

# Financial Statements

For the financial year ended 31 December 2002

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# Directors' Report

For the financial year ended 31 December 2002

The directors present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2002.

## Directors

The directors in office at the date of this report are:

Poh Choon Ann (Chairman and Chief Executive Officer)  
 Poh Kay Ping (Deputy Chief Executive Officer)  
 Poh Khim Hong  
 Poh Kay Yong  
 Poh Key Boon  
 Lew Syn Pau  
 Dr Hong Hai

## Principal activities

The principal activities of the Company consist of the provision of services relating to land transportation, warehousing, stevedoring, container services, equipment renting and general contracting. The principal activities of the subsidiaries consist of the provision of services relating to land transportation, container services, equipment renting, general contracting, and trading in bitumen and other chemical products.

There have been no significant changes in the nature of these activities during the financial year except for the commencement of the trading in bitumen and other chemical products by a new subsidiary.

## Results for the financial year

The consolidated profit after tax attributable to the members of the Company for the financial year was \$2,264,000. The Company made a profit after tax for the financial year of \$1,892,000.

## Material transfers to or from reserves and provisions

Material transfers to or from reserves during the financial year were as follows:

### Capital redemption reserve

	The Group \$'000	The Company \$'000
Balance at 1 January 2002	-	-
Arising from buy-back of shares	1,386	1,386
Balance at 31 December 2002	1,386	1,386

Material movements in provision are set out in the notes to the financial statements.

## Acquisition and disposal of subsidiaries

During the financial year, the Company incorporated a wholly-owned subsidiary in Singapore known as Bitubulk Pte Ltd ("Bitubulk") with an authorised share capital of \$1,000,000 made up of 1,000,000 ordinary shares of \$1 each. 2 subscriber shares were issued at par for cash on incorporation. The principal activity of Bitubulk is that of trading in bitumen and other chemical products.

There were no other acquisitions or disposal of interests in subsidiaries during the financial year.

## Issue of shares and debentures and acquisition of its own shares by the Company

During the financial year, the Company repurchased in aggregate 13,860,000 (2001: Nil) ordinary shares of \$0.10 each at an average price of \$0.168 (2001: Nil) per share by way of market acquisition, at a total cost of \$2,334,000 (2001: Nil). This was pursuant to a share purchase mandate approved by the shareholders on 17 May 2002. The shares purchased were cancelled and the issued share capital of the Company was reduced by 13,860,000 ordinary shares (2001: Nil) during the year.

During the financial year, Bitubulk was incorporated with 2 ordinary shares of \$1 each at par for cash and increased its issued share capital by the issue of 99,998 ordinary shares of \$1 each at par for cash to provide for additional working capital. The newly issued shares rank pari passu in all respects with the previously issued shares.

There were no other issue of shares or debentures by any corporation in the Group during the financial year.

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

(a) The interests of the directors holding office at the end of the financial year in the share capital of the Company and related companies, as recorded in the register of directors' shareholdings, were as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2002	At 1.1.2002	At 31.12.2002	At 1.1.2002
<u>The Company</u> (Ordinary shares of \$0.10 each)				
Poh Choon Ann	-	-	61,000,000	81,759,000
Poh Kay Ping	-	-	61,000,000	81,759,000
Poh Khim Hong	-	-	61,000,000	81,759,000
<u>PTC-Chien Li Transportation Pte Ltd</u> (Ordinary shares of \$1 each)				
Poh Choon Ann	-	-	375,000	375,000
Poh Kay Ping	-	-	375,000	375,000
Poh Khim Hong	-	-	375,000	375,000
<u>PTC-Xin Hua Transportation Pte Ltd</u> (Ordinary shares of \$1 each)				
Poh Choon Ann	-	-	400,000	400,000
Poh Kay Ping	-	-	400,000	400,000
Poh Khim Hong	-	-	400,000	400,000

(b) The directors' interests in the share capital of the Company and of related corporations as at 21 January 2003 were the same as at 31 December 2002.

# Directors' Report

For the financial year ended 31 December 2002

## Dividends

Dividends paid, since the end of the Company's preceding financial year, were as follows:

	\$
A first and final dividend of 5%, net of tax at 22%, was paid on 7 June 2002 in respect of the financial year ended 31 December 2001	<u>780,000</u>

The directors will, at the Annual General Meeting, recommend for approval the payment of a first and final dividend for the financial year ended 31 December 2002 of 7.5% net of tax at 22% be paid. Based on the number of shares issued at the balance sheet date, the dividend will amount to \$1,089,000.

## Bad and doubtful debts

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company, and have satisfied themselves that all known bad debts of the Company have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

## Current assets

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values or that adequate provisions have been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the values attributed to current assets in the consolidated financial statements misleading.

## Charges on assets and contingent liabilities

At the date of this report, no charges have arisen since the end of the financial year on the assets of the Company or any other corporation in the Group which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year in the Company or any other corporation in the Group.

## Ability to meet obligations

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet its obligations as and when they fall due.

## Other circumstances affecting financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

## Unusual items

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## Unusual items after the financial year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

## Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit other than as disclosed in the consolidated financial statements and in this report by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares in the Company or its subsidiaries under option at the end of the financial year.

## Audit Committee

The Audit Committee comprises the following three members, of which two are non-executive and independent directors:

Mr Lew Syn Pau	(Chairman, non-executive and independent)
Dr Hong Hai	(Non-executive and independent)
Ms Poh Khim Hong	(Executive)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Companies Act and performs the following:

- (a) reviews with the external auditors, their audit plan, evaluation of the system of internal accounting controls, audit reports and any matters which the external auditors wish to discuss;
- (b) reviews the half-yearly and annual financial statements, including announcements to shareholders and the Singapore Exchange Securities Trading Ltd prior to the submission to the Board;

# Directors' Report

For the financial year ended 31 December 2002

- (c) reviews and approves all interested person transactions;
- (d) makes recommendations to the Board on the appointment of external auditors; and
- (e) reviews the assistance given by the Company's officers to the external auditors.

It held two meetings during the financial year.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as the auditors of the Company at the forthcoming Annual General Meeting.

## Auditors

The auditors, PricewaterhouseCoopers have expressed their willingness to accept re-appointment.

On behalf of the directors

POH KAY YONG  
Director

7 April 2003

POH KHIM HONG  
Director

# Statement By Directors

In the opinion of the directors, the financial statements set out on pages 31 to 59 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 31 December 2002 and of the results of the business and changes in equity, of the Company and of the Group and the cash flows of the Group for the financial year then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

POH KAY YONG  
Director

7 April 2003

POH KHIM HONG  
Director

# Auditors' Report

## to the Members of Poh Tiong Choon Logistics Limited

We have audited the financial statements of Poh Tiong Choon Logistics Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2002 set out on pages 31 to 59. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
- (i) the state of affairs of the Company and of the Group at 31 December 2002, the profits and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date; and
  - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company and the consolidated financial statements of the Group; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers  
Certified Public Accountants

Singapore, 7 April 2003

# Income Statements

For the financial year ended 31 December 2002

	Notes	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue	3	46,597	40,565	45,923	40,922
Other operating income		350	164	714	490
Staff costs	4	(17,932)	(16,148)	(13,417)	(12,367)
Depreciation and amortisation		(5,418)	(4,505)	(4,151)	(3,442)
Other operating expenses		(20,171)	(16,599)	(26,274)	(22,414)
Operating profit	5	3,426	3,477	2,795	3,189
Finance income	6	5	31	5	31
Finance costs	7	(544)	(242)	(458)	(136)
Share of results of associated companies		59	140	-	-
Profit before tax		2,946	3,406	2,342	3,084
Taxation	9	(505)	(1,061)	(450)	(1,020)
Profit from ordinary activities before minority interests		2,441	2,345	1,892	2,064
Minority interests		(177)	(87)	-	-
Net profit		2,264	2,258	1,892	2,064
Earnings per share – basic	10	1.15 cents	1.13 cents		
Earnings per share – diluted	10	1.15 cents	1.13 cents		

The accompanying notes form an integral part of these financial statements.  
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# Balance Sheets

As at 31 December 2002

	Notes	Group		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current assets</b>					
Cash and cash equivalents	11	3,035	4,405	2,797	4,242
Receivables	12	9,780	11,605	9,495	11,443
Due by subsidiary company (non trade)	13(a)	-	-	36	-
Due by associated company (trade)		45	60	45	60
Due by related parties	14(a)	264	165	264	163
Other debtors	15	1,064	833	836	683
		<b>14,188</b>	<b>17,068</b>	<b>13,473</b>	<b>16,591</b>
<b>Non-current assets</b>					
Investments	16	111	54	60	54
Associated companies	17	543	562	871	810
Subsidiary companies	13	-	-	793	793
Deferred expenditure	18	145	196	145	196
Fixed assets	19	50,304	47,570	47,141	44,605
		<b>51,103</b>	<b>48,382</b>	<b>49,010</b>	<b>46,458</b>
<b>Total assets</b>					
		<b>65,291</b>	<b>65,450</b>	<b>62,483</b>	<b>63,049</b>
<b>Current liabilities</b>					
Trade creditors		1,587	1,948	1,399	1,773
Due to subsidiary companies (trade)		-	-	983	1,171
Due to related parties (trade)	14(b)	10	39	10	39
Other creditors	20	4,526	6,106	3,918	5,621
Borrowings - Hire purchase creditors	21	942	906	488	537
Borrowings - Long-term loans	21	2,540	1,737	2,500	1,250
Taxation	9	181	270	-	172
		<b>9,786</b>	<b>11,006</b>	<b>9,298</b>	<b>10,563</b>
<b>Non-current liabilities</b>					
Borrowings - Hire purchase creditors	21	1,812	1,852	954	983
Borrowings - Long-term loans	21	20,250	18,802	20,250	18,750
Deferred taxation	9	3,057	2,673	2,891	2,441
		<b>25,119</b>	<b>23,327</b>	<b>24,095</b>	<b>22,174</b>
<b>Total liabilities</b>					
		<b>34,905</b>	<b>34,333</b>	<b>33,393</b>	<b>32,737</b>
<b>Net assets</b>					
		<b>30,386</b>	<b>31,117</b>	<b>29,090</b>	<b>30,312</b>
<b>Share capital and reserves</b>					
Share capital	22	18,614	20,000	18,614	20,000
Share premium		3,501	3,501	3,501	3,501
Capital redemption reserve	23	1,386	-	1,386	-
Retained earnings		6,362	7,212	5,589	6,811
<b>Interests of members of the Company</b>					
		<b>29,863</b>	<b>30,713</b>	<b>29,090</b>	<b>30,312</b>
<b>Minority interests</b>					
		<b>523</b>	<b>404</b>	<b>-</b>	<b>-</b>
		<b>30,386</b>	<b>31,117</b>	<b>29,090</b>	<b>30,312</b>

The accompanying notes form an integral part of these financial statements.  
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# Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2002

	Notes	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 January 2002</b>						
		20,000	3,501	-	7,212	30,713
Arising from buy-back of shares	23	(1,386)	-	1,386	(2,334)	(2,334)
<b>Total recognised gains for the financial year – Net profit</b>						
		-	-	-	2,264	2,264
Dividend for 2001	24			-	(780)	(780)
<b>Balance at 31 December 2002</b>						
		<b>18,614</b>	<b>3,501</b>	<b>1,386</b>	<b>6,362</b>	<b>29,863</b>
<b>Balance at 1 January 2001</b>						
- as previously reported		20,000	3,501	-	5,417	28,918
- prior year adjustment		-	-	-	(463)	(463)
- effect of adopting SAS 10	24	-	-	-	755	755
- as restated		20,000	3,501	-	5,709	29,210
<b>Total recognised gains for the financial year – Net profit</b>						
		-	-	-	2,258	2,258
Dividend for 2000	24	-	-	-	(755)	(755)
<b>Balance at 31 December 2001</b>						
		<b>20,000</b>	<b>3,501</b>	<b>-</b>	<b>7,212</b>	<b>30,713</b>

The accompanying notes form an integral part of these financial statements.  
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# Statement of Changes in Equity-Company

For the financial year ended 31 December 2002

	Notes	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Retained earnings \$'000	Total \$'000
<b>Balance at 1 January 2002</b>		20,000	3,501	-	6,811	30,312
Arising from buy-back of shares	23	(1,386)	-	1,386	(2,334)	(2,334)
<b>Total recognised gains for the financial year – Net profit</b>		-	-	-	1,892	1,892
Dividend for 2001	24	-	-	-	(780)	(780)
<b>Balance at 31 December 2002</b>		<u>18,614</u>	<u>3,501</u>	<u>1,386</u>	<u>5,589</u>	<u>29,090</u>
<b>Balance at 1 January 2001</b>		20,000	3,501	-	5,210	28,711
- as previously reported		-	-	-	(463)	(463)
- prior year adjustment		-	-	-	755	755
- effect of adopting SAS 10	24	-	-	-	-	-
- as restated		<u>20,000</u>	<u>3,501</u>	<u>-</u>	<u>5,502</u>	<u>29,003</u>
<b>Total recognised gains for the financial year – Net profit</b>		-	-	-	2,064	2,064
Dividend for 2000	24	-	-	-	(755)	(755)
<b>Balance at 31 December 2001</b>		<u>20,000</u>	<u>3,501</u>	<u>-</u>	<u>6,811</u>	<u>30,312</u>

The accompanying notes form an integral part of these financial statements.  
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# Consolidated Cash Flow Statement

For the financial year ended 31 December 2002

	Notes	2002 \$'000	2001 \$'000
<b>Cash flows from operating activities</b>			
Net profit before tax		<b>2,946</b>	3,406
Adjustments for:			
Provision for diminution in value of investment		<b>18</b>	90
Share of profit of associated companies		<b>(59)</b>	(140)
Depreciation and amortisation		<b>5,418</b>	4,505
Deferred expenditure written off		<b>34</b>	-
Profit from sale of fixed assets (net)		<b>(280)</b>	(126)
Finance income		<b>(5)</b>	(31)
Finance costs		<b>544</b>	242
Operating cash flow before working capital changes		<b>8,616</b>	7,946
Receivables		<b>1,510</b>	(1,754)
Payables		<b>(1,970)</b>	1,795
Cash generated from operations		<b>8,156</b>	7,987
Income tax paid		<b>(196)</b>	(490)
Interest paid		<b>(544)</b>	(242)
<b>Net cash inflow from operating activities</b>		<b>7,416</b>	7,255
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		<b>668</b>	618
Purchase of fixed assets		<b>(8,523)</b>	(25,634)
Purchase of investments		<b>(136)</b>	(110)
Share buy-back		<b>(2,334)</b>	-
Dividends received from associated company		<b>125</b>	250
Interest received		<b>5</b>	31
<b>Net cash outflow from investing activities</b>		<b>(10,195)</b>	(24,845)
<b>Cash flows from financing activities</b>			
Dividends paid		<b>(780)</b>	(755)
Dividends paid to the minority shareholders of subsidiary companies		<b>(58)</b>	(15)
Net drawdown of long-term loans		<b>2,251</b>	17,484
Net (repayment)/drawdown of hire purchase		<b>(4)</b>	(91)
<b>Net cash inflow from financing activities</b>		<b>1,409</b>	16,623
<b>Net decrease in cash and cash equivalents</b>		<b>(1,370)</b>	(967)
Cash and cash equivalents at beginning of year		<b>4,405</b>	5,372
<b>Cash and cash equivalents at end of year</b>	11	<b>3,035</b>	4,405

The accompanying notes form an integral part of these financial statements.  
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# Notes To The Financial Statements

For the financial year ended 31 December 2002

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General

The Company is domiciled and incorporated in Singapore and is listed on the Singapore Exchange. The address of its registered office is :

48 Pandan Road  
Singapore 609289

The principal activities of the Company consist of the provision of services relating to land transportation, warehousing, stevedoring, container services, equipment renting and general contracting. The principal activities of the subsidiaries consist of the provision of services relating to land transportation, container services, equipment renting, general contracting, and trading in bitumen and other chemical products.

## 2. Significant accounting policies

### (a) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard.

The financial statements are expressed in Singapore Dollars.

In 2002, the Group adopted SAS 12 (2001) Income Taxes. There are no changes in accounting policies that affect profit or shareholders' equity resulting from adopting SAS 12 in these financial statements as the Group and the Company were already following the recognition and measurement principles in this statement.

### (b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless costs cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

### (c) Foreign currencies

Transactions in foreign currencies during the financial year are converted to Singapore dollars at the rates of exchange prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date. Exchange differences arising are taken to the income statements.

For the purpose of consolidation of subsidiaries and the equity accounting of associates:

- (i) In respect of associated companies whose operations are not an integral part of the Company's operations, the balance sheets are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, and the results are translated using the average monthly exchange rates for the financial year. The exchange differences arising on the Group's share of exchange differences arising from the translation of foreign associates are taken directly to the foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 2. Significant accounting policies (continued)

- (ii) In respect of foreign subsidiaries whose operations are integral to those of the Company, all monetary assets and liabilities are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date, all non-monetary assets and liabilities are recorded at the exchange rates when the relevant transactions occurred, and the results are translated using average monthly exchange rates. The exchange differences arising are taken to the consolidated income statements.

### (d) Revenue recognition

Revenue represents revenue from land transportation, warehousing, stevedoring, container services, equipment renting and general contracting, trading in bitumen and other chemical products, and rental income receivable, net of goods and services tax.

Revenue is recognised upon the completion of services rendered.

Dividend income is recorded gross in the income statements in the accounting period in which a dividend is declared payable by the investee company or by the subsidiaries.

Interest income is accrued on a day to day basis.

### (e) Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary difference arises from depreciation on fixed assets. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

### (f) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and fixed deposits with financial institutions.

### (g) Trade debtors

Trade debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end.

Bad debts are written off and specific provisions are made for those debts considered to be doubtful. General provisions are made on the balance of trade debtors to cover unexpected losses which have not been specifically identified.

### (h) Investments

Quoted and unquoted investments, including the investment in subsidiaries and associates that are intended to be held for the long term are stated in the financial statements at cost less provision. This provision is made in recognition of a diminution in the value of the investments which is other than temporary determined on an individual investment basis. Cost is determined on the weighted average method.

Profits or losses on disposal of investments are taken to the income statements.



# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 2. Significant accounting policies (continued)

### (i) Associates

The Group treats as associates those companies in which the Group has a long term equity interest of between 20 and 50 percent and over whose financial and operating policy decisions it has significant influence.

Associates are accounted for under the equity method whereby the Group's share of profits less losses of associates is included in the consolidated income statement and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited financial statements of the companies concerned, made up to dates not more than six months prior to the end of the financial year of the Group. Where the accounting policies of associates do not conform with those of the Group, adjustments are made where the amounts involved are considered significant to the Group.

### (j) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Leasehold properties are amortised over the remaining term of the lease except for the PTC Chemical Logistics Complex, which is amortised evenly over 50 years commencing from the date the Complex was ready for its intended use. Cost includes cost of land and other direct and related construction expenditure, including interest on borrowings, incurred in constructing the Complex. Interest cost on borrowings to finance the construction of the Complex were capitalised to the date that it is ready for intended use. All other borrowing costs are expensed.

Depreciation is calculated so as to write off the cost or carrying amount of fixed assets on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Commercial Vehicles	5 – 20
Machinery & Equipment	5 – 15
Computer & Accessories	20 – 33 $\frac{1}{3}$
Motor Vehicles	12 $\frac{1}{2}$
Office Equipment, Furniture & Fittings	10 – 20
Freehold Property	1

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written immediately to its recoverable amount.

### (k) Accounting for leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Assets purchased under finance leases are capitalised. Leased assets and liabilities are established at the present value of the minimum lease payments. The excess of lease payments over the recorded lease obligations is treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Operating lease payments are charged to the income statements in the periods in which they are incurred.

### (l) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiaries or associates at the date of acquisition. Goodwill on acquisition of subsidiaries occurring on or after 1 January 2001 is included in intangible assets. Goodwill on acquisition of associated companies occurring on or after 1 January 2001 is included in investments in associated

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 2. Significant accounting policies (continued)

companies. Goodwill on acquisition that occurred prior to 1 January 2001 has been charged in full to retained earnings in shareholders' equity; such goodwill has not been retroactively capitalised and amortised.

Goodwill is amortised on a straight-line basis, through the consolidated income statement, over its useful economic life up to a maximum of 20 financial years. Goodwill which is assessed as having no continuing economic value is written off to the consolidated income statement.

On acquisition of a foreign subsidiary or associated company, the goodwill arising is translated at the exchange rate prevailing at the date of acquisition.

### (m) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

### (n) Employee leave entitlement

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

### (o) Financial risk management

#### *Financial risk factors*

The Group's activities expose it to a variety of financial risks, including interest rate, credit, liquidity and foreign currency risks. The policies for managing each of these risks are summarised below.

#### (i) *Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities. The Group has not hedged its exposure to interest rates as the risk is not expected to be significant. The Group's debt includes bank loans and lease commitments. The Group has no significant interest-bearing assets.

#### (ii) *Credit risk*

The Group has policies in place to ensure that the provision of services are made to customers with an appropriate credit history.

#### (iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient level of cash and the availability of funding through an adequate amount of committed credit facilities deemed necessary to finance the Group's operations.

#### (iv) *Foreign currency risk*

The Group is exposed to foreign currency risk on sales and purchases of bitumen. These transactions are mainly denominated in US dollars and exposure to foreign currency risk is managed by natural hedging of matching assets and liabilities.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 3. Revenue

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Transportation and bulk cargo	37,295	33,499	37,697	33,856
Warehousing	7,987	7,066	7,987	7,066
Trading	1,315	-	239	-
	<b>46,597</b>	<b>40,565</b>	<b>45,923</b>	<b>40,922</b>

## 4. Staff costs

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Wages and salaries	13,262	11,814	9,656	8,828
Bonus	838	730	703	631
Directors' remuneration	1,838	1,844	1,571	1,563
Central provident fund and foreign levy	1,994	1,760	1,487	1,345
	<b>17,932</b>	<b>16,148</b>	<b>13,417</b>	<b>12,367</b>

Average monthly number of persons employed during the year :

	Group	Company
Full time	590	454

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 5. Operating profit

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Operating profit before tax is arrived at after				
<i>Charging:</i>				
Directors' remuneration				
- Directors of the Company	1,603	1,594	1,571	1,563
- Other directors	235	250	-	-
Auditors' remuneration				
Auditors of the Company				
- Current year	74	69	57	57
- (Overprovision)/underprovision of prior year	(2)	11	(2)	10
	72	80	55	67
Depreciation and amortisation:				
- Leasehold properties	1,402	1,076	1,402	1,076
- Freehold property	7	1	7	1
- Commercial vehicles	3,044	2,813	1,801	1,762
- Machinery & equipment	496	276	484	273
- Computer & accessories	263	172	259	169
- Motor vehicles	122	120	122	120
- Office equipment, furniture & fittings	84	47	76	41
	5,418	4,505	4,151	3,442
Provision for doubtful trade debts	18	58	18	58
Provision for doubtful non-trade debt – subsidiary company	-	-	103	-
Provision for diminution in value of investment	18	90	18	90
Provision for diminution in value of investment in subsidiary company	-	-	100	-
Loss on disposal of fixed assets	83	6	77	-
Foreign exchange loss	8	-	5	-
Deferred expenditure	34	-	34	-
<i>And after crediting:</i>				
Provision for doubtful trade debts written back	72	16	72	16
Dividend income from				
- subsidiary companies	-	-	275	80
- associated companies	-	-	161	245
Profit from sale of fixed assets	363	132	339	132

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 6. Finance income

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Interest income				
- Fixed deposits	5	22	5	22
- Current account	-	9	-	9
	<u>5</u>	<u>31</u>	<u>5</u>	<u>31</u>

## 7. Finance costs

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Interest paid on:				
- Bank loans	395	83	376	30
- Hire purchases	149	159	82	106
	<u>544</u>	<u>242</u>	<u>458</u>	<u>136</u>

## 8. Remuneration bands of directors of the Company

	2002	2001
Number of directors of the Company in remuneration bands:		
\$500,000 and above	-	1
\$250,000 to \$499,999	1	-
Below \$250,000	7	6
Total	<u>8</u>	<u>7</u>

## 9. Taxation

### (a) Tax expense

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
On the profit for the year:				
Singapore income tax	107	1	-	-
Deferred tax	417	1,001	450	971
	<u>524</u>	<u>1,002</u>	<u>450</u>	<u>971</u>
Share of tax of associated company	14	10	-	-
	<u>538</u>	<u>1,012</u>	<u>450</u>	<u>971</u>
(Overprovision)/underprovision in preceding financial years				
- Singapore income tax	-	49	-	49
- Deferred tax	(33)	-	-	-
	<u>505</u>	<u>1,061</u>	<u>450</u>	<u>1,020</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 9. Taxation (continued)

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Profit before tax	2,946	3,406	2,342	3,084
Tax calculated at a tax rate of 22% (2001: 24.5%)	648	834	515	756
Effect of changes in tax rate	(271)	(23)	(247)	(15)
Singapore statutory stepped income	(22)	(13)	-	-
Expenses not deductible for tax purposes	183	214	182	230
	<u>538</u>	<u>1,012</u>	<u>450</u>	<u>971</u>

### (b) Movements in provision for current tax

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	270	710	172	658
Income tax paid	(196)	(490)	(76)	(452)
Tax deducted at source	-	-	(96)	(83)
Current financial year's tax expense on profit	107	1	-	-
Underprovision in prior financial years	-	49	-	49
Balance at the end of the financial year	<u>181</u>	<u>270</u>	<u>-</u>	<u>172</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 9. Taxation (continued)

### (c) Deferred taxes

The movement in the Group's deferred tax assets and liabilities prior to offsetting of balances within the same tax jurisdiction during the period is as follows:

#### *Deferred tax liabilities*

	Accelerated tax depreciation \$'000	Total \$'000
<b>The Group</b>		
Balance at the beginning of the financial year	2,673	2,673
Charged to income statement	417	417
Overprovision in the preceding financial year	(33)	(33)
Balance at the end of the financial year	<u>3,057</u>	<u>3,057</u>

	Accelerated tax depreciation \$'000	Total \$'000
<b>The Company</b>		
Balance at the beginning of the financial year	2,441	2,441
Charged to income statement	450	450
Balance at the end of the financial year	<u>2,891</u>	<u>2,891</u>

## 10. Earnings per share

	<u>Group</u>	
	2002 \$'000	2001 \$'000
Profit after tax attributable to the members of the Company	<u>2,264</u>	<u>2,258</u>
	'000	'000
Weighted average number of ordinary shares in issue during the financial year for calculation of basic and diluted earnings per share	<u>196,883</u>	<u>200,000</u>
Basic and diluted earnings per share	<u>1.15 cents</u>	<u>1.13 cents</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 11. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Cash at bank and on hand	3,035	2,202	2,797	2,039
Fixed deposits	-	2,203	-	2,203
	<u>3,035</u>	<u>4,405</u>	<u>2,797</u>	<u>4,242</u>

## 12. Receivables

	<u>Group</u>		<u>Company</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Trade debtors	9,806	11,773	9,521	11,611
Less: Provision for doubtful debts	(26)	(168)	(26)	(168)
	<u>9,780</u>	<u>11,605</u>	<u>9,495</u>	<u>11,443</u>

	<u>Group</u>		<u>Company</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Movements in provision for doubtful debts are as follows:				

Balance at the beginning of the financial year	168	135	168	135
Provision made during the financial year	18	58	18	58
Bad debts written off against provision	(88)	(9)	(88)	(9)
Recovery of doubtful debts	(72)	(16)	(72)	(16)
Balance at the end of the financial year	<u>26</u>	<u>168</u>	<u>26</u>	<u>168</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 13. Subsidiary companies

	Company	
	2002	2001
	\$'000	\$'000
Unquoted equity shares, at cost	893	793
Less: Provision for diminution in value	(100)	-
	<u>793</u>	<u>793</u>

The subsidiary companies of the Company are as follows:

Name of Company	Principal activities	Country of incorporation and operation	Equity holding		Cost of investment	
			2002	2001	2002	2001
			%	%	\$'000	\$'000
PTC-Chien Li Transportation Pte Ltd *	Land transportation, container services, equipment renting and general contracting	Singapore	75	75	393	393
PTC-Xin Hua Transportation Pte Ltd *	Land transportation, container services, equipment renting and general contracting	Singapore	80	80	400	400
Bitubulk Pte Ltd *	Trading in bitumen and other chemical products	Singapore	100	-	100	-
					<u>893</u>	<u>793</u>

\* These companies are audited by PricewaterhouseCoopers, Singapore.

### (a) Due by subsidiary company – non-trade

	Company	
	2002	2001
	\$'000	\$'000
Amount receivable from subsidiary company	139	-
Less: Provision for doubtful debts	(103)	-
	<u>36</u>	<u>-</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 14. Due by/to related parties

### (a) Due by related parties

	Group		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Trade	264	163	264	163
Non - trade	-	2	-	-
	<u>264</u>	<u>165</u>	<u>264</u>	<u>163</u>

### (b) Due to related parties

	Group		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Trade	10	24	10	24
Non - trade	-	15	-	15
	<u>10</u>	<u>39</u>	<u>10</u>	<u>39</u>

(c) Related parties are companies in which the directors or majority shareholders of the Company have significant influence or interests respectively.

## 15. Other debtors

	Group		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Deposits	230	175	191	175
Staff loans	83	66	58	50
Prepayments	613	509	468	393
Sundry debtors	138	83	119	65
	<u>1,064</u>	<u>833</u>	<u>836</u>	<u>683</u>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 16. Investments

	<u>Group</u>		<u>Company</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(a) Quoted, at cost				
- Equity shares in a corporation	4	4	4	4
(b) Unquoted, at cost				
- Equity shares in corporations	113	113	113	113
Less: Provision for diminution in value	(90)	(90)	(90)	(90)
	23	23	23	23
(c) Club membership, at cost	102	27	51	27
Less: Provision for diminution in value	(18)	-	(18)	-
	84	27	33	27
<b>Total investments</b>	<b>111</b>	<b>54</b>	<b>60</b>	<b>54</b>
Quoted, at market value				
- Equity shares in a corporation	4	4	4	4
Movements in provision for diminution in value:				
			<u>Group and Company</u>	
			2002	2001
			\$'000	\$'000
Balance at the beginning of the financial year			90	-
Provision made during the financial year			18	90
Balance at the end of the financial year			<b>108</b>	<b>90</b>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 17. Associated companies

	<u>Group</u>		<u>Company</u>	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Unquoted equity shares, at cost	939	878	939	878
Less: Amount written off	(361)	(361)	-	-
Less: Dividends received from pre-acquisition reserves	(68)	(68)	(68)	(68)
Net tangible assets acquired	510	449	871	810
Group's share of post acquisition retained profits and reserves of associated company net of dividends received	33	113	-	-
	<b>543</b>	<b>562</b>	<b>871</b>	<b>810</b>
<u>Name of Company</u>	<u>Principal activities</u>	<u>Country of incorporation and operation</u>	<u>Equity holding</u>	
			2002 %	2001 %
			2002 \$'000	2001 \$'000
Hai Poh Terminals Pte Ltd*	Stevedoring and terminal operations	Singapore	50	50
Landbridge Express Sdn Bhd**	Land transportation	Malaysia	25	-
			<b>81</b>	<b>-</b>
			<b>871</b>	<b>810</b>

\* Audited by Lee Seng Chan & Co

\*\*Audited by Khoo Teng Keat & Co

## 18. Deferred expenditure

Deferred expenditure comprises borrowing cost relating to the 5-year loan facility set out in Note 21. The deferred expenditure is amortised over the period of the facility.

	<u>Group and Company</u>	
	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	196	246
Amount capitalised to leasehold properties	(17)	(50)
Amount transferred to income statement	(34)	-
Balance at the end of the financial year	<b>145</b>	<b>196</b>

Deferred expenditure amortised of \$17,000 (2001: \$50,000) was taken to leasehold properties under fixed assets as borrowing costs capitalized, up to the date the property is ready for its intended use. Deferred expenditure amortised after that date was taken to income statement.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 19. Fixed assets

### (a) Group

	Leasehold properties	Freehold property	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>								
At 1 January 2002	31,571	715	27,178	8,532	1,272	967	699	70,934
Additions	1,369	-	5,561	996	329	25	260	8,540
Disposals	-	-	(774)	(888)	(85)	-	(101)	(1,848)
At 31 December 2002	32,940	715	31,965	8,640	1,516	992	858	77,626
<b>Depreciation</b>								
At 1 January 2002	3,151	1	17,254	1,828	519	358	253	23,364
Charge for the year	1,402	7	3,044	496	263	122	84	5,418
Disposals	-	-	(503)	(779)	(86)	-	(92)	(1,460)
At 31 December 2002	4,553	8	19,795	1,545	696	480	245	27,322
<b>Net book value</b>								
at 31 December 2002	28,387	707	12,170	7,095	820	512	613	50,304
<b>Net book value</b>								
at 31 December 2001	28,420	714	9,924	6,704	753	609	446	47,570

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 19. Fixed assets (continued)

### (b) Company

	Leasehold properties	Freehold property	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>								
At 1 January 2002	31,571	715	21,741	8,502	1,261	967	659	65,416
Additions	1,369	-	4,164	912	319	25	247	7,036
Disposals	-	-	(656)	(888)	(85)	-	(101)	(1,730)
At 31 December 2002	32,940	715	25,249	8,526	1,495	992	805	70,722
<b>Depreciation</b>								
At 1 January 2002	3,151	1	14,725	1,822	512	358	242	20,811
Charge for the year	1,402	7	1,801	484	259	122	76	4,151
Disposals	-	-	(424)	(779)	(86)	-	(92)	(1,381)
At 31 December 2002	4,553	8	16,102	1,527	685	480	226	23,581
<b>Net book value</b>								
at 31 December 2002	28,387	707	9,147	6,999	810	512	579	47,141
<b>Net book value</b>								
at 31 December 2001	28,420	714	7,016	6,680	749	609	417	44,605



# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 19. Fixed assets (continued)

(c) At the balance sheet date, the net book value of fixed assets of the Company and of the Group under hire purchase agreements are as follows:

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Commercial vehicles	3,109	3,231	1,658	1,786
Machinery and equipment	-	16	-	16
Motor vehicles	451	534	452	534
	<b>3,560</b>	<b>3,781</b>	<b>2,110</b>	<b>2,336</b>

(d) In addition, at the balance sheet date, there was a fixed charge over the net book value of the commercial vehicles of the Group amounting to \$485,000 (2001: \$1,056,000) for the long-term loans.

(e) The Group's freehold and leasehold properties are as follows:

Location	Description	Tenure
21 Ayer Merbau Road Jurong Island Singapore	PTC Chemical Logistics Complex	Leasehold with 30 years lease expiring on 15 April 2030 and an option for a further term of 30 years (Note 26)
42 Pandan Road Singapore	Warehouse and office	Leasehold with 25 years lease expiring on 18 October 2009
48 Pandan Road Singapore	Warehouse and office	Leasehold with 30 years lease expiring on 30 June 2009
#11-02 Realty Centre 15 Enggor Street Singapore	Office	Freehold property

## 20. Other creditors

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Accrued operating expenses	3,275	2,987	2,669	2,524
Rental deposits	98	23	98	23
Sundry creditors	1,153	3,096	1,151	3,074
	<b>4,526</b>	<b>6,106</b>	<b>3,918</b>	<b>5,621</b>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 21. Borrowings

(a) Hire purchase creditors

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 '000
Minimum lease payments payable				
Within one year	1,081	1,043	559	619
Between one and five years	2,086	2,126	1,097	1,126
	<b>3,167</b>	<b>3,169</b>	<b>1,656</b>	<b>1,745</b>
Finance charges allocated to future periods	(413)	(411)	(214)	(225)
	<b>2,754</b>	<b>2,758</b>	<b>1,442</b>	<b>1,520</b>
Included in:				
Current liabilities	942	906	488	537
Non-current liabilities	1,812	1,852	954	983
	<b>2,754</b>	<b>2,758</b>	<b>1,442</b>	<b>1,520</b>

(b) Long-term loans

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
(i) 5-year unsecured loan comprising a Transferable Loan Facility ("TLF") of up to \$25,000,000 and Revolving Credit Facility ("RCF") of up to \$15,000,000. The TLF is repayable in 6 semi-annual instalments of \$1,250,000 commencing 29 November 2002 with a final instalment of up to \$17,500,000 due on 29 November 2005. The RCF is fully repayable on 29 November 2005. There is a total of \$22,750,000 of TLF drawdown as at 31 December 2002. There is no drawdown of RCF as at 31 December 2002.	22,750	20,000	22,750	20,000
(ii) 5.75% (2001: 5.75%) loan repayable by 48 monthly instalments of \$21,446 (2001: \$21,446) each inclusive of interest charged, commencing April 1999*	6	255	-	-
(iii) 5.75% (2001: 5.75%) loan repayable by 48 monthly instalments of \$20,766 (2001: \$20,766) each inclusive of interest charged, commencing April 1999*	34	284	-	-
	<b>22,790</b>	<b>20,539</b>	<b>22,750</b>	<b>20,000</b>
Less: Repayments due within twelve months (included in current liabilities)	(2,540)	(1,737)	(2,500)	(1,250)
	<b>20,250</b>	<b>18,802</b>	<b>20,250</b>	<b>18,750</b>

\* These loans are secured, amongst other things, by a fixed charge over the net book value of the subsidiaries' commercial vehicles.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 21. Borrowings (continued)

### (c) Effective interest rates

The weighted average effective interest rates at the balance sheet date were as follows:

	Group		Company	
	2002	2001	2002	2001
	%	%	%	%
Hire purchase creditors	6.0	6.0	5.8	5.8
Long-term loans	2.6	3.0	2.6	2.9

### (d) Carrying amounts and fair values

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the balance sheet date. The carrying amounts of long-term loans approximate their fair value.

### (e) The carrying amounts and fair values of the hire purchase creditors are as follows:

Group	Carrying amounts		Fair values	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current	942	906	1,048	1,012
Non-current	1,812	1,852	1,836	1,839

  

Company	Carrying amounts		Fair values	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Current	488	537	542	600
Non-current	954	983	964	984

### (f) Maturity of long-term loans

Maturity of non-current borrowings (excluding hire purchase creditors) is as follows:

	Group		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
Between one and two years	2,500	2,552	2,500	2,500
Between two and five years	17,750	16,250	17,750	16,250
	<b>20,250</b>	<b>18,802</b>	<b>20,250</b>	<b>18,750</b>

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 22. Share capital of Poh Tiong Choon Logistics Limited

### (a) Authorised ordinary share capital

The total authorised number of ordinary shares is 500 million shares (2001: 500 million shares) with a par value of 10 cents per share (2001: 10 cents per share).

### (b) Issued ordinary share capital

	2002	2001	2002	2001
	Shares	Shares	\$'000	\$'000
	'000	'000		
Balance at the beginning of the financial year	200,000	200,000	20,000	20,000
Transfer to capital redemption reserve pursuant to buy-back of 13,860,000 (2001: Nil) ordinary shares of \$0.10 each at an average price of \$0.168 (2001: Nil) per share, amounting to a total cost of \$2,334,000 (2001: Nil)	(13,860)	-	(1,386)	-
Balance at the end of the financial year	<b>186,140</b>	200,000	<b>18,614</b>	20,000

## 23. Capital redemption reserve

	2002	2001	2002	2001
	Shares	Shares	\$'000	\$'000
	'000	'000		
Balance at the beginning of the financial year	-	-	-	-
Arising from buy-back of shares	13,860	-	1,386	-
Balance at the end of the financial year	<b>13,860</b>	-	<b>1,386</b>	-

## 24. Proposed dividends

Ordinary dividends paid

	Group		Company	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
First and final dividend of 5% (2001: 5%) net of tax at 22% (2001: 24.5%)	780	755	780	755

For the year ended 31 December 2002, the directors recommend that a proposed first and final dividend of 7.5%, net of tax at 22% be paid. Based on the number of shares issued at the balance sheet date, the dividend will amount to \$1,089,000. These financial statements do not reflect the dividends payable, which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2003.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 25. Contingent liabilities

	Company	
	2002 \$'000	2001 \$'000
Unsecured guarantees given to financial institutions in connection with:		
(i) term loans provided to subsidiary companies	40	538
(ii) hire purchase facilities provided to subsidiary companies	1,036	968
	<u>1,076</u>	<u>1,506</u>

## 26. Commitments

### Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are payable as follows:

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Not later than one financial year	985	1,416	985	1,416
Later than one financial year but not later than five financial years	3,380	3,789	3,380	3,789
Later than five financial years	946	1,510	946	1,510
	<u>5,311</u>	<u>6,715</u>	<u>5,311</u>	<u>6,715</u>

Apart from the above, the Company accepted an offer from the Jurong Town Corporation ("JTC") to lease a 2.6 hectare plot of land on Jurong Island for 30 years for the purpose of developing a third party PTC Chemical Logistics Complex with effect from 16 April 2000. Based on the lease agreement with JTC, the annual rent due in a year amounts to \$382,000 (2001: \$352,000) after rebates, and is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The initial lease period of 30 years with an option for a further term of 30 years is subject to the Company meeting the stipulated minimum investment amount, the development plot ratio and other terms and conditions set out in its offer letters.

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 27. Interested party transactions

The following significant interested party transactions took place during the financial year on terms agreed by the parties concerned:

	Group		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Income</b>				
Sale of diesel and maintenance services provided to:				
- subsidiary companies	-	-	875	758
- a related party	3	4	3	4
Hiring of commercial vehicles, machinery and equipment and transport services provided to:				
- a subsidiary company	-	-	196	4
- an associated company	223	248	223	248
- related parties	497	492	497	492
Management fee income from a related party	-	20	-	20
Rental income from:				
- subsidiary companies	-	-	55	55
- related parties	12	12	12	12
Dividend income from :				
- subsidiary companies	-	-	275	80
- an associated company	-	-	161	245
<b>Expenditure</b>				
Hiring of commercial vehicles and transport services charged by subsidiary companies	-	-	9,016	7,436
Freight charges by related parties	32	27	27	27
Rental charged by a related party	-	30	-	30
Purchase from related parties	8	28	8	28
Purchase of freehold property from a related party	-	700	-	700
Purchase of investment from a related party	24	-	24	-

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 28. Segment information

The Group's operations are located principally in Singapore. As such, no geographical segmental information is provided. The Group's business segmental information is provided as follows:

Year ended 31 December 2002	Transportation and bulk cargo \$'000	Warehousing \$'000	Trading \$'000	Elimination \$'000	Consolidated \$'000
Sales to customers outside the Group	37,295	7,987	1,315	-	46,597
Inter-segment sales	49	-	-	(49)	-
	<u>37,344</u>	<u>7,987</u>	<u>1,315</u>	<u>(49)</u>	<u>46,597</u>
Segment result	2,182	1,469	(225)		3,426
Interest income					5
Interest expense					(544)
					<u>(539)</u>
Share of profit of associated companies					59
Consolidated profit before tax					<u>2,946</u>
Segment assets	30,050	31,040	433		61,523
Investment in associated companies					543
Unallocated assets					3,225
Consolidated total assets					<u>65,291</u>
Segment liabilities	3,517	347	61		3,925
Unallocated liabilities					30,980
Consolidated total liabilities					<u>34,905</u>
Capital expenditure	6,107	1,969	464		8,540
Depreciation and amortisation	4,170	1,195	53		5,418

# Notes To The Financial Statements

For the financial year ended 31 December 2002

## 28. Segment information (continued)

Year ended 31 December 2001	Transportation and bulk cargo \$'000	Warehousing \$'000	Consolidated \$'000
Sales to customers outside the Group	33,499	7,066	40,565
Segment result	1,728	1,749	3,477
Interest income			31
Interest expense			(242)
			<u>(211)</u>
Share of profit of associated company			140
Consolidated profit before tax			<u>3,406</u>
Segment assets	25,849	34,384	60,233
Investment in associated company			562
Unallocated assets			4,655
Consolidated total assets			<u>65,450</u>
Segment liabilities	3,123	3,082	6,205
Unallocated liabilities			28,128
Consolidated total liabilities			<u>34,333</u>
Capital expenditure	6,360	19,324	25,684
Depreciation and amortisation	3,563	942	4,505

The Group is organised into 3 main business segments:

- Transportation and bulk cargo – provision of services relating to land transportation, stevedoring and equipment renting
- Warehousing – warehousing and drumming services
- Trading – bitumen and other chemical products

Segment assets consist primarily of leasehold properties, freehold property, commercial vehicles, machinery and equipment, computer and accessories, motor vehicles, office equipment, receivables, investments, due by related parties and other debtors. Segment liabilities comprise operating liabilities and exclude items such as taxation and corporate borrowings. Capital expenditure comprises additions to fixed assets.

## 29. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors on 7 April 2003.

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# Corporate Governance Report

For the financial year ended 31 December 2002

The Company is always committed to good governance standards and endeavours, as far as practicable, to complying with the Code of Corporate Governance (“Code”) issued by the Corporate Governance Committee on 21 March 2001 and the Best Practices Guide (“Best Practices Guide”) as issued by the Singapore Exchange Securities Trading Limited.

“GN” refers to Guidance Note in the Code.

## Board of Directors

### Principle 1 – The Board’s Conduct of its affairs

Currently, the Board consists of seven Directors of whom two are considered independent by the Board. The nature of the Directors’ appointments on the Board and details of their membership on Board Committees are set out below:

Name	Board membership	Committee Membership		
		Audit	Nominating*	Remuneration**
Poh Choon Ann	Chairman & CEO		Member	Member
Poh Kay Ping	Deputy CEO			
Poh Khim Hong	Finance Director	Member		
Poh Kay Yong	Executive Director, Corporate Services			
Poh Key Boon	Executive Director, Transportation & Warehousing			
Lew Syn Pau	Director (non-executive & independent)	Chairman	Member	Member
Hong Hai	Director (non-executive & independent)	Member	Chairman	Chairman

\* Nominating Committee was established on 24 March 2003.

\*\* Remuneration Committee was established on 24 March 2003, following the dissolution of the existing Management Compensation Committee.

Details of the Directors are set out on Pages 8 and 9.

(GN 4.5)

The Board meets regularly twice a year and as warranted by circumstances. The Company’s Articles of Association provides for telephonic and video conference meetings. All relevant information on material events and transactions are circulated to directors as and when they arise.

(GN 1.1)

In the financial year under review, the number of meetings of the Board and Board Committees are as follows:

Directors	Board		Audit		Management Compensation**	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Poh Choon Ann	2	2			2	2
Koh Kim Huat *	1	1				
Poh Kay Ping	2	2				
Poh Khim Hong	2	2	2	2		
Poh Kay Yong	2	2				
Poh Key Boon	2	2				
Lew Syn Pau	2	2	2	2	2	2
Hong Hai	2	2	2	2	2	2

\* appointed as Managing Director on 24 April 2002 and resigned on 24 March 2003

\*\* Remuneration Committee was established on 24 March 2003, following the dissolution of the existing Management Compensation Committee. The meetings indicated above are for the Management Compensation Committee.

Nominating Committee was established only on 24 March 2003 and as such no meetings has been held within the financial year under review.

(GN 1.1)

The Board is accountable to the shareholders of the Company. Its principal functions include providing strategic directions for the Company and approving major investment and funding decisions, apart from fulfilling its statutory duties to ensure that the Group’s strategies are in the interests of the Company and all its shareholders.

Currently, the Board does not have specific guidelines on matters requiring Board’s approval. The Board will in the financial year ending 31 Dec 2003 set forth matters requiring Board approval and will accordingly make the appropriate disclosure.

(GN 1.2)

Certain of the functions are delegated to the Audit, Nominating and Remuneration Committees.

New directors will be briefed on the Company’s business and governance policies, disclosure of interest in securities, disclosure of any conflict in a transaction involving the Company, prohibitions on dealing in Company’s securities and restrictions on disclosure of price-sensitive information.

The Company relies on Directors to update themselves on new laws, regulations and changing commercial risks.

(GN 1.3)

# Corporate Governance Report

For the financial year ended 31 December 2002

## **Principle 2 – Board composition and balance**

The Company's Articles of Association provides for the Board of Directors to comprise of a minimum of 2 and a maximum of 12 directors. Presently, the Board comprises 5 executive directors and 2 non-executive and independent directors.

The Board adopts the Code's definition of what constitutes an independent director in its review. (GN 2.1)

The Board is of the opinion that its current size and composition is appropriate given the scope and nature of the Group's operations. The Board is also of the view that the current Board comprises persons, who as a group, provide core competencies necessary to meet the Company's targets. (GN 2.3 & 2.4)

Presently, the two independent directors comprise 29% of the Board and therefore fall short of the requirement of GN 2.1 which states "independent directors making up at least one third of the Board". The Board feels that the current number of independent directors is sufficient to ensure a balance of power given the scope and nature of the operations of the Company. However, the Nominating Committee will continue to assess the need for more independent directors and make recommendations to the Board when appropriate. (GN 2.1 & 2.2)

## **Principle 3 – Chairman and Chief Executive Officer**

Mr Poh Choon Ann, a substantial shareholder, is the Chairman and Chief Executive Officer. The Board is of the opinion that the present Group structure and business scope does not warrant a meaningful split of the role. On the contrary, the Group believes the combined responsibility facilitate faster decision-making and the alignment of CEO's interest with that of the shareholders. (GN 3.1)

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business while the Chairman bears responsibility for the procedural workings of the Board as laid down in GN 3.2. (GN 3.2 & 3.3)

## **Principle 4 – Board Membership**

### **Principle 5 – Board Performance**

The Board has established the Nominating Committee on 24 March 2003. This Committee will look into matters relating to Board membership, re-nomination of Board members as well as the assessment of the effectiveness of the board. The Nominating Committee comprises of three directors, a majority of whom, including the chairman is independent. (GN 4.1 & 4.2)

New directors are presently appointed by way of Board resolution. Such new directors must submit themselves for re-election at the following Annual General Meeting ("AGM") of the Company. Also, Article 91 of the Articles requires one-third of the Board (except the Managing Director) to retire by rotation at every AGM. The Company intends to amend this Article in due course to subject the position of Managing Director to mandatory retirement by rotation. (GN 4.2)

As the Nominating Committee was only recently established, the Board has not adopted a formal assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness to the Board for the financial year ended 31 December 2002. (GN 5.1, 5.2 & 5.3)

The Board is of the opinion that Mr Lew Syn Pau and Dr Hong Hai are the only two independent directors on the Board, bearing in mind the circumstances set forth in GN 2.2. This role of assessing the independence of the directors will in future be performed by the Nominating Committee, which was established on 24 March 2003. (GN 4.3)

Directors are allowed to hold directorships in companies outside the Group. The Board is of the view that the current level of multiple board representations by the directors does not hinder their ability to carry out their duties as directors of the Company. Furthermore, the Board felt with multiple board representation, the directors are able to bring with them the experience and knowledge obtained from such board representation in other companies. This role of assessing multiple board representations will in future be performed by the Nominating Committee. (GN 4.4)

The dates of initial appointment and last re-election of the Directors are set out below:

Director	Position	Date of Initial Appointment	Date of Last Re-election
Poh Choon Ann	Chairman & CEO	21 January 1969	17 May 2002
Poh Kay Ping	Deputy CEO	1 November 1994	18 May 2001
Poh Khim Hong	Finance Director	23 July 1986	17 May 2002
Poh Kay Yong	Executive Director, Corporate Services	12 January 1999	18 May 2001
Poh Key Boon	Executive Director, Transportation & Warehousing	12 January 1999	17 May 2002
Lew Syn Pau	Director (non-executive & independent)	15 April 1999	26 June 2000
Hong Hai	Director (non-executive & independent)	26 June 2000	18 May 2001

(GN 4.5)



# Corporate Governance Report

For the financial year ended 31 December 2002

## **Principle 7 – Procedures for developing remuneration policies**

### **Principle 8 – Level and mix of remuneration**

The current Management Compensation was dissolved and replaced by the Remuneration Committee (“RC”) on 24 March 2003. The RC comprises three Directors, a majority of whom are non-executive and independent Directors and free from any business or other relationships. The RC is chaired by an independent and non-executive director, Dr Hong Hai. One of the members, Mr Lew Syn Pau is knowledgeable in the field of executive compensation. He is the Managing Director of Stanbridge International Pte Ltd, a firm specialising in human resource as well as the President of Singapore Confederation of Industries. (GN 7.1 & 7.2)

The functions of the RC include review and approval of an appropriate executive compensation packages for executive directors and senior executives of the Group that will attract, retain and motivate them to run the Company successfully. All recommendations by the RC will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. (GN 7.3 & 8.1)

Increments and variable bonus for all executive directors (excluding Chairman which is governed by a separate service contract) and key executives are discretionary and reviewed by the RC annually.

The RC considers that the current remuneration package of the executive directors to be adequate in spite of the base pay constituting a significant proportion of the total remuneration package.

The independent and non-executive directors do not have any service agreements with the Company. Except for directors’ fees, which have to be approved by the shareholders at every AGM, the independent and non-executive directors do not receive any remuneration from the Company. (GN 8.2 & 8.3)

Other than the Chairman/CEO, all executive directors have no fixed appointment period but can resign by giving three months’ notice by either party. In the case of Chairman, there is a service contract of five years duration. (GN 8.4)

Currently, there are no long-term incentive schemes, including share schemes, for employees. The RC will consider the necessity of having long-term incentive scheme if the need arises. (GN 8.5 & 9.4)

## **Principle 6 – Access to information**

### **Principle 10 – Accountability**

The executive directors are provided with monthly management accounts within a reasonable time. All directors are provided with semi-annual accounts and an update briefing on performance and outlook at each Board meeting. (GN 6.2 & 10.2)

All directors have full access to the Company secretary, management and the auditors, either through telephone or via e-mail. (GN 6.3)

Should directors, whether as a group or individually, need independent professional advice, the Company will appoint a professional advisor selected by the group or individual, and approved by the Chairman/CEO, to render the advice. The cost of such professional advice will be borne by the Company. In addition, all relevant information on material events and transactions are circulated to directors as and when they arise. (GN 6.4)

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. It is the Company Secretary’s responsibility to ensure that the Company complies with the requirements of the Companies Act. Together with the management staff of the Company, the Company Secretary is responsible for compliance with all other rules and regulations which are applicable to the Company. (GN 6.3)

The Company adheres strictly to the requirements of the SGX-ST Listing Manual in relation informing shareholders on a periodical basis and when circumstances warrant regarding the Group performance, positions and prospects. (GN 10.1)

## **Audit Committee (“AC”)**

### **Principle 11 – Audit Committee**

### **Principle 12 – Internal Controls**

The Audit Committee comprises three members. Two members are independent and non-executive while the third member is the Finance Director who is executive and non-independent.

As the Board comprises only two independent and non-executive directors, the Company is unable to comply with GN 11.1 requiring all AC members to be non-executive. The Board is of the view as the majority of the AC is both independent and non-executive, the AC is able to exercise its independent judgement properly. (GN 11.1)

The Board is also of the view that members of the AC, given their qualifications and background experience, have sufficient financial management expertise and experience to discharge the AC’s functions. (See Directors’ profile on Pages 8 and 9). (GN 11.2)

The AC meets periodically or via e-mail to perform the following functions:

- (1) review with the external auditors, the audit plan, evaluation of internal controls, audit report, and any matters the external auditors wish to discuss;
- (2) review the half-yearly (in future, quarterly) and annual financial statements, including announcements to shareholders before submission to the Board for approval;
- (3) review the assistance given by the Company’s officers to the external auditors;
- (4) nominate external auditors for re-appointment;
- (5) review and approve interested person transactions;



# Corporate Governance Report

For the financial year ended 31 December 2002

- (6) review the independence of the external auditors;  
 (7) review the scope and results of the external audit and its cost effectiveness. (GN 11.4 & 11.6)

The Group has in place a system of internal controls that would help to safeguard the Company's assets. However, the system is designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. For FY 2002, given the nature and scope of the Group's business, the AC and the Board are satisfied that there are adequate internal controls in the Company. (GN 12.1 & 12.2)

The AC has explicit authority to investigate any matters within its terms of reference and unfettered access to and co-operation by management. It also has the discretion to invite any director and executive officer to attend its meetings. (GN 11.3)

The AC meets with the external auditors, without the presence of management, at least annually. (GN 11.5)

The AC confirms that the volume of non-audit services rendered by the external auditors is not material and, as such, is satisfied that the nature and extent of such services do not prejudice the independence and objectivity of the auditors. (GN 11.4)

The AC met twice in the year under review to consider the above matters. Full attendance was recorded in the two meetings held. The external auditors attended all the two meetings. (GN 11.7)

## Internal Audit

### Principle 13 – Internal Audit

For FY 2002, the AC is satisfied that that there are adequate internal controls in the Company. Beginning with FY2003, the AC will assess the need to commission external parties to conduct a review of internal controls. Should the need arise, the AC will examine whether the standards of review by the external party commissioned to perform this duty, should exceed that set by nationally or internationally recognised bodies and that their primary line of reporting would be to the Chairman of the AC. (GN 13.1, 13.2, 13.3 & 13.4)

## Disclosure of remuneration

### Principle 9 – Disclosure of remuneration

The following reflect the breakdown of the annual remuneration of the directors, top five executives (non-directors) and executives who are immediate family members of a Director or CEO for 2002:

#### Directors

Remuneration Band	Fee*	Salary	Bonus	Other Benefits	Total
	(%)	(%)	(%)	(%)	(%)
<u>Between S\$250,000 to S\$500,000</u>					
Poh Choon Ann	9	73	9	9	100
<u>Below S\$250,000</u>					
Koh Kim Huat#	7	76	17	-	100
Poh Kay Ping	9	78	9	4	100
Poh Khim Hong	11	77	9	3	100
Poh Kay Yong	9	80	9	2	100
Poh Key Boon	9	80	9	2	100
Lew Syn Pau	100	-	-	-	100
Hong Hai	100	-	-	-	100

\* Fees are subject to approval of the shareholders at the AGM for year 2002.

# From 24 April 2002 to 31 December 2002.

#### Key Executives

Remuneration Band	Name of Key Executive
Nil to \$250,000	Pooh Kee Wat Raymond Ho Chew Thim Poh Kay Giap Poh Sin Choon Poh Kay Leong

#### Executives who are immediate family members of a Director or CEO

Remuneration Band	Name
Above \$150,000 to \$250,000	Pooh Kee Wat Poh Kay Giap

(GN 9.2 & 9.3)

The Board has not included an annual remuneration report in its Annual Report for 2002 (as suggested by GN 9.1 of the Code) as the Board is of the view that the matters which are required to be disclosed in the annual remuneration report have already been sufficiently disclosed in this Report and in the financial statements of the Company. (GN 9.1)

In addition, there are no circumstances that has come to the attention of the Board which require the AGM to be invited to approve any significant remuneration policy. (GN 9.5)

# Corporate Governance Report

For the financial year ended 31 December 2002

## Communications with shareholders

### Principle 14 and 15 – Communications with shareholders

The results and other relevant information on the Company are disseminated to the public via SGX-ST's MASNET and the press where appropriate. The Company does not practice selective disclosure. (GN 14.1 & 14.2)

The Company will adopt quarterly reporting for its financial year commencing 1 January 2003.

All shareholders of the Company receive a copy of the Annual Report and notice of AGM. The notice is also advertised in newspapers. At AGMs, shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The Articles allow a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings on his/her behalf. (GN 15.1, 15.2 & 15.3)

## Interested Person Transactions

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions. All interested person transactions are reviewed and approved by the Audit Committee.

In accordance with Rule 907 of the SGX-ST Listing Manual, details of interested person transactions ("IPT") conducted during the financial year ended 31 December 2002 are as follows:

Name of interested person	Group and Company			
	Aggregate value of all IPT (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Purchase of freehold property from Poh Tiong Choon Holdings (Pte) Ltd	-	700	-	-

Other than as disclosed above, the IPT as disclosed in Note 27 on Page 57 of the Annual Report are not IPT within the ambit of Chapter 9 of the Listing Manual.

## Material Contracts (Rule 1207(8) of SGX-ST Listing Manual)

Except as disclosed in IPT above, the directors' report and financial statements, there were no material contracts of the Company or its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or it not then subsisting, entered into since the end of the previous financial year.

## Dealings in Securities

The Company has adopted the Best Practices Guide issued by the SGX-ST in relation to dealings in the Company's securities by certain categories of employees of the Company. These employees, as well as directors, are not allowed to deal in the Company's shares commencing one month before the announcement of the Company's results and ending on the date of the announcement of the results.

## Risk management policies and processes

The risk management policies and processes of the Company may be summarised as follows:

### Highly competitive environment

The Singapore logistics market is highly competitive with the presence of many logistics companies. Competitive factors include range of services, customer service and pricing. Specifically, we are constantly affected by competitors' pricing policy which may result in downward pressure on our prices and lower our financial performance. To mitigate this risk, we rely on our track record of more than 50 years, our commitment to quality service (ISO 9002 certification) and our safety track record. Further, we opt for secured contracts, if possible, maintain close contacts with customers, offers an one-stop logistics service as well as focusing on petrochemical industry where safety is an important factor besides pricing.

### Dependence on the petrochemical Industry

The Group mainly provides logistics services to the petrochemical industry in Singapore. For FY2002, the petrochemical industry contributed about 60% of the Group's business. To manage this risk, the Company intends to limit its exposure to the petrochemical industry at this level.

### Dependence on major customers

To avoid overly dependence on a single customer, the Group tries, wherever possible, to deal with reputable or multi-national companies and minimises its exposure to each customer to not more than 5% of revenue.

Currently, only two customers, both in the petrochemical industry, contributed more than 5% each of the Group revenue or 28% in total in FY2002. One of the customers has been with the Group for more than 30 years.

We rely on our quality service, competitive pricing, medium-term secured contracts, good relationship and close contact with these customers to ensure continued business.

### Dependence on key personnel

The success of the Group depends to a large extent on its executive directors and key management staff. Further details on the executive directors and key management staff are set out on Pages 8 to 11 of the Annual Report. Any loss of their services would severely impact our business and operating results.

The Group manages this risk of loss of services of key personnel by providing remuneration packages which are competitive within the industry and offering a challenging work environment.

### Fluctuation in diesel prices

The Group operates one of largest commercial fleet of prime movers, lorries and forklifts in Singapore. Therefore, any significant adverse changes in diesel prices (consequent on changes in oil prices) would affect our earnings.

The Group partially manages this risk by proper planning of transportation routes to minimise diesel usage.

## Financial Risks

These are set out in Note 2(o) on Page 39 of the Annual Report.

# Shareholding Statistics

as at 7 April 2003

Authorised Share Capital	-	\$50,000,000
Issued and Fully Paid-up Capital	-	\$18,578,700
Class of Shares	-	Ordinary shares of \$0.10 each
Voting Rights	-	1 vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 999	-	-	-	-
1,000 - 10,000	3,667	82.17	16,172,000	8.70
10,001 - 1,000,000	782	17.52	37,735,000	20.31
1,000,001 and above	14	0.31	131,880,000	70.99
<b>Total</b>	<b>4,463</b>	<b>100.00</b>	<b>185,787,000</b>	<b>100.00</b>

## Twenty Largest Shareholders (as shown in the Register of Members)

Shareholders	No. of Shares	% of Issued Share Capital
1 Overseas Union Bank Nominees Pte Ltd	63,100,000	33.96
2 Mayban Nominees (S) Pte Ltd	13,697,000	7.37
3 Hong Leong Finance Nominees Pte Ltd	12,894,000	6.94
4 Poh Sin Choon (Pte) Ltd	9,242,000	4.97
5 HSBC (Singapore) Noms Pte Ltd	6,375,000	3.43
6 HSBC Republic Bank (SUISSE) SA	5,900,000	3.18
7 Poh Choon Her Investment Pte Ltd	5,776,000	3.11
8 KB Nominees Pte Ltd	4,800,000	2.58
9 Tan Kim Tee @ Tan Kum Tee	1,939,000	1.05
10 Goi Seng Hui	1,805,000	0.97
11 United Overseas Bank Nominees Pte Ltd	1,781,000	0.96
12 UOB Kay Hian Pte Ltd	1,734,000	0.94
13 Kok Kim Chong	1,710,000	0.92
14 DBS Nominees Pte Ltd	1,127,000	0.61
15 Goh Seh Leong	1,000,000	0.54
16 Tan Kim Koon	1,000,000	0.54
17 Tan Gek Suan	901,000	0.48
18 Teoh Kah Chay	811,000	0.43
19 OCBC Securities Private Ltd	795,000	0.43
20 Kim Eng Ong Asia Secs Pte Ltd	751,000	0.40
	<b>137,138,000</b>	<b>73.81</b>

## Substantial Shareholders (as shown in the Company's Register of Substantial Shareholders)

Shareholders	Direct Shareholdings	Deemed Shareholdings
Poh Choon Ann (Pte) Ltd	61,000,000	-
Poh Sin Choon (Pte) Ltd	27,842,000	-
Poh Choon Her Investment Pte Ltd	20,276,000	-
Poh Choon Ann	-	61,000,000 *
Poh Kay Ping	-	61,000,000 *
Poh Khim Hong	-	61,000,000 *
Poh Sin Choon @ Poh Seng Choon	-	27,842,000 **
Poh Kay Giap	-	20,276,000 ***

\* Mr Poh Choon Ann, Mr Poh Kay Ping and Ms Poh Kim Hong are deemed to have an interest in the shares held by Poh Choon Ann (Pte) Ltd ("PCAPL") by virtue of their combined holding not less than 20% of the voting shares in PCAPL.

\*\* Mr Poh Sin Choon is deemed to have an interest in the shares held by Poh Sin Choon (Pte) Ltd ("PSCPL") by virtue of his holding not less than 20% of the voting shares in PSCPL.

\*\*\* Mr Poh Kay Giap is deemed to have an interest in the shares held by Poh Choon Her Investment Pte Ltd ("PCHIPL") by virtue of his holding not less than 20% of the voting shares in PCHIPL.

## Compliance with Rule 723 of the Listing Manual

Based on information available to the Company as at 7 April 2003, approximately 41.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Fourth Annual General Meeting of the Company will be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 23 May 2003 at 11.00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December 2002. **(Resolution No. 1)**
2. To declare a first and final dividend of 7.5% (0.75 cents per ordinary share) less 22% income tax for the year ended 31 December 2002. **(Resolution No. 2)**
3. To re-elect the following Directors retiring by rotation pursuant to Article 91 of the Company's Articles of Association:-  
  
Mr Poh Kay Yong **(Resolution No. 3)**  
Mr Lew Syn Pau **(Resolution No. 4)**  
Dr Hong Hai **(Resolution No. 5)**  
  
*Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain as Chairman and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*  
  
*Dr Hong Hai will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*
4. To approve proposed Directors' fees of S\$205,000 for the year ended 31 December 2002 (2001: S\$190,000). **(Resolution No. 6)**
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. **(Resolution No. 7)**
6. To transact any other business that may be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:-

7. **Authority to allot and issue shares and convertible securities up to 50 per centum (50%) of issued share capital** **(Resolution No. 8)**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares and convertible securities to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of passing of this Resolution of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier.

## Explanatory Note on Special Business to be transacted

Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the existing issued share capital of the Company.

The percentage of issued share capital is based on the Company's issued share capital after adjusting for (a) new shares arising from the conversion of convertible securities or employee share options on issue at the time this proposed Ordinary Resolution is passed and (b) any subsequent consolidation or subdivision of shares.

By Order of the Board

Lee Seng Hua  
Company Secretary

Singapore  
2 May 2003

## Notes

1. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company and where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. The instrument or form appointing a proxy or proxies, duly executed, must be deposited at the office of the Company's Share Registrar, Barbinder & Co Pte Ltd at 8 Cross Street #11-00, PWC Building, Singapore 048424, not less than 48 hours before the time for holding the above Annual General Meeting.

## Notice of Books Closure

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed from 3 June 2003 to 4 June 2003, both dates inclusive, for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Barbinder & Co Pte Ltd at 8 Cross Street #11-00, PWC Building, Singapore 048424 up to 5.00 p.m. on 2 June 2003 will be registered before entitlements to the dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 2 June 2003 will be entitled to the proposed dividend. The dividend, if approved by members at the Annual General Meeting, will be paid on 13 June 2003.

**IMPORTANT:**

1. For Investors who have used their CPF moneys to buy shares of Poh Tiong Choon Logistics Limited, the Annual Report 2002 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

## PROXY FORM

I/We, \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a member/members of Poh Tiong Choon Logistics Limited (the "Company"), hereby appoint

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
(a)				
or, failing him/her				
(b)				
and/or (delete as appropriate)				
(c)				

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf and, if necessary, to demand a poll, at the 34th Annual General Meeting of the Company to be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 23 May 2003 at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Resolutions to be proposed at the Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Meeting).

No	RESOLUTION RELATING TO:	FOR	AGAINST
1	Directors' Report and Accounts for the year ended 31 December 2002		
2	Declaration of a first and final dividend of 7.5% less 22% tax		
3	Re-election of Mr Poh Kay Yong as Director		
4	Re-election of Mr Lew Syn Pau as Director		
5	Re-election of Dr Hong Hai as Director		
6	Approval of Directors' fees		
7	Re-appointment of PricewaterhouseCoopers as Auditors		
8	Authority to allot and issue new shares and convertible securities		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2003

Total Number of Shares Held	
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\_\_\_\_\_  
 Signature of Individual Shareholder/  
 Common Seal of Corporate Shareholder

**Notes:**

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and where there is more than one proxy, the number of Shares to be represented by each proxy must be stated.
2. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed by a duly authorised officer or his attorney and affixed with its common seal thereto.
3. This instrument appointing a proxy [together with the power of attorney (if any) under which it is signed or a certified copy thereof], must be deposited at the office of the Company's Share Registrar, Bardinder & Co Pte Ltd at 8 Cross Street, #11-00 PWC Building, Singapore 048424 not less than 48 hours before the time fixed for holding the Annual General Meeting.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
5. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intention of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

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*fold along this line (1)*  
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Please  
affix  
postage  
stamp

Poh Tiong Choon Logistics Limited  
c/o Barbinder & Co Pte Ltd  
8 Cross Street #11-00  
PWC Building  
Singapore 048424

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*fold along this line (2)*  
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