property, plant and equipment was lower than the same period of last year. HK$7.6 million (2006: HK$9.3 million) was paid for the purchase of property, plant and equipment. HK$0.4 million (2006: HK$0.2 million) was received for the disposal of property, plant and equipment.

The Group's funding requirements have been fulfilled mainly by internal resources with syndicated loan/short-term loan/overdraft facilities granted by banks.

Management Discussion & Analysis *(Continued)*

FINANCIAL INFORMATION *(Continued)*

Liquidity, Financial Resources and Funding *(Continued)*

The Group's borrowings were mainly in HKD, ZAR, CAD, USD and TWD to fund the operations in those respective currencies. Overdraft and short-term loan facilities were granted to the Group at normal market interest rates. As the majority of the Group's cash is in either HKD or USD, exposure to exchange rate fluctuation on cash is not substantial.

As a matter of principle, the Group requires adequate working capital to be retained by overseas subsidiaries and then transfers excess funds back to the head office. Some of our overseas subsidiaries may use overdraft facilities in foreign currencies. Minimal hedging arrangement is arranged as we receive and pay mainly in local currency.

During the period under review, there was no significant deviation from the policies above.

Charges on Group Assets

The Group's leasehold land and buildings in Hong Kong and South Africa have been charged to banks in exchange for general banking facilities for the Group. Trade receivables of HK$58.4 million (31 July 2006: HK$76.9 million) and fixed deposits of HK$22.0 million (31 July 2006: HK$16.0 million) are pledged as security for banking facilities extended to the Group.

Core Investments and Acquisitions

During the six-month period ended 31 January 2007, the Group has completed the following material acquisitions:

(a) acquisition of BALtrans Logistics (Sweden) AB in Sweden; and

(b) increase its effective shareholding in BNG Logistics GmbH in Germany from approximately 48% to 96% by acquiring BN Holding AG.

FINANCIAL INFORMATION *(Continued)*

Contingent Liabilities

Details of the contingent liabilities of the Group are set out in note 19 to the condensed consolidated interim financial statements.

Staff and Employment

As at 31 January 2007, the Group employed a workforce of 2,021 (2006: 1,752) due to the inclusion of new entities in the EMEA region. Total staff remuneration for the half year ended 31 January 2007 was HK$233.0 million including retirement benefit costs of HK$11.3 million (2006: HK$149.2 million including retirement benefit costs of HK$7.7 million)

The Group's remuneration policies, including both salaries and bonuses, are in line with the practices in the territories where the Group and its subsidiaries operate.

The Group follows a policy of encouraging its subsidiaries to send their staff to attend training classes or seminars that are related directly or indirectly to the Group's businesses.

Purchase, Sale or Redemption of Shares

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

Share Option Scheme

On 28 December 2001, the Company has adopted the current share option scheme (the "Share Option Scheme"), pursuant to which the Company may grant options without initial payment to (i) any director, employee or consultant of any member of the Group or a company in which the Group holds an equity interest or a subsidiary of such company ("Affiliate"); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of any member of the Group or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Group; or (iv) any customer, supplier or adviser whose service to the Group or business with the Group contributes or is expected to contribute to the business or operation of the Group as may be determined by the directors from time to time to subscribe for shares of the Company.

FINANCIAL INFORMATION *(Continued)*

Share Option Scheme *(Continued)*

The subscription price of the shares under the Share Option Scheme will be the highest of (i) the nominal value of the shares; (ii) the closing price per share as stated in the daily quotation sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; or (where applicable) of such price as from time to time adjusted pursuant to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not exceed 31,132,431 (10% of the share capital of the Company as at the date of the approval of refresher of general mandate limit at the Company's annual general meeting on 21 December 2006). The movements of share options during the period are set out in note 14 to the condensed consolidated interim financial statements.

Disclosure of Interest

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 January 2007, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers were as follows:

Long positions in shares of the Company

Name of Directors	Nature of interests	Number of shares of the Company beneficially held	Approximate percentage of long position in shares to issued share capital of the Company as at 31 January 2007
Mr. Anthony Siu Wing LAU	Trust interest *(Note 1)*	73,286,000	23.53%
	Personal interest	1,400,000	0.45%
Mr. William Hugh Purton BIRD	Corporate interest *(Note 2)*	41,803,688	13.42%
Mr. David Chung Hung WAI	Personal interest	22,154,487	7.11%
Mr. Hooi Chong NG	Personal interest	450,000	0.14%
Mr. Henrik August VON SYDOW *(Note 4)*	Personal interest	100,000	0.03%
	Deemed interest *(Note 3)*	40,000	0.01%

Notes:

1. 73,286,000 shares were beneficially owned by Asian Rim Company Limited, which is wholly owned by the brother and brother-in-law of Mr. Anthony Siu Wing LAU ("Mr. LAU") as the trustees of a discretionary trust set up for the benefit of Mr. LAU's family. Mr. LAU is a director of Asian Rim Company Limited.

2. These shares were beneficially owned by Tropical Holding Investment Inc. ("Tropical Holding"), which is wholly owned by Mr. William Hugh Purton BIRD and his wife. Mr. William Hugh Purton BIRD is a director of Tropical Holding.

3. Mr. Vihelm VON SYDOW is the minor child of Mr. Henrik August VON SYDOW and Mr. Henrik August VON SYDOW is therefore deemed to be interested in 40,000 shares in which Mr. Vihelm VON SYDOW is interested.

4. Mr. Henrik August VON SYDOW ceased to be a Director and Chief Executive of the Company on 13 March 2007.

Disclosure of Interest *(Continued)*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

Long positions in underlying shares of the Company — share options

Name of directors	Date of grant	Exercise price per share	Options held at 1 August 2006	Options granted during the period	Options exercised during the period	Options lapsed/ surrendered during the period	Options held at 31 January 2007	Approximate percentage of long positions in underlying shares to issued share capital of the Company as at 31 January 2007
Mr. Anthony Siu Wing LAU	4 May 2004	HK$2.045	1,000,000	—	—	—	1,000,000	0.32%
	17 August 2005	HK$2.950	1,600,000	—	400,000	—	1,200,000	0.39%
	7 September 2006	HK$5.850	—	400,000	—	—	400,000	0.13%
Mr. Henrik August VON SYDOW (Note 1)	15 August 2006	HK$5.400	—	4,000,000	—	—	4,000,000	1.28%
Mr. Hooi Chong NG	4 May 2004	HK$2.045	600,000	—	—	—	600,000	0.19%
	17 August 2005	HK$2.950	600,000	—	150,000	—	450,000	0.14%
	14 March 2006	HK$4.765	700,000	—	—	—	700,000	0.23%
Mr. David Chung Hung WAI	4 May 2004	HK$2.045	1,500,000	—	500,000	—	1,000,000	0.32%
			6,000,000	4,400,000	1,050,000	—	9,350,000	3.00%

Note:

1. Options held by Mr. Henrik August VON SYDOW lapsed on 13 March 2007 following his cessation as a Director and Chief Executive of the Company on that date.

Save as disclosed above and other than certain non-beneficial ordinary shares of the subsidiaries held in bare trust for the Group by Mr. Anthony Siu Wing LAU and Mr. William Hugh Purton BIRD, as at 31 January 2007, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

Long positions in underlying shares of the Company — share options *(Continued)*

Apart from the Share Option Scheme disclosed above, at no time during the current period had any of the Company or its subsidiaries, been a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 January 2007, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	Number of shares	Nature of interest	Approximate percentage to issued share capital of the Company as at 31 January 2007
Mitsui & Co., Ltd.	75,875,125	Beneficial interest	24.36%
Asian Rim Company Limited *(Note 1)*	73,286,000	Beneficial interest	23.53%
Tropical Holding Investment Inc. *(Note 2)*	41,803,688	Beneficial interest	13.42%

Notes:

1. 73,286,000 shares were beneficially owned by Asian Rim Company Limited, which is wholly owned by the brother and brother-in-law of Mr. LAU as the trustees of a discretionary trust set up for the benefit of Mr. LAU's family. Mr. LAU is a director of Asian Rim Company Limited.

2. These shares were beneficially owned by Tropical Holding, which is wholly owned by Mr. William Hugh Purton BIRD and his wife. Mr. William Hugh Purton BIRD is a director of Tropical Holding.

Save as disclosed above, the Company had not been notified of any interests and short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO for the period ended 31 January 2007.

Other Information

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

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period ended 31 January 2007 except for code provision A.4.1.

For the period under review, Non-executive Directors were not appointed for a specific term, and this constituted deviation from code provision A.4.1 of the Code on Corporate Governance Practices. The Board regards that although no specific term was set out in writing for each of the Non-executive Directors, they are all subject to retirement by rotation and re-election at the Company's annual general meetings pursuant to the Company's Bye-laws. On average, Directors are subject to re-election by shareholders once every three years, and that such provision in the Company's Bye-laws ensures that shareholders may exercise their right in terminating the terms of any Non-executive Director.

As there are currently seven Directors (except the Executive Chairman) subject to the requirement to retire by rotation, and one-third of them (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire and subject to re-election by the shareholders at each annual general meeting of the Company, each of the Non-executive Directors is effectively appointed for a term of approximately three years.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors (the "Model Code"). Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code for the period under review.

Other Information *(Continued)*

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited condensed consolidated financial statements for the six months ended 31 January 2007 with the Directors.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained, during the financial period, the amount of public float as required under the Listing Rules.

On behalf of the Board

Anthony Siu Wing LAU
Executive Chairman and Acting Chief Executive

Hong Kong, 19 April 2007

Condensed Consolidated Interim Income Statement

For the six months ended 31 January 2007

	Note	Unaudited Six months ended 31 January 2007 HK$'000	2006 HK$'000
Revenue	5	**2,433,780**	2,048,051
Cost of services rendered		**(1,991,163)**	(1,731,121)
Gross profit		**442,617**	316,930
Other gains, net	6	**15,625**	28,460
Administrative and other operating expenses	7	**(395,887)**	(261,429)
Operating profit		**62,355**	83,961
Finance income	8	**2,885**	2,052
Finance costs	8	**(7,767)**	(1,755)
Finance (costs)/income, net		**(4,882)**	297
Share of profits less losses of			
Jointly controlled entities		**712**	169
Associates		**121**	2,101
Profit before income tax		**58,306**	86,528
Income tax expenses	9	**(13,460)**	(10,006)
Profit for the period		**44,846**	76,522
Attributable to:			
Equity holders of the Company		**36,729**	71,032
Minority interests		**8,117**	5,490
		44,846	76,522
Dividend	10	**11,523**	11,241
		HK cents	HK cents
Earnings per share:			
Basic	11	**11.8**	23.4
Diluted	11	**11.6**	23.0

Condensed Consolidated Interim Balance Sheet

As at 31 January 2007

	Note	Unaudited At 31 January 2007 HK$'000	Audited At 31 July 2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	**110,001**	111,602
Leasehold land and land use rights	12	**53,132**	53,740
Intangible assets	12	**347,585**	196,362
Jointly controlled entities		**6,284**	6,581
Associates		**3,483**	3,758
Derivative financial instruments	16	**16,208**	5,694
Available-for-sale financial assets		**615**	615
Deferred income tax assets		**12,637**	11,141
		549,945	389,493
Current assets			
Trade and other receivables	13	**830,643**	794,695
Financial assets at fair value through profit or loss		**—**	4,397
Derivative financial instruments		**340**	340
Current income tax receivable		**602**	2,708
Bank balances and cash		**306,529**	333,689
		1,138,114	1,135,829
Total assets		**1,688,059**	1,525,322

Condensed Consolidated Interim Balance Sheet

(Continued)

As at 31 January 2007

	Note	**Unaudited At 31 January 2007 HK$'000**	Audited At 31 July 2006 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	14	**31,142**	30,977
Reserves			
Retained profits		**350,708**	325,980
Other reserves		**207,507**	199,605
Proposed dividends		**11,523**	36,553
		600,880	593,115
Minority interests		**58,121**	50,672
Total equity		**659,001**	643,787
LIABILITIES			
Non-current liabilities			
Borrowings	15	**2,338**	5,269
Retirement liabilities		**1,018**	1,447
Deferred income tax liabilities		**3,752**	816
Other non-current liabilities	16	**78,319**	76,192
		85,427	83,724
Current liabilities			
Trade and other payables	17	**632,291**	562,915
Borrowings	15	**279,304**	208,088
Current income tax payable		**32,036**	26,808
		943,631	797,811
Total liabilities		**1,029,058**	881,535
Total equity and liabilities		**1,688,059**	1,525,322
Net current assets		**194,483**	338,018
Total assets less current liabilities		**744,428**	727,511

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 31 January 2007

	Unaudited Six months ended 31 January 2007 HK$'000	2006 HK$'000
Net cash from operating activities	**37,503**	39,288
Net cash (used in)/from investing activities	**(98,579)**	22,252
Net cash from/(used in) financing activities	**43,555**	(52,765)
(Decrease)/increase in cash and cash equivalents	**(17,521)**	8,775
Exchange translation differences	**(2,402)**	(330)
Cash and cash equivalents at the beginning of the period	**280,019**	203,027
Cash and cash equivalents at the end of the period	**260,096**	211,472
Analysis of balances of cash and cash equivalents:		
Total bank balances and cash	**306,529**	230,011
Less: bank balances and cash maturing more than three months from the date of placement	**(21,988)**	(6,060)
Bank balances and cash maturing within three months from the date of placement	**284,541**	223,951
Bank overdrafts	**(24,445)**	(12,479)
	260,096	211,472

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 31 January 2007

		Unaudited					
		Attributable to equity holders of the Company					
	Note	Share Capital HK$'000	Retained profits HK$'000	Other reserves HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 August 2005		30,220	300,671	242,330	573,221	21,999	595,220
Net income recognised directly in equity:							
Exchange differences arising on translation of the financial statements of subsidiaries, jointly controlled entities and associates		—	—	492	492	—	492
Profit for the period		—	71,032	—	71,032	5,490	76,522
Total recognised income for the period		—	71,032	492	71,524	5,490	77,014
Issue of shares upon exercise of share options		160	—	3,112	3,272	—	3,272
Disposal of subsidiaries		—	—	—	—	(103)	(103)
Share-based payments		—	—	1,203	1,203	—	1,203
Dividends		—	(39,286)	—	(39,286)	(3,371)	(42,657)
Transfer		—	(3)	3	—	—	—
At 31 January 2006		30,380	332,414	247,140	609,934	24,015	633,949
Representing:							
Retained profits			321,173				
Proposed dividend			11,241				
			332,414				

Condensed Consolidated Interim Statement of Changes in Equity *(Continued)*

For the six months ended 31 January 2007

		Unaudited					
		Attributable to equity holders of the Company					
	Note	Share Capital HK$'000	Retained profits HK$'000	Other reserves HK$'000	Sub-total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 August 2006		30,977	362,533	199,605	593,115	50,672	643,787
Net income/(loss) recognised directly in equity:							
Exchange differences arising on translation of the financial statements of subsidiaries, jointly controlled entities and associates		—	—	(3,048)	(3,048)	(298)	(3,346)
Profit for the period		—	36,729	—	36,729	8,117	44,846
Total recognised income/(loss) for the period		—	36,729	(3,048)	33,681	7,819	41,500
Issue of shares upon exercise of share options	14	165	—	3,888	4,053	—	4,053
Acquisition of subsidiaries		—	—	—	—	301	301
Acquisition of additional interests in subsidiaries		—	—	—	—	(161)	(161)
Fair value change arising from business combination		—	—	2,265	2,265	—	2,265
Share-based payments		—	—	4,319	4,319	—	4,319
Dividends		—	(36,553)	—	(36,553)	(510)	(37,063)
Transfer		—	(478)	478	—	—	—
At 31 January 2007		31,142	362,231	207,507	600,880	58,121	659,001
Representing:							
Retained profits			350,708				
Proposed dividend			11,523				
			362,231				

Notes to the Condensed Consolidated Interim Financial Statements

1 GENERAL INFORMATION

BALtrans Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the provision of air and sea freight forwarding services, exhibition forwarding and household removal services and third party logistics (representing trucking and warehousing services).

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, Church Street, Hamilton, HM 11, Bermuda. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial statements were approved for issue by the Board of Directors of the Company on 19 April 2007.

2 BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements for the six months ended 31 January 2007 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 July 2006.

3 PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2006.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 July 2007, which are relevant to the Group's operations.

HKAS 19 Amendment	Employee Benefits — Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC) — Int 8	Scope of HKFRS 2

The adoption of HKASs 19 Amendment, 39 Amendment and HK(IFRIC) — Int 8 did not result in substantial changes to the Group's accounting policies.

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 August 2007 or later periods but which the Group has not early adopted as follows:

		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Financial Statements — Capital Disclosures	1 January 2007
HKFRS 7	Financial Instruments: Disclosures	1 January 2007
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment	1 November 2006
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions	1 March 2007

The Group will apply these new standards, interpretations and amendments from 1 August 2007, but it is not expected to have any significant impact on the Group's financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Impairment of goodwill and other assets

The Group tests whether goodwill and other assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations which require the use of assumptions and estimates.

(ii) Put option liabilities

The present value of the put option liabilities in respect of the option arrangement on acquisition of subsidiaries is estimated by management based on various assumptions and estimates, including the forecast profit after tax for certain years prior to the exercise of the options, gross margin, discount rates and expected timing of exercise of the put options.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(iii) Derivative financial instruments - call options

The fair value of the call options in respect of the option arrangement on the acquisition of subsidiaries is estimated by management with reference to the independent professional valuation report. The valuation is based on various assumptions and estimates, including the forecast profit after tax for certain years prior to the exercise of the options, gross margin, discount rates, stock price volatility, probability and expected time of exercise of the call options.

(iv) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact both current and deferred income tax provisions in the period in which such determination is made.

The Group's management determines the amount of deferred income tax assets to be recognised by estimating the amount of future profit available to utilise the tax losses in the relevant tax jurisdiction and entity. The estimation is based on the projected profit in respective jurisdiction that is mainly based on market conditions existing on the balance sheet date. It could change as a result of the uncertainties in the market conditions.

(v) Share-based payments

The fair value of options granted is estimated based on valuations by independent professional valuers. The valuations are based on various assumptions on share prices, volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options at the date of grant.

(vi) Impairment of trade receivables

The policy for provision for impairment of trade receivables of the Group is based on the evaluation of collectability and ageing analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the provision of air and sea freight forwarding services, exhibition forwarding and household removal services and third party logistics (representing trucking and warehouse services).

(a) Primary reporting format — geographical segments

The Group is organised into the following geographical segments:

(i) Asia Pacific (including Greater China and Southeast Asia);

(ii) North America; and

(iii) Europe, Middle East and Africa ("EMEA").

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format — geographical segments *(Continued)*

	Six months ended 31 January 2007				
	Asia Pacific HK$'000	North America HK$'000	EMEA HK$'000	Elimination HK$'000	Group HK$'000
Revenue					
External	1,303,369	299,325	831,086	—	2,433,780
Inter-segment	349,268	63,443	65,763	(478,474)	—
Total	1,652,637	362,768	896,849	(478,474)	2,433,780
Segment results	20,878	7,626	25,464	—	53,968
Fair value gain on derivative financial instruments	10,514	—	—	—	10,514
Net increase in put option liabilities	(2,127)	—	—	—	(2,127)
					62,355
Finance income	1,573	674	638	—	2,885
Finance costs	(3,150)	(461)	(4,156)	—	(7,767)
Finance costs, net					(4,882)
Share of profits less losses of					
Jointly controlled entities	712	—	—	—	712
Associates	121	—	—	—	121
Profit before income tax					58,306
Income tax expenses					(13,460)
Profit for the period					44,846
Capital expenditure for					
Property, plant and equipment	4,844	237	6,239	—	11,320
Intangible assets	2,483	—	155,488	—	157,971
Depreciation charge	9,244	435	2,287	—	11,966
Amortisation charge					
Leasehold land and land use rights	623	—	—	—	623
Other intangible assets	356	—	6,856	—	7,212
	At 31 January 2007				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	891,498	110,124	663,431	—	1,665,053
Jointly controlled entities	6,284	—	—	—	6,284
Associates	2,961	522	—	—	3,483
Unallocated assets					13,239
Total assets					1,688,059
Segment liabilities	605,257	31,501	356,512	—	993,270
Unallocated liabilities					35,788
Total liabilities					1,029,058

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Primary reporting format — geographical segments *(Continued)*

	Six months ended 31 January 2006				
	Asia Pacific HK$'000	North America HK$'000	EMEA HK$'000	Elimination HK$'000	Group HK$'000
Revenue					
External	1,538,927	329,515	179,609	—	2,048,051
Inter-segment	229,520	47,680	28,981	(306,181)	—
Total	1,768,447	377,195	208,590	(306,181)	2,048,051
Segment results	49,665	13,816	(1,372)	—	62,109
Compensation on claims	874	8,937	632	—	10,443
Gain on disposal of associates	11,409	—	—	—	11,409
					83,961
Finance income	1,222	597	233	—	2,052
Finance costs	(1,360)	(329)	(66)	—	(1,755)
Finance income, net					297
Share of profits less losses of					
Jointly controlled entities	169	—	—	—	169
Associates	956	88	1,057	—	2,101
Profit before income tax					86,528
Income tax expenses					(10,006)
Profit for the period					76,522
Capital expenditure for Property, plant and equipment	6,901	230	2,166	—	9,297
Depreciation charge	9,524	390	811	—	10,725
Amortisation charge					
Leasehold land and land use rights	664	—	—	—	664
Other intangible assets	214	—	—	—	214

	At 31 July 2006				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	993,364	130,309	377,461	—	1,501,134
Jointly controlled entities	6,581	—	—	—	6,581
Associates	2,839	522	397	—	3,758
Unallocated assets					13,849
Total assets					1,525,322
Segment liabilities	481,685	43,668	328,558	—	853,911
Unallocated liabilities					27,624
Total liabilities					881,535

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Secondary reporting format — business segments

	Six months ended 31 January 2007			At 31 January 2007
	Revenue HK$'000	Segment results HK$'000	Capital expenditure HK$'000	Total assets HK$'000
Air freight	1,308,383	27,054	48,227	630,121
Sea freight	918,966	17,770	119,840	455,146
Exhibition forwarding and household removal services	92,734	6,293	602	65,057
Third party logistics	113,697	2,851	622	51,645
	2,433,780	53,968	169,291	1,201,969
Jointly controlled entities	—	—	—	6,284
Associates	—	—	—	3,483
Unallocated#	—	8,387	—	476,323
Total	2,433,780	62,355	169,291	1,688,059

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Secondary reporting format — business segments *(Continued)*

	Six months ended 31 January 2006			At 31 July 2006
	Revenue HK$'000	Segment results HK$'000	Capital expenditure HK$'000	Total assets HK$'000
Air freight	1,221,879	38,850	4,585	653,664
Sea freight	676,317	19,256	2,431	428,646
Exhibition forwarding and household removal services	58,875	1,375	932	61,813
Third party logistics	90,980	2,628	1,349	43,241
	2,048,051	62,109	9,297	1,187,364
Jointly controlled entities	—	—	—	6,581
Associates	—	—	—	3,758
Unallocated#	—	21,852	—	327,619
Total	2,048,051	83,961	9,297	1,525,322

Unallocated segment results for the six months ended 31 January 2007 comprise fair value gain on derivative financial instruments and net increase in put option liabilities.

Unallocated segment results for the six months ended 31 January 2006 comprised compensation on claims and gain on disposal of associates.

Unallocated assets at 31 January 2007 and 31 July 2006 comprise intangible assets, buildings, leasehold land and land use rights, current income tax receivable and deferred income tax assets.

6 OTHER GAINS, NET

	Six months ended 31 January 2007 HK$'000	2006 HK$'000
Compensation on claims (note a)	—	10,443
Gain on disposal of associates (note b)	—	11,409
Gain on partial disposal of an associate	—	122
Gain on dissolution of subsidiaries	—	30
(Loss)/gain on disposal of property, plant and equipment	**(19)**	105
Loss on disposal of financial assets at fair value through profit or loss	**(286)**	—
Fair value gain on derivative financial instruments	**10,514**	—
Net increase in put option liabilities	**(2,127)**	—
Write back of provision for impairment of trade receivables	—	3,096
Management fee income	**530**	567
Net exchange gain	**3,530**	1,601
Property letting income	**232**	128
Others	**3,251**	959
	15,625	28,460

Notes:

(a) Subsequent to the completion of the acquisition of 100% interest of Jardine Logistics Group, certain issues were raised and claims have been filed against the vendor. In January 2006, the Group entered into a settlement deed with the vendor for HK$26,500,000. The compensation was fully settled in cash and credited in part to the income statement except for the portion relating to the compensation for certain specific future expenses which has been deferred and will be applied to offset those expenses as they are incurred.

(b) In August 2005, the Group disposed of its 50% interest in Korchina Logistics Holdings Limited ("Korchina Logistics") and 35% interest in Korchina Freight Taiwan Limited to Korchina Holdings Limited, the other shareholder of Korchina Logistics. The aggregate consideration of US$4,800,000 (approximately HK$37,440,000) was settled in cash on 25 August 2005.

7 EXPENSES BY NATURE

	Six months ended 31 January	
	2007	2006
	HK$'000	HK$'000
Amortisation charge		
Leasehold land and land use rights	**623**	664
Other intangible assets	**7,212**	214
Depreciation charge		
Owned property, plant and equipment	**11,729**	10,639
Leased property, plant and equipment	**237**	86
Employee benefit expenses	**232,957**	149,168
Operating lease rental in respect of land and buildings	**27,608**	22,072
Provision for impairment of trade receivables	**4,165**	1,981
Other expenses	**111,356**	76,605
Total administrative and other operating expenses	**395,887**	261,429

8 FINANCE INCOME AND COSTS

	Six months ended 31 January	
	2007	2006
	HK$'000	HK$'000
Interest expenses		
Interest on bank borrowings and overdrafts	**(7,698)**	(1,746)
Interest element of finance leases	**(69)**	(9)
	(7,767)	(1,755)
Interest income	**2,885**	2,052
Finance (costs)/income, net	**(4,882)**	297

9 INCOME TAX EXPENSES

	Six months ended 31 January 2007 HK$'000	2006 HK$'000
Current income tax		
Hong Kong profits tax	**2,634**	2,553
Overseas taxation	**11,530**	7,218
(Over)/under provision in prior years	**(828)**	238
Deferred income tax	**124**	(3)
	13,460	10,006

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

The Group's shares of income tax expenses of jointly controlled entities and associates of HK$163,000 (2006: HK$36,000) and HK$66,000 (2006: HK$188,000) are included in the income statement as shares of profits less losses of jointly controlled entities and associates respectively.

10 DIVIDEND

	Six months ended 31 January 2007 HK$'000	2006 HK$'000
Interim, proposed, of HK3.7 cents (2006: HK3.7 cents) per share	**11,523**	11,241

Notes:

(a) A 2006 final dividend of HK11.8 cents (2005 final and special dividends: HK11.0 cents and HK2.0 cents respectively) per share, totalling HK$36,553,000 (2006: HK$42,657,000) was paid in January 2007.

(b) At a meeting held on 19 April 2007, the directors declared an interim dividend of HK3.7 cents per share for the six months ended 31 January 2007. This proposed dividend is not reflected as a dividend payable in these condensed consolidated interim financial statements, but will be reflected as an appropriation of retained profits for the year ending 31 July 2007.

11 EARNINGS PER SHARE

	Six months ended 31 January	
	2007	2006
	HK$'000	HK$'000
Profit attributable to equity holders of the Company	**36,729**	71,032
Weighted average number of shares in issue during the period for the purpose of basic earnings per share (thousands)	**310,718**	303,396
Effect of dilutive potential shares in respect of share options deemed to be issued at no consideration (thousands)	**6,128**	4,829
Weighted average number of shares for the purpose of diluted earnings per share (thousands)	**316,846**	308,225
	HK cents	HK cents
Basic	**11.8**	23.4
Diluted	**11.6**	23.0

12 CAPITAL EXPENDITURE

	Property, plant and equipment HK$'000	Leasehold land and land use rights HK$'000	Intangible assets HK$'000	Total HK$'000
Opening net book value at 1 August 2006	111,602	53,740	196,362	361,704
Exchange differences	(535)	15	90	(430)
Acquisition of subsidiaries/additions	11,320	—	157,971	169,291
Disposals/write-off	(420)	—	—	(420)
Depreciation/amortisation charge	(11,966)	(623)	(7,212)	(19,801)
Adjustment of goodwill in respect of acquisitions in prior years	—	—	374	374
Closing net book value as at 31 January 2007	110,001	53,132	347,585	510,718
Opening net book value at 1 August 2005	98,320	55,923	122,303	276,546
Exchange differences	55	—	—	55
Additions	9,297	—	—	9,297
Disposals/write-off	(79)	—	—	(79)
Depreciation/amortisation charge	(10,725)	(664)	(214)	(11,603)
Adjustment of goodwill in respect of acquisitions in prior years	—	—	101	101
Closing net book value as at 31 January 2006	96,868	55,259	122,190	274,317

12 CAPITAL EXPENDITURE *(Continued)*

	Property, plant and equipment HK$'000	Leasehold land and land use rights HK$'000	Intangible assets HK$'000	Total HK$'000
Opening net book value at 1 February 2006	96,868	55,259	122,190	274,317
Exchange differences	139	12	83	234
Additions	31,475	898	75,336	107,709
Disposals/write-off	(5,779)	(1,721)	—	(7,500)
Depreciation/amortisation charge	(11,101)	(708)	(1,416)	(13,225)
Adjustment of goodwill in respect of acquisitions in prior years	—	—	169	169
Closing net book value as at 31 July 2006	111,602	53,740	196,362	361,704

Note:

Buildings with net book values of HK$60,388,000 (31 July 2006: HK$61,670,000) and leasehold land with net book values of HK$49,120,000 (31 July 2006: HK$49,684,000) have been pledged to banks to secure banking facilities granted to the Group (note 15(d)).

13 TRADE AND OTHER RECEIVABLES

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Trade receivables		
Third parties	**747,041**	721,592
Jointly controlled entities	**349**	943
Associates	**5,283**	32,728
Related companies	**419**	1,417
Minority shareholders	**1,249**	13
	754,341	756,693
Less: Provision for impairment	**(57,341)**	(57,731)
	697,000	698,962
Deposits, prepayments and other receivables	**133,643**	95,733
	830,643	794,695

13 TRADE AND OTHER RECEIVABLES *(Continued)*

The credit terms given to trade customers are determined on an individual basis with the credit periods ranging from one month to three months.

The ageing analysis of trade receivables (net of provision) was as follows:

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
30 days or below	**405,363**	413,944
31 — 60 days	**199,297**	214,051
61 — 90 days	**64,586**	46,841
Over 90 days	**27,754**	24,126
	697,000	698,962

Trade receivables from jointly controlled entities, associates, related companies and minority shareholders are unsecured, interest free and have credit terms similar to those of third party customers.

14 SHARE CAPITAL

	At 31 January 2007		At 31 July 2006	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Authorised:				
Shares of HK$0.10 each	**500,000,000**	**50,000**	500,000,000	50,000
Issued and fully paid:				
Shares of HK$0.10 each				
At 1 August 2006/ 1 August 2005	**309,774,319**	**30,977**	302,200,500	30,220
Issue of shares upon acquisition of additional interests in subsidiaries	**—**	**—**	3,373,819	337
Issue of shares upon exercise of share options	**1,650,000**	**165**	4,200,000	420
At 31 January 2007/ 31 July 2006	**311,424,319**	**31,142**	309,774,319	30,977

14 SHARE CAPITAL *(Continued)*

Share options

The movements of share options granted pursuant to the Company's Share Option Scheme during the period are as follows:

Date of grant	Exercise price per share	At 1 August 2006	Number of share options Granted	Exercised	Cancelled	At 31 January 2007	Vested percentages At 31 January 2007	At 31 July 2006
4 May 2004	HK$2.045							
Directors		3,100,000	—	(500,000)	—	2,600,000	50%	50%
Employees		3,200,000	—	(400,000)	—	2,800,000	50%	50%
		6,300,000	—	(900,000)	—	5,400,000		
17 August 2005	HK$2.95							
Directors		2,200,000	—	(550,000)	—	1,650,000	25%	—
Employees		800,000	—	(200,000)	—	600,000	25%	—
		3,000,000	—	(750,000)	—	2,250,000		
7 February 2006	HK$4.65							
Employees		3,700,000	—	—	—	3,700,000	—	—
14 March 2006	HK$4.765							
Director		700,000	—	—	—	700,000	—	—
Employee		2,500,000	—	—	—	2,500,000	—	—
		3,200,000	—	—	—	3,200,000		
15 August 2006	HK$5.40							
Director		—	4,000,000	—	—	4,000,000	—	N/A
7 September 2006	HK$5.85							
Director		—	400,000	—	—	400,000	—	N/A
		16,200,000	4,400,000	(1,650,000)	—	18,950,000		

The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK$5.54 per share.

15 BORROWINGS

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Non-current		
Deferred consideration payables	—	2,209
Amounts due to minority shareholders (note a)	1,695	2,281
Obligations under finance leases (note b)	643	779
	2,338	5,269
Current		
Short-term bank borrowings	252,153	163,412
Bank overdrafts	24,445	37,704
Deferred consideration payables	2,209	2,663
Obligations under finance leases (note b)	497	537
Current portion of long-term bank borrowings (note c)	—	3,772
	279,304	208,088
	281,642	213,357

Notes:

(a) The amounts due to minority shareholders are unsecured, interest free and not repayable within the next twelve months.

15 BORROWINGS *(Continued)*

(b) Minimum lease payments for finance leases:

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Within one year	**590**	554
In the second year	**432**	609
In the third to fifth year	**279**	208
	1,301	1,371
Future finance charges	**(161)**	(55)
Present value of finance leases	**1,140**	1,316
Representing:		
Current		
Within one year	**497**	537
Non-current		
In the second year	**392**	595
In the third to fifth year	**251**	184
	643	779
	1,140	1,316

(c) The Group's long-term bank borrowings were repayable as follows:

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Current		
Within one year	**—**	3,772

15 BORROWINGS *(Continued)*

(d) The short-term bank borrowings, long-term bank borrowings and bank overdrafts were secured by the following:

(i) Fixed deposits of HK$21,988,000 (31 July 2006: HK$15,966,000) of the Group.

(ii) First legal charge on buildings and leasehold land held by the Group (note 12).

(iii) Corporate guarantee from the Company.

(iv) A negative pledge by a subsidiary (The negative pledge requires that the subsidiary will not pledge its assets to other parties unless it obtains the approval from the bank).

(v) Second mortgage on two properties owned by minority shareholders and personal guarantees provided by these minority shareholders.

(vi) Trade receivable of HK$58,435,000 (31 July 2006: HK$76,868,000) of the Group.

16 DERIVATIVE FINANCIAL INSTRUMENTS/OTHER NON-CURRENT LIABILITIES

In January 2006, the Group entered into an agreement to purchase 52% interest in Clover Cargo Holdings (Proprietary) Limited ("Clover Cargo") and the interests of the subsidiaries of Clover Cargo. The acquisition was completed in May 2006.

In April 2006, the Group also entered into option agreements ("Option Agreements") with the other minority shareholders (the "Minority Shareholders") of Clover Cargo in respect of the purchase of the remaining interests in Clover Cargo and its subsidiaries.

Pursuant to the Option Agreements, the Group has written put options to the Minority Shareholders who can put their interests in Clover Cargo and their interests in the subsidiaries of Clover Cargo to the Group from year 2009 to year 2011 and the Group has been granted call options entitling the Group to purchase in year 2012 from the Minority Shareholders the interests in Clover Cargo and their interests in the subsidiaries of Clover Cargo.

The considerations for the put and call options mainly include cash which is calculated based on the profit after tax for certain years prior to the exercise of the options.

The call options and the put option liabilities have been included as derivative financial instruments and other non-current liabilities respectively.

17 TRADE AND OTHER PAYABLES

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Trade payables		
Third parties	**273,678**	273,504
Jointly controlled entities	**663**	260
Associates	**225**	1,332
Related companies	**225**	243
	274,791	275,339
Accrued charges and other payables	**357,500**	287,576
	632,291	562,915

The ageing analysis of trade payables was as follows:

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
30 days or below	**177,848**	211,572
31 — 60 days	**26,888**	30,384
61 — 90 days	**2,946**	12,292
Over 90 days	**67,109**	21,091
	274,791	275,339

Trade payables to jointly controlled entities, associates, related companies and minority shareholders are unsecured and interest free. Trade payables with related parties have similar terms of repayments as those of third party creditors.

18 COMMITMENTS

(a) Capital commitments

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Contracted but not provided for		
Investments (note)	**—**	174,869
Property, plant and equipment	**264**	—
	264	174,869

Note:

In July 2006, the Group entered into agreements to acquire 100% of the share capital of BALtrans Logistics (Sweden) AB (formerly known as Gothenburg Shipping Logistics AB) (note 21(a)) and additional 49.98% of the share capital of BN Holding AG (note 21(b)), a then 50.02% associate of the Group. The acquisitions were completed during the period.

(b) Operating lease commitments

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At 31 January 2007 HK$'000	At 31 July 2006 HK$'000
Not later than one year	**53,069**	43,716
Later than one year and not later than five years	**63,990**	58,645
Later than five years	**14,355**	15,967
	131,414	118,328

19 CONTINGENT LIABILITIES

(a) Contingent consideration payable

In May 2004, the Group acquired 60% equity interests in Exhibitstrans Logistics Limited at an initial consideration of HK$4,010,000 with further contingent consideration payable in 2005, 2006 and 2007. The contingent consideration will be arrived at by multiplying an applicable percentage to each tier of gross profit within those financial years, as summarised below:

Tiers of annual gross profit achieved during each financial year	Applicable percentage
1. The first US$200,000 gross profit	0%
2. Gross profit between US$200,001 and US$600,000	45.8%
3. Gross profit in excess of US$600,000	15%

The contingent consideration has been forecast to be HK$2,209,000 (31 July 2006: HK$4,872,000) based on the three year business plan provided by the vendors. This amount has been accrued and included as deferred consideration payable as at 31 January 2007.

The final contingent consideration will be calculated based on the agreed formula after the gross profit for those financial years have been determined and any excess or shortfall to the accrued amount above will be adjusted accordingly.

(b) Pending lawsuit

As at 31 January 2007, the Group was subject to claims arising in the normal course of business. The directors are of the opinion that any final claim is unlikely to be crystallised, will be insignificant, or will be covered by insurance compensation. Accordingly no provision has been made for these claims in the condensed consolidated interim financial statements.

20 RELATED PARTY TRANSACTIONS

Except for the related party transactions disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following material related party transactions carried out in the normal course of the Group's businesses during the period:

(a) Sales/(purchases) of services

	Six months ended 31 January 2007 HK$'000	Six months ended 31 January 2006 HK$'000
(i) Jointly controlled entities:		
Forwarding income received	**1,340**	2,255
Forwarding costs paid	**(2,368)**	(397)
Management fee received	**374**	—
(ii) Associates:		
Forwarding income received	**21,046**	102,904
Forwarding costs paid	**(5,826)**	(30,017)
Management fee received	**3**	—
(iii) Other related companies:		
Forwarding income received		
Related companies of Jardine Asian Holdings Inc ("JAH"), a former substantial shareholder of the Company	**—**	2,942
Related companies of Mitsui & Co., Ltd ("Mitsui"), an existing substantial shareholder of the Company	**6,045**	900
Other related companies	**26**	71
Forwarding costs paid		
Related companies of JAH	**—**	(1,127)
Related companies of Mitsui	**(665)**	(4)

These transactions were conducted at terms in accordance with the agreements as entered into or at terms as agreed between the Group and the respective related parties.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(b) Key management compensation

	Six months ended 31 January 2007 HK$'000	2006 HK$'000
Salaries and other short-term employee benefits	**17,996**	8,051
Termination benefits	**807**	304
Post-employment benefits	**479**	302
Share-based payments	**3,873**	1,068
	23,155	9,725

21 BUSINESS COMBINATIONS

(a) In August 2006, the Group acquired 100% equity interest in BALtrans Logistics (Sweden) AB, a company principally engaged in the provision of air transportation, customs clearance, warehousing and distributor services, both international and within Sweden, for a total consideration of HK$151,571,000.

Details of net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	151,571
Fair value of net assets acquired	(57,159)
Goodwill	94,412

21 BUSINESS COMBINATIONS *(Continued)*

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	Acquirees' carrying amount HK$'000
Property, plant and equipment	1,558	1,558
Goodwill	10,242	10,242
Trade and other receivables	31,600	31,600
Bank balances and cash	13,861	13,861
Trade and other payables	(35,752)	(35,752)
Current income tax payable	(1,620)	(1,620)
Deferred income tax liabilities	(1,458)	(1,458)
Intangible assets	38,728	—
Net assets acquired	57,159	18,431

The acquired business contributed revenues of HK$118,172,000 and net profit of HK$3,069,000 to the Group for the period from acquisition to 31 January 2007.

The goodwill can be attributable to the anticipated high profitability of the business required.

(b) In August 2006, the Group acquired an additional 49.98% of the share capital of BN Holding AG, an investment holding company which holds 96% equity interest in BNG Logistics, a company principally engaged in the provision of international freight forwarding agency services in Germany, for a total consideration of HK$10,175,000.

Details of net assets acquired and goodwill are as follows:

	HK$'000
Purchase consideration	10,175
Fair value of net assets acquired	(2,785)
Goodwill	7,390

21 BUSINESS COMBINATIONS *(Continued)*

The assets and liabilities arising from the acquisition are as follows:

	Fair value HK$'000	Acquirees' carrying amount HK$'000
Property, plant and equipment	2,184	2,184
Trade and other receivables	49,676	49,676
Bank balances and cash	21,369	21,369
Trade and other payables	(72,197)	(72,197)
Intangible assets	4,716	—
	5,748	1,032
Minority interests	(301)	—
Interest originally held by the Group as investment in an associate	(2,662)	—
Net assets acquired	2,785	1,032

The acquired business contributed revenues of HK$214,405,000 and net profit of HK$4,105,000 to the Group for the period from acquisition to 31 January 2007.

The goodwill can be attributable to the anticipated high profitability of the business.

22 EVENTS AFTER THE BALANCE SHEET DATE

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the new "CIT Law"). The new CIT Law increases the corporate income tax rate for foreign invested enterprises from 15% or 24% to 25% with effect from 1 January 2008. The new CIT Law also provides for preferential tax rates, tax incentives for prescribed industries and activities, grandfathering provisions as well as determination of taxable profit. As at the date that these financial statements are approved for issue, detailed measures concerning these items has yet to be issued by the State Council. Consequently, the Group is not in a position to assess the impact, if any, to the carrying value of deferred tax assets and liabilities as at 31 January 2007. The Group will continue to evaluate the impact as more detailed regulations are announced.