

# SGX Research Incentive Scheme



CIMB Research Report

## Sky One Holdings Limited

Opportunities in China

SKYO SP

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### INITIATING COVERAGE

19 August 2008

<b>RECOM</b>	Buy
<b>PRICE/TARGET PRICE</b>	S\$0.09/ S\$0.12
<b>MKT CAPITALISATION</b>	S\$21.9m
<b>BOARD</b>	Catalist
<b>SECTOR</b>	Logistics

SINGAPORE

**Sales have grown steadily since FY06.** Sky One is a total logistics solutions provider based in Hong Kong. Sales have been growing healthily since FY06. We forecast revenue growth of 11% for FY09 and a 3-year revenue CAGR of 10.2% for FY08-11, led by Sky One's speed advantage over larger operators such as DHL and UPS in delivering goods to China from Hong Kong, due to its quick access via express customs clearance centres.

**Spillover benefits of China boom.** Hong Kong's proximity to China and well-established transport and logistics infrastructure connecting it to the rest of the world have turned it into a 'golden door' to China, strengthening its position as a logistics stronghold in Asia.

**Top five in Hong Kong-China express services.** Sky One is amongst the top five players in Hong Kong with a market share of about 5% and addressable market of about HK\$120m, based on a total market size of HK\$2.4bn.

**Initiate coverage with BUY recommendation and target price of S\$0.12,** based on 7x CY09 P/E. This multiple is in line with the historical P/E band for small-cap comparables. A potential re-rating catalyst is the successful acquisition of Jet in the current financial year, which would enhance Sky One's ability to tap the China market, and perhaps the lucrative Taiwanese market in the near future. Given the 26% potential upside, we initiate coverage with a BUY.

#### Financial summary

FYE Mar	2007	2008	2009F	2010F	2011F
Revenue (HK\$m)	105.8	125.2	139.0	152.9	167.8
EBITDA (HK\$m)	22.5	26.6	28.2	30.7	33.2
EBITDA margins (%)	21%	21%	20%	20%	20%
Pretax profit (HK\$m)	21.2	24.0	25.4	28.4	31.0
Net profit (HK\$m)	17.5	19.0	21.0	23.4	25.6
EPS (S cts)	2.0	1.9	1.6	1.8	2.0
EPS growth (%)	N/A	3%	-13%	11%	9%
P/E (x)	5.1	5.3	6.2	5.6	5.1
Gross DPS (S cts)	-	0.1	-	-	-
Dividend yield (%)	-	2%	-	-	-
P/NTA (x)	3.0	3.0	2.2	1.6	1.2
ROE (%)	62%	40%	29%	25%	22%
Net cash per share (S\$)	0.01	0.01	0.02	0.04	0.06
P/CF (x)	4.8	4.7	5.5	5.1	4.7
EV/EBITDA (x)	4.1	3.5	3.3	3.0	2.8

Source: Company, CIMB estimates

#### Market capitalisation & share price information

Market cap	S\$21.9m	<b>Share price perf. (%)</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
12-mth price range	S\$0.08/S\$0.42	Relative	(6.3)	13.9	(66.8)
3-mth avg daily volume	S\$0.01m	Absolute	(10.0)	-	(71.9)
# of shares (m)	243.2	<b>Major shareholders</b>			<b>% held</b>
Est. free float (%)	36	Dicky Suen Yiu Chung			44.9
Wrts/ICULS o/s (m)	None	Lau Hon Kit			19.3
Conv. price (S\$)	None				

Source: Company, CIMB estimates

Please read carefully the important disclosures at the end of this publication.

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## Background

Sky One was listed on SGX-ST Catalist on 28 Jan 08, following a reverse takeover of Semitech Electronics Ltd. The company is a total logistics solutions provider based in Hong Kong.

**Business offerings.** Sky One provides integrated logistics services and customised solutions, as well as delivers goods from airports, seaports and distribution centres to consignees and customers, and vice versa. It offers door-to-door, door-to-port and port-to-port transportation of air and sea cargoes, on top of freight and express courier services. Included under ancillary services are bulk breaking, sorting, packaging and the delivery of letters, parcels and bulky items from Hong Kong to China. Sky One also provides customs tax clearance services.

**Major competitors.** Major competitors include S.F. Express (HK) Ltd and Top Gun Express Centre, of which neither is listed on any stock exchange at present. Both are based in Hong Kong. S.F. Express is the closest comparable, owing to a similar focus on the express land segment.

**Major partners.** Sky One's major partners are Shenzhen Huaxin, DHL, Federal Express, UPS, PIL, Cathay Pacific and Air China.

**Key customers.** Its top five direct customers as at end Mar-08 by revenue contributions were:

- 1 近鐵國際貨運有限公司(中)
- 2 香港萬美有限公司
- 3 香港嘉宏環球有限公司
- 4 嘉軒國際實業有限公司
- 5 三洋電機(香港)有限公司

**Not overly-reliant on any customer.** Sky One had over 5,000 active customers in FY08, up from 3,000 in FY07. None contributed more than 5% of its revenue. Customers range from purchasing agents to manufacturers and retailers as well as other third-party logistics operators. We believe this diversification can cushion Sky One from any sharp decline in sales to any one industry.

**Client mix.** About 95% of Sky One's customers are corporate customers. The remaining 5% are individual customers.

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## Industry outlook

**Spillover benefits of China boom.** Hong Kong's proximity to China and its well-established transport and logistics infrastructure connecting it to the rest of the world have turned it into a 'golden door' into China, strengthening its position as a logistics stronghold in Asia. China's phenomenal economic growth has led to a surge in the number of businesses trading across borders and with countries around the world. In 2007, China's logistics industry was valued at Rmb75.2tr, up 26.2% yoy to account for 40% of the world's container traffic. A growing trend of production outsourcing to China as a cost-saving measure has also led to increased flows of raw materials and finished goods between Hong Kong and China.

**Express cargo.** Hong Kong's express industry is dominated by a few big multinational players, which have extensive air and ground networks. The sheer size of these players, however, has a downside i.e. longer delivery times due to their commitment to hub strategies and vehicle/plane re-fuelling.

Smaller players, on the other hand, tend to specialise in niche areas and develop a better understanding of specific markets to develop their sales volume. They are also able to provide faster and more flexible services. For instance, some smaller logistics operators may possess the licence to carry goods in and out of China through express custom clearance centres in minimal time, and are well versed with China's customs tax regime, making them capable of helping their customers save on taxes.

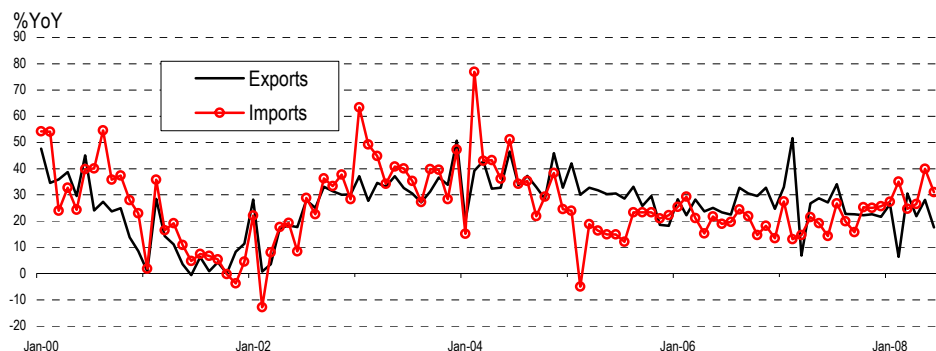
To keep prices competitive, these smaller players also typically reduce their overhead costs by sub-contracting jobs to wholesale operators like independent truckers, who have established routes.

**Air freight.** Hong Kong has been ranked the world's busiest airport for international cargo since 2006. According to the Air Authority Hong Kong, cargo volumes handled at the Hong Kong International Airport are expected to grow at 6% a year between 2006 and 2010. There are two major cargo types in the air freight business: 1) express cargo; and 2) heavy lift cargo. Heavy lift cargo accounts for 95% of the weight and 85% of the value of total airfreight handled by Hong Kong. However, the Mainland market is less significant for Hong Kong's air cargo sector as a large proportion of goods are delivered via land modes between Hong Kong and Southern China. Other Asian destinations, with the exclusion of China, account for about 50% of air cargo exports, of which Japan and Taiwan are of greater importance.

**Technology drives efficiency.** Advancements in information technology have allowed the industry to integrate specialised and customised logistics solutions to its service model. Major industry players can now offer material handling, logistics management and other custom business solutions.

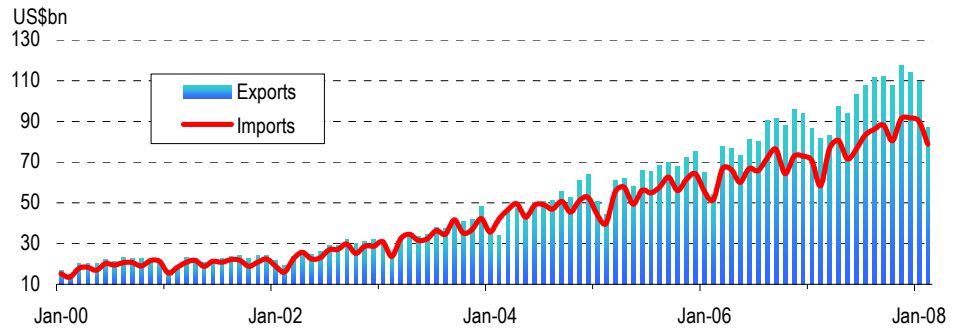
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Figure 2: China's export and import growth (% yoy)



Source: CIMB-GK Research

**Figure 3: China's export and import absolute values**



Source: CIMB-GK Research

**Challenging environment.** The business environment in China is highly challenging. Mainland firms prefer to keep their logistics operations in-house and regard logistics as a way of reducing costs rather than improving supply chain efficiencies. Competition is also ferocious, with over 1m registered logistics service providers and 850,000 trucking firms in China alone, of which 90% are small to medium-sized operators. This has resulted in a fragmented market, with no real pan-China player as yet.

**Strength in numbers.** China is a magnet for logistics firms from Hong Kong, China and the rest of the world. But the increasing demand for economies of scale, a more efficient supply chain, plus wider profit margins, is hastening industry consolidation.

## Company outlook

**Potential acquisition of 50.1% of Jet International Courier Group.** Sky One recently signed a non-binding letter of intent with Mr Johnson Hsieh for the purchase of 50.1% of Jet International Courier Group Holdings, an unlisted entity. The purchase consideration will not be less than 10x Jet's 2007 P/E. We believe the acquisition would be good for Sky One in the medium to long term.

Jet is the largest private courier group in China with operations in China, Hong Kong and Taiwan. The acquisition of Jet, if successful, would fit snugly with Sky One's line of business, speeding up its expansion into the fast-growing logistics industry in China. In addition, this acquisition could give the company a launch pad into the Taiwanese market, fulfilling its corporate goal of becoming a logistics leader in Greater China.

**Quick access via express customs clearance centres (ECCCs).** There are only 10 ECCCs in the whole of China, of which six are located in Guangdong Province. The ECCCs cater mainly to smaller domestic players like Sky One, giving them the privilege of clearing their goods quickly at customs. The average time taken to clear a load of goods via ECCCs is 1-3 hours. In contrast, the time taken to clear the same amount of goods at a regular customs centre is more than one day.

Management believes that there are only 20-30 Hong Kong companies licensed to use such ECCCs. Such licences are hard to come by usually, and are even harder to obtain now due to a tightening of security at the borders during the run-up to the Beijing Olympics. Sky One's ability to secure a license was aided by the forging of an exclusive relationship with China-based Shenzhen Huaxin, to use the latter's tax clearance licence when transporting goods through Guangzhou. At present, Sky One utilises four of the six ECCCs in Guangdong Province.

**Expertise in customs clearance and minimising customs tax.** Sky One's employees are trained to be well-acquainted with the customs tax regime and clearance practices between Hong Kong and China. As such, they are able to help their customers save on taxes while reducing the total delivery time. For instance, Sky One would help customers repackage their goods to reduce their overall tax liability. With an increasing trend of tax hikes in China, we feel that this knowledge would serve Sky One well in differentiating themselves from the other players, thus garnering a larger market share in the years to come.

**Electronic management system.** The company invested in an electronic management system earlier this year to improve its operational efficiency. The purpose of which was to minimise human errors and cut overall manpower. The EMS is capable of tracking goods online, monitoring couriers, processing sales information, producing electronic customs reports as well as carry out trucking and warehouse inventory management. We believe investments in technology as such, are critical for the future growth of the Sky One, in terms of boosting overall operating efficiency as well as its bottom-line.

**Prospective expansion.** To capture a bigger slice of the HK\$2.4bn-a-year Hong Kong-China logistics market, Sky One plans to penetrate Chinese coastal cities that have tax clearance centres in its next wave of expansion. It is also actively looking into developing business in Japan, Singapore, Taiwan, South Korea, Thailand and Vietnam etc.

Figure 4: SWOT analysis

Strengths	Opportunities
<ul style="list-style-type: none"> <li>• Decent market share in the Hong Kong-China express services industry</li> <li>• Large base of customers from different industries</li> <li>• Not reliant on any one customer</li> <li>• Licensed to use ECCCs</li> </ul>	<ul style="list-style-type: none"> <li>• China's economic boom and logistics boom</li> <li>• Increasing trend of outsourcing</li> <li>• Potential acquisition of Jet to provide a foothold in China and Taiwan</li> <li>• Expansion into new territories</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>• Subject to potential delays at ECCCs</li> <li>• Fleet of vehicles very small, exposing Sky One to rising sub-contractor costs</li> </ul>	<ul style="list-style-type: none"> <li>• Uncertainties caused by M&amp;A plans</li> <li>• Rising competition from domestics and international players</li> <li>• More direct avenues into China</li> <li>• Inflation and rising costs</li> </ul>

Source: Company, CIMB-GK Research

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## Risks

**Delivery delays.** The company is exposed to risks of a hold-up at customs clearance centres, which may result in a delay in the delivery of goods to the required designations. This would subject the company to lower margins as it typically gives 10-20% discounts to customers affected.

**More direct avenues into China.** The bulk of Sky One's business arises from Hong Kong's direct access to China. However, the number of direct avenues between China and other overseas centres has been on the rise as China continues to increase its exposure to more international trade. Hong Kong might lose part of its exclusivity as a direct gateway to China in the future, affecting companies like Sky One, which are predominantly involved in the Hong Kong-China logistics business.

**Possible integration problems.** Sky One earlier announced a letter of intent to acquire 50.1% of Jet. Though Jet is financially healthy with more than 20 years of history in China's logistics industry, problems might arise on integration. However, if successful and seamless, we believe the acquisition would support Sky One's break into the Greater China market in the long run.

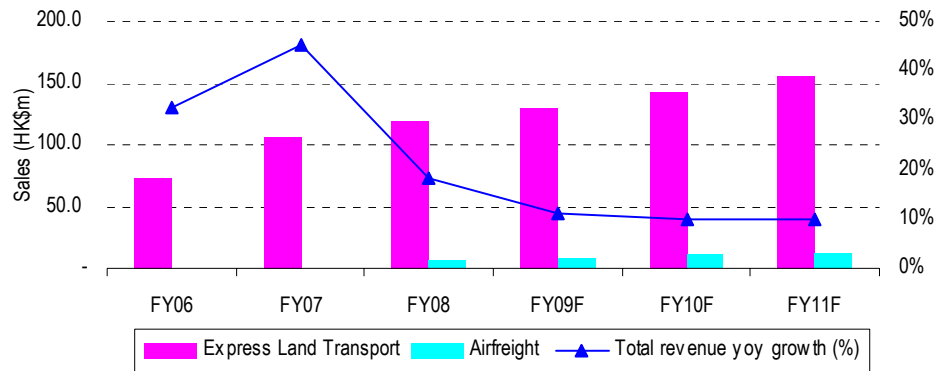
**Outsourcing services to sub-contractors.** The company outsources some of its trucking needs to third-party sub-contractors. As there are no pricing agreements with the parties, a rise in sub-contractor costs may affect its operating margins.

**Inflation and rising energy prices.** Rising inflation in Hong Kong and China has led to higher labour costs for companies. Escalating oil prices have not helped. As such, Sky One might be subject to higher operational and transportation costs, affecting its margins and overall business profitability.

## Financials

**Sales have grown steadily since FY06.** For FY09, we forecast revenue growth of 11%; for FY08-11, we have a revenue CAGR forecast of 10.2%. We assume that Sky One will continue to benefit from China's steady economic growth and companies' increasing tendency to outsource their logistics needs to third-party providers. Sky One has competitive advantage over the larger operators like DHL and UPS in delivering goods to China from Hong Kong faster, on account of its quick access via ECCCs.

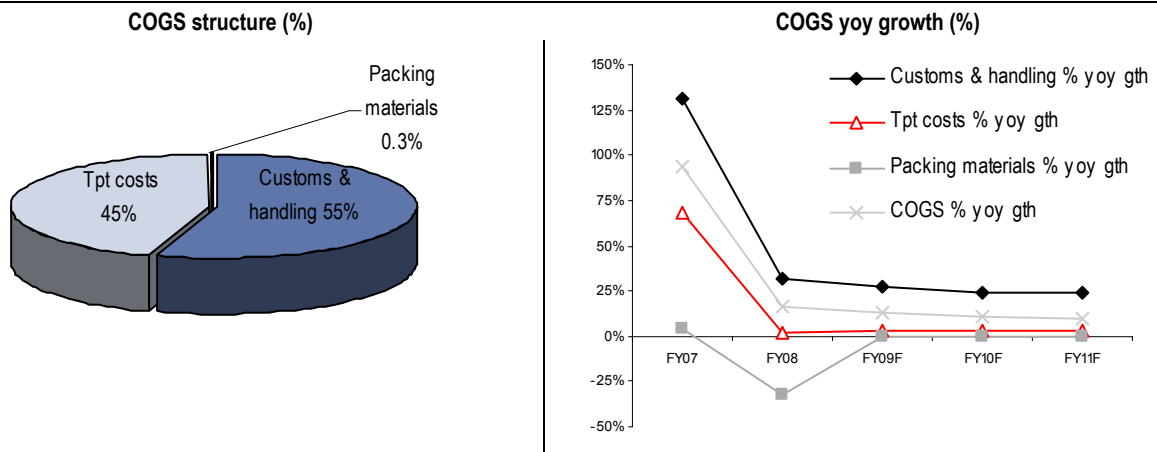
**Figure 7: Sales breakdown**



Source: CIMB-GK Research, Company

**COGS structure and growth.** COGS is primarily made up of customs declaration and handling costs (55%) and transportation costs (45%). Only 0.3% is attributable to the cost of packing materials. Such costs are variable, depending on the volume of goods transported. We have assumed that COGS over revenue remains at about 57% (FY08: 56.1%). This translates to an overall COGS yoy growth of 10-13% for the next three years, which is below FY08's 16% on account of cost efficiencies as the company gains in size.

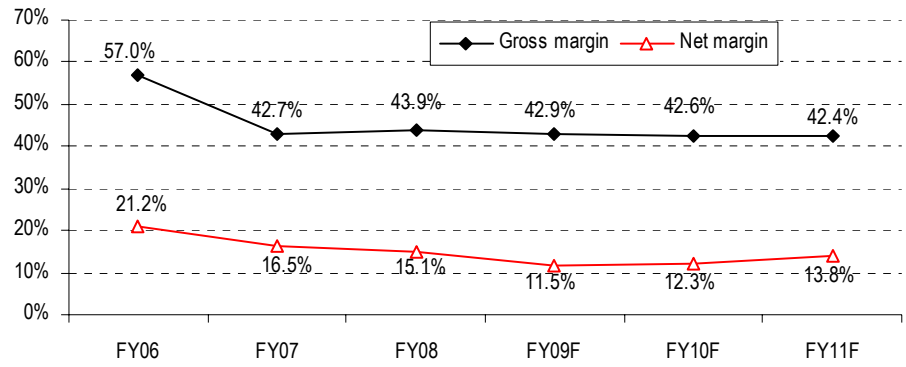
**Figure 8: COGS yoy growth (%) to taper off as cost efficiencies improve**



Source: CIMB-GK Research, Company

**Healthy margins in general.** Gross margins are expected to remain at about 42-43% as COGS is directly proportional to growth in sales volume. But we expect net margins to decline to 11.5-13.8% on potentially higher distribution and selling expenses and marketing expenses incurred during Sky One's expansionary phase.

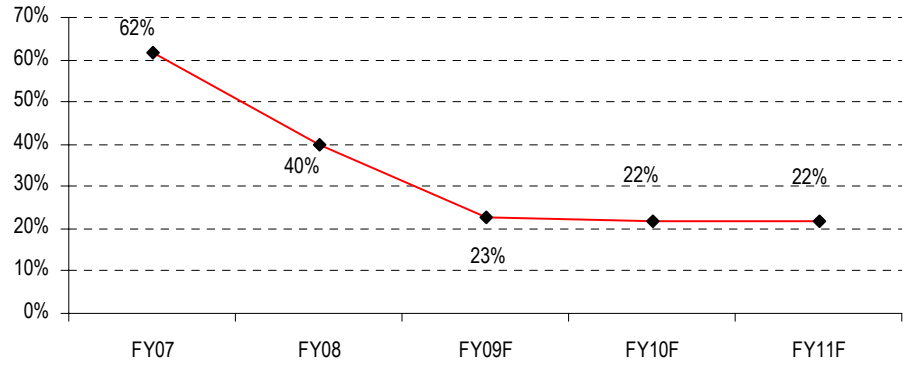
**Figure 9: Gross and net margin remains healthy**



Source: CIMB-GK Research, Company

**Dip in ROE.** ROE fell by 22% pts in FY08 and is expected to fall 11.4% pts in FY09 as Sky One enlarged its equity base to raise funds for its business in the last quarter of FY08 via the reverse takeover. We expect ROE to stabilise at 21-28% in the next three years as the company grows in size and strength, with a larger market stake and revenue.

**Figure 10: ROE (%)**



Source: CIMB-GK Research, Company

## Valuation and recommendation

Initiate coverage with **BUY recommendation and target price of S\$0.12**, based on 7x CY09 P/E. This multiple is within the historical P/E band of small-cap comparables. We have a similar target for Cougar Logistics, another smallish logistics company under coverage.

A potential share-price catalyst would be the successful acquisition of Jet in the current financial year, which would enhance Sky One's ability to tap the China market, and perhaps the lucrative Taiwanese market in the medium term. Given the 26% potential upside, we initiate coverage with a BUY.

Figure 11: Sector comparisons

			18-Aug		Target		Core P/E	P/BV	ROE	Dividend
	Bloomberg		Price	Mkt. cap	Price	Upside	(x)	(x)	(%)	yield (%)
	ticker	Recom.	(S\$)	(S\$ m)	(S\$)	(%)	CY2007	CY2007	CY2007	CY2007
<b>Sky One Holdings</b>	<b>SKYO SP</b>	<b>B</b>	<b>0.09</b>	<b>21.9</b>	<b>0.12</b>	<b>26.0</b>	<b>5.2</b>	<b>2.0</b>	<b>67</b>	<b>0.0</b>
Cougar Logistics	CLC SP	S	0.31	35.2	0.31	0	9.6	2.0	133 *	57.0
CWT	CWT SP	N/A	0.64	367.6	N/A	N/A	9.5	1.8	20.3	2.9
Eng Kong	ENGK SP	N/A	0.18	43.1	N/A	N/A	6.1	0.9	12.7	3.5
Freight Links	FLE SP	N/A	0.06	126.2	N/A	N/A	7.8	1.1	16.2	4.2
Poh Tiong Choon	PTC SP	N/A	0.205	44.2	N/A	N/A	6.3	1.1	17.4	13.5
<b>Simple average</b>							<b>7.4</b>	<b>1.5</b>	<b>33.3</b>	<b>11.1</b>

B = Buy, N = Neutral, S = Sell, N/A = Stock not under CIMB-GK Research coverage, nm = Not meaningful  
Source: Bloomberg, CIMB-GK Research

\* The high ROE is due to a major cash distribution exercise and the distribution of special dividends in CY07.

## Technical analysis

The stock has broke out of its consolidation triangle, albeit on very low volume. Resistance levels are now at S\$0.105, followed by S\$0.155. Whilst support levels are at S\$0.085 and S\$0.06. Currently, the indicators are also starting to turn downwards. Since the breakout was on low volume, it is likely a false break.

Figure 12: Technical chart



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## Board of directors

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Figure 12: Management

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Teo Chew Seng @ Peter Chang <i>Chairman and Non-Executive Director</i>	Mr Chang was appointed Chairman and Non-Executive Director on 28 Jan 08. He started his career in 1974 as a Chartering Manager with Pacific International Lines (Pte) Ltd, and rose through the ranks to become the current Deputy Chairman in charge of overall ship management. He also holds directorships in a number of companies. Mr Chang obtained his certificate in ship management from Galbraith's, London in 1971.
Dicky Suen Yiu Chung <i>Chief Executive Officer and Executive Director</i>	Mr Suen was appointed Chief Executive Officer and Executive Director on 28 Jan 08. He is also the Chairman of the Executive Committee and a member of the Remuneration Committee. He has 20 years of experience in the logistics industry. Mr Suen started as an operations staff of Rockwood International Freight Ltd from 1986 to 1988, and set up Far East Transportation Company (now de-registered) as a sole proprietor between 1988 and 1989. He became an operations supervisor with China Jet International Courier Limited from 1990 to 1992. From 1996 to 1999, he was appointed General Manager of Unishine International Express Co. Ltd. Together with Mr Lau Hon Kit, Mr Suen established Sky One in 1999. He also holds the position of Director in other companies in Hong Kong.
Lau Hon Kit <i>Chief Operations Officer and Executive Director</i>	Mr Lau was appointed Chief Operations Officer and Executive Director on 28 Jan 08. He has about 20 years of experience in the logistics industry. Mr Lau was an operations department staff of China Jet International Courier Limited from 1992 to 1995, and Operations Manager of Unishine International Express Co. Ltd from 1995 to 1999. Together with Mr Dicky Suen, Mr Lau established Sky One's business in 1999.
Kung Seah Lim <i>Independent Director</i>	Mr Kung is the Chairman of the Audit Committee and a member of the Remuneration Committee. He started his career as an audit assistant with Chua Swee Ming & Co from 1978 to 1982. He has been the sole proprietor of Kung Seah Lim & Co. since 1988 and is a member of the Chartered Association of Certified Accountants. He obtained his Bachelor in Commerce in 1978 from the Nanyang University.
Wong Shun Cheong <i>Independent Director</i>	Mr Wong is the Chairman of the Nominating Committee and a member of the Remuneration Committee. Mr Wong is presently an accountant with Dynamic Dragons & Co., a certified Public Accountants firm which provides audit and consultancy services to customers in Hong Kong and China. From 1995 to 2006, he was also a director of Fabricators International Ltd, a private limited company incorporated in Hong Kong. Mr Wong has a Higher Diploma in Accountancy from the Hong Kong Polytechnic. He is also a member of the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants since 1995.
Lim Chee San <i>Independent Director</i>	Mr Lim is the Chairman of the Remuneration Committee and a member of the Audit Committee. Mr Lim is a founding partner of the law firm, Tan Lim Partnership and a director of HupSteel Limited, a company listed on the main board of the SGX. Mr Lim has been a member of the Chartered Association of Certified Accountants since 1982 and a member of the Institute of Certified Public Accountants of Singapore since 1989. He is also a chartered information technology practitioner of the British Computer Society. Mr Lim obtained his LL.B (Hons) from the University of London in 1992, and was admitted to the Singapore Bar in 2004.

Source: Company

## Financial Tables

<b>PROFIT &amp; LOSS (HK\$ m, FYE Mar)</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>	<b>2010F</b>	<b>2011F</b>
Revenue	105.7	125.2	139.0	152.9	167.8
Operating expenses	(83.2)	(98.6)	(110.9)	(122.2)	(134.6)
EBITDA	22.6	26.6	28.1	30.6	33.2
Depreciation & amortisation	(1.2)	(2.5)	(2.6)	(2.2)	(2.1)
EBIT	21.3	24.0	25.5	28.4	31.1
Net interest & invt income	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Associates' contribution	-	-	-	-	-
Exceptional items	-	-	-	-	-
<b>Pretax profit</b>	<b>21.2</b>	<b>24.0</b>	<b>25.5</b>	<b>28.4</b>	<b>31.0</b>
Tax	(3.7)	(5.1)	(4.5)	(5.0)	(5.4)
Minority interests	-	-	-	-	-
<b>Net profit</b>	<b>17.5</b>	<b>18.9</b>	<b>21.0</b>	<b>23.4</b>	<b>25.6</b>
Wt. shares (m)	180.0	190.5	243.2	243.2	243.2
Shares at year-end (m)	180.0	243.2	243.2	243.2	243.2
<b>BALANCE SHEET (HK\$ m, as at Mar)</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>	<b>2010F</b>	<b>2011F</b>
Fixed assets	8.7	10.2	8.1	6.6	5.3
Intangible assets	-	22.5	22.5	22.5	22.5
Other long-term assets	-	-	-	-	-
<b>Total non-current assets</b>	<b>8.7</b>	<b>32.7</b>	<b>30.6</b>	<b>29.0</b>	<b>27.8</b>
Cash and equivalents	6.9	5.6	12.3	31.1	56.2
Stocks	-	-	-	-	-
Trade debtors	18.4	36.3	41.7	45.8	50.3
Other current assets	10.0	11.3	15.6	17.4	15.8
<b>Total current assets</b>	<b>35.3</b>	<b>53.2</b>	<b>69.6</b>	<b>94.4</b>	<b>122.3</b>
Trade creditors	2.7	6.4	5.5	5.5	5.5
Short-term borrowings	-	-	-	-	-
Other current liabilities	11.3	13.8	11.9	11.8	12.8
<b>Total current liabilities</b>	<b>14.0</b>	<b>20.3</b>	<b>17.4</b>	<b>17.3</b>	<b>18.3</b>
Long-term borrowings	-	0.3	0.3	0.3	0.3
Other long-term liabilities	0.1	0.4	0.4	0.4	0.4
<b>Total long-term liabilities</b>	<b>0.1</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
<b>Shareholders' funds</b>	<b>29.9</b>	<b>64.9</b>	<b>82.1</b>	<b>105.5</b>	<b>131.1</b>
Minority interests	-	-	-	-	-
NTA/share (S\$)	0.03	0.03	0.05	0.06	0.08
<b>CASH FLOW (S\$ m, FYE Mar)</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>	<b>2010F</b>	<b>2011F</b>
Pretax profit	21.2	24.0	25.5	28.4	31.0
Depreciation & non-cash adjustments	1.3	2.6	2.7	2.3	2.2
Working capital changes	(2.0)	(20.8)	(13.8)	(6.6)	(2.3)
Cash tax paid	-	(6.5)	(5.1)	(4.5)	(5.0)
Others	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
<b>Cash flow from operations</b>	<b>20.4</b>	<b>(0.8)</b>	<b>9.2</b>	<b>19.5</b>	<b>25.9</b>
Capex	(0.3)	(3.9)	(0.6)	(0.7)	(0.8)
Net investments & sale of FA	0.3	0.1	-	-	-
Others	(4.1)	0.0	-	-	-
<b>Cash flow from investing</b>	<b>(4.1)</b>	<b>(3.9)</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(0.8)</b>
Debt raised/(repaid)	(3.4)	(0.2)	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(15.3)	-	(1.9)	-	-
Cash interest & others	(0.1)	0.5	-	-	-
<b>Cash flow from financing</b>	<b>(18.8)</b>	<b>0.3</b>	<b>(1.9)</b>	<b>-</b>	<b>-</b>
<b>Change in cash</b>	<b>(2.5)</b>	<b>(4.3)</b>	<b>6.7</b>	<b>18.8</b>	<b>25.1</b>
<b>Change in net cash/(debt)</b>	<b>0.9</b>	<b>(4.1)</b>	<b>6.7</b>	<b>18.8</b>	<b>25.1</b>
<b>Ending net cash/(debt)</b>	<b>9.7</b>	<b>5.6</b>	<b>12.3</b>	<b>31.1</b>	<b>56.2</b>
<b>KEY RATIOS (FYE Mar)</b>	<b>2007</b>	<b>2008</b>	<b>2009F</b>	<b>2010F</b>	<b>2011F</b>
Revenue growth (%)	45.2	18.4	11.0	10.0	9.8
EBITDA growth (%)	11.8	18.0	5.8	8.9	8.3
Pretax margins (%)	20.1	19.2	18.3	18.6	18.5
Net profit margins (%)	16.5	15.1	15.1	15.3	15.3
Interest cover (x)	184.0	422.8	348.3	388.0	424.5
Effective tax rates (%)	17.7	21.1	17.5	17.5	17.5
Net dividend payout (%)	-	10.0	-	-	-
Debtors turnover (days)	49.9	79.7	102.4	104.5	104.6
Stock turnover (days)	5.2	4.4	-	-	-
Creditors turnover (days)	8.6	13.4	15.7	13.2	12.0

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