NEW ISLAND PRINTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

新 洲 印 刷 集 團 有 限 公 司

(於百慕達註冊成立之有限公司)

(股 份 代 號：377)

2012 / 2013 INTERIM REPORT

二零一二／二零一三年度中期業績報告

NEW ISLAND PRINTING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 377)

INTERIM REPORT 2012/2013

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Suen Cho Hung, Paul*
(Chairman)
Mr. Lo Ming Chi, Charles
(Chief Executive Officer)
Ms. Chan Yuk Yee

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Wong Yun Kuen
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

COMPANY SECRETARY

Mr. Sinn Wai Kin, Derek

AUDIT COMMITTEE

Mr. Pun Chi Ping, *Chairman*
Dr. Wong Yun Kuen
Mr. Ip Man Tin, David

REMUNERATION COMMITTEE

Mr. Ip Man Tin, David, *Chairman*
Mr. Lo Ming Chi, Charles
Dr. Wong Yun Kuen
Mr. Pun Chi Ping

NOMINATION COMMITTEE

Dr. Wong Yun Kuen, *Chairman*
Mr. Lo Ming Chi, Charles
Mr. Pun Chi Ping
Mr. Ip Man Tin, David

SOLICITORS

Chiu & Partners Solicitors

* Appointed on 12th September, 2012

AUDITORS

Grant Thornton Hong Kong Limited

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank Limited
Australia and New Zealand Banking Group Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE

25th Floor
Excel Centre
No. 483A Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

HONG KONG SHARE REGISTRARS

Union Registrars Limited
18/F
Fook Lee Commercial Centre
Town Place
33 Lockhart Road
Wanchai
Hong Kong

STOCK CODE

377

WEBSITE

http://www.newisland.com

INTERIM RESULTS

The board of directors ("the Board") of New Island Printing Holdings Limited ("the Company") announces the unaudited consolidated results of the Company and its subsidiaries ("the Group") for the six months ended 30th September, 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th September, 2012 — unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30th September,	
		2012	2011
	Notes	***$'000***	*$'000*
Revenue	*3&4*	**382,775**	381,694
Cost of sales		**(308,362)**	(305,573)
		74,413	76,121
Other revenue		**807**	4,919
Other net loss	*5*	**(23,182)**	(4,954)
Selling and distribution costs		**(26,484)**	(22,317)
Administrative expenses		**(41,558)**	(38,717)
(Loss)/profit from operations		**(16,004)**	15,052
Finance costs	*6(a)*	**(1,227)**	(969)
(Loss)/profit before taxation	*6*	**(17,231)**	14,083
Income tax	*7*	**(2,742)**	(3,997)
(Loss)/profit for the period		**(19,973)**	10,086
Attributable to:			
Equity shareholders of the Company		**(20,304)**	10,084
Non-controlling interests		**331**	2
(Loss)/profit for the period		**(19,973)**	10,086
(Loss)/earnings per share			
— Basic	*9(a)*	**(0.76) cents**	0.38 cents
— Diluted	*9(b)*	**(0.76) cents**	0.38 cents

The notes on pages 8 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th September, 2012 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
(Loss)/profit for the period	**(19,973)**	10,086
Other comprehensive (loss)/income for the period:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**(2,504)**	10,667
Total comprehensive (loss)/income for the period	**(22,477)**	20,753
Attributable to:		
Equity shareholders of the Company	**(22,808)**	20,750
Non-controlling interests	**331**	3
Total comprehensive (loss)/income for the period	**(22,477)**	20,753

The notes on pages 8 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th September, 2012 — unaudited
(Expressed in Hong Kong dollars)

	Notes	At 30th September, 2012		At 31st March, 2012	
		$'000	$'000	$'000	$'000
NON-CURRENT ASSETS					
— Property, plant and equipment	10	**335,445**		340,999	
— Prepaid leasehold land held for own use under operating leases		**18,235**		18,763	
			353,680		359,762
Goodwill	12		**930**		—
Intangible asset	13		**1,260**		—
Deposits for purchase of machinery			**3,144**		4,356
Deferred tax assets			**2,018**		1,922
			361,032		366,040
CURRENT ASSETS					
Trading securities	14	**18,870**		41,039	
Inventories	15	**73,663**		89,551	
Trade and other receivables	16	**189,303**		120,175	
Current tax recoverable		**22**		—	
Cash and cash equivalents		**112,679**		88,737	
		394,537		339,502	
CURRENT LIABILITIES					
Bank loans	17	**60,293**		63,778	
Trade and other payables	18	**171,622**		107,598	
Bills payable		**22,695**		26,184	
Current tax payable		**14,414**		12,798	
		269,024		210,358	
NET CURRENT ASSETS			**125,513**		129,144
TOTAL ASSETS LESS CURRENT LIABILITIES			**486,545**		495,184

CONDENSED CONSOLIDATED BALANCE SHEET
At 30th September, 2012 — unaudited *(Continued)*
(Expressed in Hong Kong dollars)

	Notes	At 30th September, 2012		At 31st March, 2012	
		$'000	***$'000***	*$'000*	*$'000*
NON-CURRENT LIABILITIES					
Deferred tax liabilities			**1,728**		2,426
NET ASSETS			**484,817**		492,758
CAPITAL AND RESERVES					
Share capital	*19*		**26,653**		26,653
Reserves			**442,744**		465,598
Total equity attributable to equity shareholders of the Company			**469,397**		492,251
Non-controlling interests			**15,420**		507
TOTAL EQUITY			**484,817**		492,758

The notes on pages 8 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30th September, 2012 — unaudited
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital	**Share premium**	**Statutory surplus reserve**	**Exchange reserve**	**Other reserves**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1st April, 2011	26,653	131,911	25,035	57,908	4,890	214,103	460,500	212	460,712
Changes in equity for the six months ended 30th September, 2011									
Profit for the period	—	—	—	—	—	10,084	10,084	2	10,086
Other comprehensive income for the period	—	—	—	10,666	—	—	10,666	1	10,667
Total comprehensive income for the period	—	—	—	10,666	—	10,084	20,750	3	20,753
Balance at 30th September, 2011, and 1st October, 2011	26,653	131,911	25,035	68,574	4,890	224,187	481,250	215	481,465
Changes in equity for the six months ended 31st March, 2012									
Profit for the period	—	—	—	—	—	9,030	9,030	292	9,322
Other comprehensive income for the period	—	—	—	1,971	—	—	1,971	—	1,971
Total comprehensive income for the period	—	—	—	1,971	—	9,030	11,001	292	11,293
Transfer to statutory surplus reserve	—	—	1,656	—	—	(1,656)	—	—	—
Balance at 31st March, 2012	26,653	131,911	26,691	70,545	4,890	231,561	492,251	507	492,758
Balance at 1st April, 2012	26,653	131,911	26,691	70,545	4,890	231,561	492,251	507	492,758
Changes in equity for the six months ended 30th September, 2012									
Loss for the period	—	—	—	—	—	(20,304)	(20,304)	331	(19,973)
Other comprehensive loss for the period	—	—	—	(2,504)	—	—	(2,504)	—	(2,504)
Total comprehensive (loss)/income for the period	—	—	—	(2,504)	—	(20,304)	(22,808)	331	(22,477)
Arising on business combinations *(note 11)*	—	—	—	—	—	—	—	14,536	14,536
Change of non-controlling interests without change in control	—	—	—	—	—	(46)	(46)	46	—
Transactions with owners	—	—	—	—	—	(46)	(46)	14,582	14,536
Balance at 30th September, 2012	26,653	131,911	26,691	68,041	4,890	211,211	469,397	15,420	484,817

The notes on pages 8 to 18 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30th September, 2012 — unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
Cash generated from operations	**27,524**	42,581
Tax paid	**(1,935)**	(2,574)
Net cash generated from operating activities	**25,589**	40,007
Net cash generated from/(used in) investing activities	**3,380**	(100,109)
Net cash (used in)/generated from financing activities	**(4,712)**	46,668
Net increase/(decrease) in cash and cash equivalents	**24,257**	(13,434)
Cash and cash equivalents at 1st April	**88,737**	100,620
Effect of foreign exchange rates changes	**(315)**	439
Cash and cash equivalents at 30th September	**112,679**	87,625
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**64,049**	42,217
Deposits with bank	**48,630**	45,408
Cash and cash equivalents in the balance sheet and the cash flow statement	**112,679**	87,625

The notes on pages 8 to 18 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise stated)

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28th November, 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

This interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the independent auditor, Grant Thornton Hong Kong Limited ("GT"), in accordance with Hong Kong Standard on Review Engagements 2410, "*Review of interim financial information performed by the independent auditor of the entity*", issued by the HKICPA. GT's independent review report to the Board of Directors is included on page 19.

The financial information relating to the financial year ended 31st March, 2012 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31st March, 2012 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in the independent auditor's report dated 27th June, 2012.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. These developments have had no material impact on the Group's financial statements.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 March 2013 may be affected by the issuance of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore, the policies that will be applied in the Group's financial statements for the year ending 31 March 2013 cannot be determined with certainty at the date of issuance of the interim financial report.

3. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organized by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Printing: Printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products in Hong Kong, Dongguan and Shanghai

— Provision of brokerage services: Provision of securities brokerage and margin financing services

— Provision of financing services: Provision of short-term loan financing activities

— Securities Investment: Investment activities in equity securities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all non-current and current assets. Segment liabilities include current and non-current liabilities attributable to the individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

(a) Reportable segment revenues, profit or loss, assets and liabilities

	Printing		**Provision of brokerage services**		**Provision of financing services**		**Securities Investment**		**Total**	
For the six months ended 30th September,	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
		(restated)		(restated)		(restated)		(restated)		
Reportable segment revenue	**382,280**	381,694	**495**	—	**—**	—	**—**	—	**382,775**	381,694
Reportable segment profit/(loss)	**1,904**	10,155	**436**	—	**(20)**	(9)	**(22,293)**	(60)	**(19,973)**	10,086

	Printing		**Provision of brokerage services**		**Provision of financing services**		**Securities Investment**		**Total**	
	At 30th September, 2012	At 31st March, 2012	**At 30th September, 2012**	At 31st March, 2012	**At 30th September, 2012**	At 31st March, 2012	**At 30th September, 2012**	At 31st March, 2012	**At 30th September, 2012**	At 31st March, 2012
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
		(restated)		(restated)		(restated)		(restated)		(restated)
Reportable segment assets	**727,446**	705,290	**99,154**	—	**—**	2	**18,887**	41,047	**845,487**	746,339
Reportable segment liabilities	**235,519**	212,764	**35,659**	—	**37**	19	**54,430**	40,773	**325,645**	253,556

3. **SEGMENT REPORTING (CONTINUED)**

(b) ***Reconciliations of reportable segment profit or loss, assets and liabilities:***

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
		(restated)
(Loss)/profit		
Reportable segment (loss)/profit derived from the Group's external customer	**(19,973)**	10,095
Unallocated corporate loss	**—**	(9)
Consolidated total (loss)/profit	**(19,973)**	10,086

	At 30th September, 2012	At 31st March, 2012
	$'000	*$'000*
		(restated)
Assets		
Reportable segment assets	**845,487**	746,339
Elimination of inter-segment receivables	**(89,918)**	(55,797)
	755,569	690,542
Unallocated corporate assets	**—**	15,000
Consolidated total assets	**755,569**	705,542
Liabilities		
Reportable segment liabilities	**325,645**	253,556
Elimination of inter-segment payables	**(89,918)**	(55,797)
	235,727	197,759
Unallocated corporate liabilities	**35,025**	15,025
Consolidated total liabilities	**270,752**	212,784

The Group has amended the format of management information provided to the chief operating decision-maker for the purpose of assessing the performance of the operating segments due to the acquisition of subsidiaries that are engaged in the provision of brokerage services and set up of new subsidiaries that are engaged in the provision of financing services. As a result, the basis of segmentation has been changed from geographical segment reporting in the prior period to business line segment reporting in the current period.

4. REVENUE

The principal activities of the Group are (1) printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; (2) provision of brokerage of securities; (3) provision of short-term loan financing activities, and (4) investment activities in equity securities. Revenue represents the invoiced value of goods sold and interest income, net of sales tax, returns and discounts. The amount of each significant category of revenue recognized in revenue during the period is as follows:

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
Sales of printing products	**382,280**	381,694
Commission and brokerage income	**8**	—
Interest income		
— securities margin financing	**487**	—
	382,775	381,694

5. OTHER NET LOSS

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
Net unrealised loss on trading securities	**22,169**	—
Net (gain)/loss on forward exchange contracts	**(309)**	5,049
Loss on disposal of property, plant and equipment	**1,783**	1
Net exchange gain	**(461)**	(96)
	23,182	4,954

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
(a) Finance costs:		
Finance charges on obligations under finance leases	**—**	13
Interest on bank loans and overdrafts	**1,227**	956
	1,227	969
(b) Other items:		
Cost of inventories sold	**308,362**	305,573
Depreciation		
— owned assets	**19,156**	18,493
— assets held under finance leases	**—**	697
Amortisation of land lease premium	**363**	359
Net loss on forward foreign exchange contracts	**—**	4,536
Loss on disposal of property, plant and equipment	**1,783**	1
Net unrealised loss on trading securities	**22,169**	—

7. INCOME TAX

	Six months ended 30th September, 2012 $'000	2011 $'000
Current tax		
Provision for Hong Kong Profits Tax	**863**	2,301
Provision for income tax outside Hong Kong	**2,709**	2,159
	3,572	4,460
Deferred tax		
Origination and reversal of temporary differences	**(830)**	(463)
	2,742	3,997

The provision for Hong Kong Profits Tax for the period was calculated at 16.5% (six months ended 30th September, 2011: 16.5%) of the estimated assessable profits for the period.

Income tax for subsidiaries outside Hong Kong is calculated at the appropriate current rates for taxation ruling in the relevant countries.

8. DIVIDENDS

No interim dividend will be paid for the six months ended 30th September, 2012 (six months ended 30th September, 2011: Nil). Final dividends, if any, will be proposed at the year end.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the consolidated loss attributable to equity shareholders of the Company for the period of $20,304,000 (six months ended 30th September, 2011: profit of $10,084,000) and on the weighted average number of ordinary shares of 2,665,290,000 (six months ended 30th September, 2011: 2,665,290,000) during the period.

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares during the six months ended 30th September, 2012 and 2011, and diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30th September, 2012, the Group acquired items of property, plant and equipment with cost totalling $17,421,000 (six months ended 30th September, 2011: $102,210,000).

11. BUSINESS COMBINATIONS

On 16th February, 2012, the Group entered into a sale and purchase and subscription agreement ("the Agreement") with CEPA Alliance Holdings Limited ("CEPA Holdings"), CEPA Alliance Securities Limited ("CEPA Securities") and CEPA Management Limited ("CEPA Management"), (collectively, referred to as "CEPA Group") to acquire 6,000 issued shares, representing 66.67% of the issued share capital of CEPA Holdings from third party vendors at a total cash consideration of $30,000,000.

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of shares acquired
CEPA Holdings	Investment holding	27th September, 2012	66.67%
CEPA Securities	Provision of brokerage securities	27th September, 2012	66.67%
CEPA Management	Provision of rental services	27th September, 2012	66.67%

In addition, the Group has subscribed 1,000 allotted shares of CEPA Holdings at a total cash consideration of $5,000,000. Upon the completion of the transaction, a reduction in non-controlling interests was resulted and the Group's shareholdings in CEPA Holdings has been increased from 66.67% to 70%. CEPA Group was acquired so as to diversify the business of the Group and enhance the return to the equity shareholders of the Company.

Consideration transferred

	$'000
Cash	30,000

Assets acquired and liabilities recognized at the date of the acquisition

	Recognised values on acquisition *$'000*	Fair value adjustments *$'000*	Pre-acquisition carrying amounts *$'000*
Cash and cash equivalents	48,655	—	48,655
Property, plant and equipment	432	(53)	485
Intangible asset	1,260	—	1,260
Trade receivables	28,594	—	28,594
Other receivables, prepayment and deposits	3,533	—	3,533
Trade and other payables	(38,851)	—	(38,851)
Deferred tax liabilities	(17)	—	(17)
	43,606	(53)	43,659

Non-controlling interests

The non-controlling interests of 33.33% in CEPA Group recognised at the acquisition date was measured by reference to the fair value of the non-controlling interests and amounted to HK$14,536,000. This fair value was estimated by applying an income approach, market approach and cost approach.

11. BUSINESS COMBINATIONS (CONTINUED)

Goodwill arising on acquisition

	CEPA Group
	$'000
Consideration transferred	30,000
Non-controlling interests of 33.33% in CEPA Group	14,536
Fair value of identifiable net assets acquired	(43,606)
Goodwill arising on acquisition *(note 12)*	930

Acquisition-related costs amounting to $193,000 have been excluded from the consideration transferred and have been recognised as "Administrative expenses" in the condensed consolidated income statement.

Goodwill arose in the acquisition of CEPA Group as the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of CEPA Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purpose.

Net cash inflow on acquisition of subsidiaries

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
Consideration paid in cash	**(30,000)**	—
Cash and cash equivalents acquired	**48,655**	—
	18,655	**—**

Impact of acquisition on the results of the Group

Included in the loss for the period is HK$41,000 attributable to the additional business generated by CEPA Securities. Revenue for the period includes HK$18,000 in respect of CEPA Securities.

If the acquisition had occurred on 1 April 2012, the Group's revenue would have been HK$384,721,000 and loss for the period would have been HK$20,834,000 for the period ended 30th September, 2012. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2012, nor is it intended to be a projection of future results.

12. GOODWILL

The carrying amount of goodwill is analysed as follows:

	At 30th September, 2012	At 31st March, 2012
	$'000	*$'000*
Carrying amount at the beginning of the period/year	**—**	—
Acquisition of subsidiaries *(note 11)*	**930**	—
Carrying amount at the end of the period/year	**930**	—

The carrying amount of goodwill is allocated to the cash generating units of the operations of the provision of brokerage services and short-term loan financing activities.

13. INTANGIBLE ASSET

	At 30th September, 2012 **$'000**	At 31st March, 2012 *$'000*
Trading right	**1,260**	—

14. TRADING SECURITIES

	At 30th September, 2012 **$'000**	At 31st March, 2012 *$'000*
Listed equity securities at fair value		
— in Hong Kong	**18,870**	41,039

Investments in trading securities are stated at fair value at the balance sheet date. The market value of the listed equity securities held by the Group, which are classified as financial assets at fair value through profit or loss in the condensed consolidated balance sheet, declined significantly based on the closing market price of these listed equity securities at the end of the reporting period. As a result, a net unrealised loss on trading securities of approximately $22,169,000 was resulted.

15. INVENTORIES

During the six months ended 30th September, 2012, $1,421,000 (six months ended 30th September, 2011: $633,000) has been recognised as a reduction in the amount of inventories as an expense in profit or loss during the period, being the amount of a write-down of inventories to estimated net realisable value.

16. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors (net of allowance for bad and doubtful debts) with the following ageing analysis:

	At 30th September, 2012 **$'000**	At 31st March, 2012 *$'000*
Current	**169,026**	92,285
Less than one month past due	**4,741**	1,284
One to three months past due	**2,728**	1,761
More than three months past due	**860**	528
	177,355	95,858

Trade debtors are due 30 to 90 days from the date of billing. Margin receivables due from margin clients are current. Margin clients are required to pledge securities collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group.

17. BANK LOANS

The analysis of the carrying amount of the bank loans is as follows:

	At 30th September, 2012 *$'000*	At 31st March, 2012 *$'000*
Current liabilities		
Term loans from banks subject to demand repayment	**46,193**	50,328
Other bank loans	**14,100**	13,450
	60,293	63,778

At 30th September, 2012, bank loans were due for repayment as follows:

	At 30th September, 2012 *$'000*	At 31st March, 2012 *$'000*
Within one year or on demand	**14,100**	13,450
Current portion of term loans due for repayment within one year	**8,333**	8,294
	22,433	21,744
Term loans due for repayment after one year		
After one year but within two years	**6,711**	8,346
After two years but within five years	**7,558**	8,898
After five years	**23,591**	24,790
	37,860	42,034
	60,293	63,778

At 30th September, 2012, bank loans were secured as follows:

	At 30th September, 2012 *$'000*	At 31st March, 2012 *$'000*
Bank loans		
— secured	**34,760**	35,795
— unsecured	**25,533**	27,983
	60,293	63,778

Certain banking facilities and loans granted to the Group are secured by the Group's property, plant and equipment with an aggregate carrying value of $76,127,000 at 30th September, 2012 (31st March, 2012: $76,907,000).

At 30th September, 2012, the above secured banking facilities amounted to $44,760,000 (31st March, 2012: $45,795,000). The facilities were utilised to the extent of $41,337,000 at 30th September, 2012 (31st March, 2012: $43,247,000), comprising bank loans of $34,760,000 (31st March, 2012: $35,795,000) and bills payable of $6,577,000 (31st March, 2012: $7,452,000).

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to the Group's balance sheet and profitability ratios, total equity and the amount of capital expenditure incurred, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. As at 30th September, 2012 and 31st March, 2012, none of the covenants relating to the drawn down facilities was breached.

18. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30th September, 2012	At 31st March, 2012
	$'000	*$'000*
Current and less than one month past due	**101,163**	49,103
One to three months past due	**11,150**	7,718
More than three months past due	**975**	2,384
	113,288	59,205

19. SHARE CAPITAL

	No. of shares	**Amount**
	'000	*$'000*
Authorised shares of $0.01 each:		
At 31st March, 2012 and 30th September, 2012	40,000,000	400,000
Issued and fully paid shares of $0.01 each:		
At 31st March, 2012 and 30th September, 2012	2,665,290	26,653

20. COMMITMENTS

Capital commitments outstanding at 30th September, 2012, not provided for in the interim financial report:

	At 30th September, 2012	At 31st March, 2012
	$'000	*$'000*
Contracted for	**4,170**	26,359

21. MATERIAL RELATED PARTY TRANSACTIONS

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors is as follows:

	Six months ended 30th September,	
	2012	2011
	$'000	*$'000*
Short-term employee benefits	**3,184**	3,954
Post-employment benefits	**98**	160
	3,282	4,114

22. FINANCIAL INSTRUMENTS

The Group is exposed to foreign currency risk on sales that are denominated in currencies other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily United States dollars ("USD"). The functional currency of the operations to which such risks relates is Renminbi ("RMB").

In June 2011, the Group entered into a non-deliverable structured forward contract ("the Contract") with a bank. The total notional amount of the Contract, depending on the exchange rate at determination date, ranges from US$14,000,000 to US$28,000,000 with fourteen equal monthly settlement amounts commencing April 2012. On each determination date, if the exchange rate of USD to RMB is at or depreciates below the contracted rate, a fixed amount of US$1,000,000 will be payable by the Group to the bank and a fixed amount of RMB6,520,000 will be receivable from the bank. Under this circumstance, a monthly gain of the Group will be an amount in RMB equal to USD1,000,000 multiplied by the difference between the contracted rate and the exchange rate of USD to RMB at the determination date ("Monthly Gain"). If the exchange rate of USD to RMB appreciates above the contracted rate at the determination date, a fixed amount of US$2,000,000 will be payable by the Group to the bank and a fixed amount of RMB13,040,000 will be receivable from the bank. Under this circumstance, the Monthly Gain will be zero. The Contract will be terminated upon the completion of all fourteen settlements or the accumulated Monthly Gains from the completed settlements reaches RMB300,000.

As at 30th September, 2012, the Contract had been terminated upon the accumulated Monthly Gains from the completed settlements reaches RMB300,000. As at 31st March, 2012, the fair value of the Contract amounted to $51,000 (asset) which was recognised under trade and other receivables in the condensed consolidated balance sheet.

The directors believe that should the exchange rate of USD to RMB be in a rising trend, the Group would benefit from the currency gains associated with the relevant USD trade receivables against the associated costs in RMB and such gains would be sufficient to cover any amount payable under the Contract.

The above forward contract is not qualified for hedge accounting and therefore it is accounted for at fair value through profit or loss.

In respect of other monetary assets and liabilities denominated in currencies other than the functional currency of the operations to which they relate, the directors ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

23. COMPARATIVE FIGURES

Certain comparative figures have been adjusted in order to conform to the current period's presentation.

Grant Thornton 致同

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF NEW ISLAND PRINTING HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 18 which comprises the condensed consolidated balance sheet of New Island Printing Holdings Limited as at 30th September, 2012 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30th September, 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Grant Thornton Hong Kong Limited
Certified Public Accountants
20th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

28th November, 2012

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

BUSINESS REVIEW AND OUTLOOK

Despite the macroeconomic environment has been clouding up with uncertainties, the Group reported turnover of approximately HK$382.8 million for the six months ended 30th September 2012 ("Review Period"), which mainly comprised of turnover from sales of printing products of approximately HK$382.3 million. Such revenue slightly increased by approximately 0.2% compared to approximately HK$381.7 million for the six months ended 30th September 2011 ("Corresponding Period").

Gross profit margin, however, has slightly smoothened down to approximately 19.4% during the Review Period from approximately 19.9% during the Corresponding Period. Our delicate packaging products required more skillful workers and the demand of such workers were high driven by the competition in the market. As a result, higher labour costs were associated. In addition, Raw materials and other labour associated costs have been rising rapidly and significantly with respect to the inflation in the People's Republic of China ("PRC") which could not be fully shifted to customers. Accordingly, gross profit slightly decreased by approximately 2.2% to approximately HK$74.4 million for the Review Period.

Selling and distribution costs increased by approximately 18.8% from HK$22.3 million in the Corresponding Period to approximately HK$26.5 million during the Review Period, standing at approximately 6.9% of turnover, as compared with approximately 5.8% of turnover in the Corresponding Period. On a percentage basis, the increase in selling and distribution costs was larger than the increase in turnover which was mainly due to the increase in sales commissions and freight costs incurred. Notwithstanding stringent cost control measures adopted by the Group under difficult operating conditions, administrative expenses have increased by approximately 7.3% to approximately HK$41.6 million during the Review Period, which was mainly resulted from the increase in general staff costs and related medical and insurance expenses of approximately HK$1.4 million and increase in miscellaneous tax expenses in the PRC of approximately HK$1.6 million.

The Group's finance costs increased by approximately 26.6% from HK$0.97 million for Corresponding Period to HK$1.2 million for the Review Period. The increase was mainly due to the increase in average amount of outstanding borrowings with a mortgage loan obtained soon after the end of the Corresponding Period.

As a result of the substantial decrease in net change in fair values of listed trading securities due to the substantial decrease in the market prices of certain listed securities held by the Group, the Group recorded a substantial unrealized loss of approximately HK$22.2 million during the Review Period, which has been accounted in other net loss.

As a result of the combined effects of the foregoing, the Group incurred a loss before tax for the Review Period of HK$17.2 million as compared with a profit before tax of approximately HK$14.1 million for the Corresponding Period. Accordingly, income tax expense decreased by 31.3% to approximately HK$2.7 million during the Review Period. Loss attributable to equity shareholders was approximately HK$20.3 million for the Review Period.

During the Review Period, the Group acquired 70% equity interest in CEPA Alliance Holdings Limited ("CEPA Holdings") and its subsidiaries ("CEPA Group"). CEPA Group was acquired so as to diversify the business of the Group and enhance the return to the equity shareholders of the Company. During the Review Period, CEPA Group did not generated significant additional business nor revenue to the Group.

With the global economic slowdown going on, 2012 was a year of significant volatility with large degree of uncertainties in the external environment including the weak economic situation in Europe. Meanwhile, the change in economic focus and policy in the PRC to domestic consumption in respond to the darkening global economy will undoubtedly further translate into additional cost pressure of the Group. On the other hand, recently sign of recovery in the U.S. market and domestic demand indicates that the manufacturing sector may produce positive promotion of economic growth in future. In the midst of uncertainties, the Group will seize the opportunity to enlarge its profit results and to capture any valuable investment opportunities with all its effort under the difficult market environment, so as to maximize its value added to shareholders.

FINANCIAL AND CAPITAL RESOURCES

During the Review Period, the Group expended approximately HK$15.8 million cash on investments in property, plant and equipment, such amount does not include the property, plant and equipment acquired through business combination during the Review Period. These investments and the daily operating activities of the Group were funded by retained earnings and bank borrowings and by the cash flow generated from the Group's operations.

As at 30th September, 2012, the Group had bank borrowings, which were either denominated in Hong Kong dollars or Chinese Renminbi, totalling approximately HK$83.0 million (31st March, 2012: HK$90.0 million), comprising bank loans of HK$60.3 million (31st March 2012: HK$63.8 million) and bills payable of HK$22.7 million (31st March 2012: HK$26.2 million). Of these borrowings, approximately HK$41.3 million (31st March, 2012: HK$43.2 million) were secured by property, plant and equipment with an aggregate carrying value in the Group's balance sheet as at 30th September, 2012 of approximately HK$76.1 million (31st March, 2012 HK$76.9 million). The net debt-to-capital ratio (defined as total interest-bearing borrowings less cash and cash equivalents divided by total equity) of the Group as at 30th September, 2012 was approximately 0% (31st March, 2012: 0.2%).

The Directors are of the opinion that the Group will be able to generate adequate cash flow from its operations and to secure necessary facilities from the banks to meet its ongoing obligations and commitments.

STAFF

As at 30th September, 2012, the Group had a total staff of 2,908 (31st March, 2012: 2,692) of which 2,827 (31st March, 2012: 2,634) were employed in the PRC for the Group's manufacturing and distribution businesses.

The Group provides employee benefits such as staff insurance, retirement schemes and discretionary bonus and also provides in-house training programmes and external training sponsorship. The Group aims to design a remuneration policy that attracts and retains employees needed to run the Group successfully and to motivate employees to pursue appropriate growth strategies whilst taking into account the performance of the individuals. The remuneration of the Directors is reviewed by the Remuneration Committee. Their remuneration should reflect, inter alia, the performance and responsibilities of the Directors.

INTERIM DIVIDEND

The Board resolved not to pay an interim dividend for the six months ended 30th September, 2012 (2011: Nil).

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules during the six months period ended 30th September, 2012.

Before Mr. Suen Cho Hung, Paul has been appointed as the Chairman of the Company on 12th September, 2012, Mr. Lo Ming Chi, Charles had been appointed as the Chairman and Chief Executive Officer of the Company. The corresponding deviation in *Code Provision A.2.1 – Chairman and Chief Executive Officer* (the "Code Provision") is explained below.

CORPORATE GOVERNANCE (CONTINUED)

The Code Provision of the CG Code stipulates that the roles of chairman and chief executive officer (the "CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Company has deviated from the Code Provision in this respect in that Mr. Lo Ming Chi, Charles is both the chairman and CEO of the Company. The respective responsibilities of the chairman and the CEO, however, are clearly set out in writing and approved by the Board. Given the Group's current stage of development, the Board considers that vesting the roles of chairman and CEO in the same person facilitates the execution of the Group's business strategies and maximizes the effectiveness of its operation.

Since the appointment of Mr. Suen Cho Hung, Paul as the Chairman of the Company on 12th September, 2012, the Board had resumed the segregation of the two roles and complied with the Code Provision.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. 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.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors and reports directly to the Board. The audit committee meets regularly with the Group's senior management and the Company's external auditors to review the financial reporting and internal control systems of the Group as well as the financial statements of the Company.

The audit committee has reviewed the interim results of the Group for the six months ended 30th September, 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2012, the following Director and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept 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.

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30th September, 2012
Mr. Suen Cho Hung, Paul ("Mr. Suen")	Interests of controlled corporation	Long position	1,668,967,000	62.62%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

Note:

These shares are held by Plus Wealthy Limited which is a wholly-owned subsidiary of Bingo Wealth Holdings Limited which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen is deemed to be interested in all the shares of the Company by virtue of the SFO.

Save as disclosed above, as at 30th September 2012, none of the directors or chief executive of the Company had registered an interest or short positions in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 28th September, 2007. The purpose of the Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to Executive or Non-executive Directors including Independent Non-Executive Directors or any employees (whether full-time or part-time) of each member of the Group (the "Participants") and for such other purpose as the Board may approve from time to time. Details of the Scheme are set out in the 2012 annual report of the Company. The Scheme shall remain valid and effective until 27th September, 2017.

No share option has been granted by the Company since the adoption of the Scheme.

INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30th September, 2012, so far as is known to the Directors, the following persons had interests of more than 5% of the issued share capital of the Company according to the register of interests kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Long/Short position	Total number of shares held	Approximate % of total issued shares at 30th September, 2012
Plus Wealthy Limited ("Plus Wealthy")	Beneficial owner	Long position	1,668,967,000	62.62%
Bingo Wealth Holdings Limited ("Bingo Wealth")	Interests of controlled corporation	Long position	1,668,967,000 *(note)*	62.62%
Mr. Suen	Interests of controlled corporation	Long position	1,668,967,000 *(note)*	62.62%

INTERESTS AND SHORT POSITION OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO (CONTINUED)

Note:

These shares are held by Plus Wealthy which is a wholly-owned subsidiary of Bingo Wealth which in turn is wholly-owned by Mr. Suen. Accordingly, Mr. Suen and Bingo Wealth are deemed to be interested in all the shares of the Company in which Plus Wealthy is interested by virtue of the SFO.

Save as disclosed above, no other interest or short position in the shares and underlying shares of the Company were recorded in the register required to be kept under section 336 of the SFO as at 30th September, 2012.

ARRANGEMENT TO PURCHASE SHARES

Apart from the Scheme as disclosed above, at no time during the six months ended 30th September, 2012 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30th September, 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

COMPOSITION OF BOARD

As at the date of this report, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Chief Executive Officer) and Ms. Chan Yuk Yee as Executive Directors and Dr. Wong Yun Kuen, Mr. Pun Chi Ping and Mr. Ip Man Tin, David as Independent Non-executive Directors.

By Order of the Board
LO Ming Chi, Charles
Chief Executive Officer

Hong Kong, 28th November, 2012