CONTENTS

Directors' Report

For the financial year ended 31 December 2004

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2004 and the balance sheet of the Company at 31 December 2004.

Directors

The directors of the Company 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	

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) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the share capital or debentures of the Company and related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2004	At 1.1.2004	**At 31.12.2004**	At 1.1.2004
The Company				
(Ordinary shares of $0.10 each)				
Poh Choon Ann	**–**	–	**48,000,000**	48,000,000
Poh Kay Ping	**–**	–	**48,000,000**	48,000,000
Poh Khim Hong	**–**	–	**48,000,000**	48,000,000
Poh Key Boon	**261,000**	261,000	**–**	–

Directors' interests in shares or debentures (continued)

	Holdings registered in name of director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2004	At 1.1.2004	**At 31.12.2004**	At 1.1.2004
PTC-Chien Li Transportation Pte Ltd (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
PTC-Xin Hua Transportation Pte Ltd (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 shares of the Company at 21 January 2005 were the same as at 31 December 2004.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except as disclosed in the financial statements and in this report, and except that certain directors have employment relationships with the Company and have received remuneration in those capacities.

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 of the Company or its subsidiaries under option at the end of the financial year.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept reappointment.

On behalf of the directors

POH KAY YONG
Director

POH KHIM HONG
Director

14 March 2005

Statement by Directors

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 30 to 67 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 2004 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) 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

POH KHIM HONG
Director

14 March 2005

AUDITORS' REPORT

TO THE MEMBERS OF POH TIONG CHOON LOGISTICS LIMITED

We have audited the accompanying financial statements of Poh Tiong Choon Logistics Limited set out on pages 30 to 67 for the financial year ended 31 December 2004, comprising the balance sheet of the Company and the consolidated financial statements of the Group. 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 balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2004, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records 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.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 14 March 2005

Consolidated Income Statement

For the financial year ended 31 December 2004

	Notes	2004 $'000	2003 $'000
Revenue	3	**53,093**	48,432
Other operating income		**168**	976
Staff costs	4	**(20,920)**	(19,198)
Depreciation and amortisation expenses		**(5,426)**	(5,227)
Other operating expenses		**(23,675)**	(20,294)
Total operating expenses		**(50,021)**	(44,719)
Profit from operations	5	**3,240**	4,689
Finance costs – net	7	**(669)**	(688)
Share of results of associated companies before tax		**147**	369
Profit before tax		**2,718**	4,370
Income tax expense	8	**(319)**	(167)
Profit from ordinary activities after tax		**2,399**	4,203
Minority interest		**(302)**	(283)
Net profit for the financial year		**2,097**	3,920
Earnings per share	9	**0.97 cents**	2.04 cents

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

Balance Sheets

As at 31 December 2004

	Notes	Group 2004 $'000	Group 2003 $'000	Company 2004 $'000	Company 2003 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	**3,998**	9,044	**3,522**	8,620
Trade and other receivables	11	**12,376**	10,388	**12,195**	10,173
Other current assets	12	**1,888**	1,741	**1,514**	1,487
		18,262	21,173	**17,231**	20,280
Non-current assets					
Other investments	13	**170**	170	**119**	119
Investments in associated companies	14	**473**	617	**818**	828
Investments in subsidiaries	15	**–**	–	**893**	793
Property, plant and equipment	16	**57,081**	49,393	**52,356**	45,651
Deferred expenditure	17	**92**	199	**92**	199
Goodwill	18	**406**	469	**–**	–
		58,222	50,848	**54,278**	47,590
Total assets		**76,484**	72,021	**71,509**	67,870
LIABILITIES					
Current liabilities					
Trade and other payables	19	**8,623**	6,092	**9,054**	6,253
Current income tax liabilities	8(b)	**263**	300	**74**	82
Borrowings	20	**23,225**	3,587	**22,048**	2,980
		32,111	9,979	**31,176**	9,315
Non-current liabilities					
Borrowings	20	**496**	18,961	**175**	18,223
Deferred income tax liabilities	22	**3,539**	3,333	**3,098**	3,023
		4,035	22,294	**3,273**	21,246
Total liabilities		**36,146**	32,273	**34,449**	30,561
Net assets		**40,338**	39,748	**37,060**	37,309
SHAREHOLDERS' EQUITY					
Share capital	23	**21,579**	21,579	**21,579**	21,579
Share premium		**7,244**	7,244	**7,244**	7,244
Capital redemption reserve	24	**1,421**	1,421	**1,421**	1,421
Retained earnings	25	**9,151**	8,780	**6,816**	7,065
Total shareholders' equity		**39,395**	39,024	**37,060**	37,309
Minority interests		**943**	724	**–**	–
		40,338	39,748	**37,060**	37,309

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2004

	Notes	Share capital	Share premium	Capital redemption reserve	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2004		21,579	7,244	1,421	8,780	39,024
Total recognised gains for the financial year						
– Net profit		–	–	–	2,097	2,097
Dividends	26	–	–	–	(1,726)	(1,726)
Balance at 31 December 2004		21,579	7,244	1,421	9,151	39,395
Balance at 1 January 2003		18,614	3,501	1,386	6,362	29,863
Total recognised gains for the financial year						
– Net profit		–	–	–	3,920	3,920
Arising from buy-back of shares	23,24	(35)	–	35	(53)	(53)
Issuance of shares	23	3,000	3,900	–	–	6,900
Expenses of share issue		–	(157)	–	–	(157)
Dividends	26	–	–	–	(1,449)	(1,449)
Balance at 31 December 2003		21,579	7,244	1,421	8,780	39,024

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2004

	Note	2004 $'000	2003 $'000
Cash flows from operating activities			
Net profit before tax and after share of profit of associated companies		**2,718**	4,370
Adjustments for:			
Share of profit of associated companies		**(147)**	(369)
Depreciation of property, plant and equipment		**5,256**	5,125
Amortisation of goodwill		**63**	31
Amortisation of deferred expenditure		**107**	71
Impairment loss on leasehold property		**–**	237
Net gain on disposal of property, plant and equipment		**(127)**	(953)
Interest income		**(20)**	(6)
Interest expense		**689**	694
Operating cash flow before working capital changes		**8,539**	9,200
Receivables		**(2,071)**	(470)
Payables		**2,531**	(31)
Cash generated from operations		**8,999**	8,699
Income tax paid		**(188)**	(195)
Interest paid		**(689)**	(694)
Net cash inflow from operating activities		**8,122**	7,810
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**235**	1,242
Purchase of property, plant and equipment		**(13,052)**	(4,740)
Purchase of investments		**–**	(59)
Purchase of business		**–**	(500)
Share buy-back		**–**	(53)
Dividends received from associated company		**265**	212
Interest received		**20**	6
Net cash outflow from investing activities		**(12,532)**	(3,892)
Cash flows from financing activities			
Proceeds from issuance of shares		**–**	6,743
Payment of deferred expenditure		**–**	(125)
Net drawdown/(repayment) of loans		**2,260**	(2,540)
Net repayment of finance lease liabilities		**(1,087)**	(456)
Dividends paid		**(1,726)**	(1,449)
Dividends paid to minority shareholders of subsidiary companies		**(83)**	(82)
Net cash (outflow)/inflow from financing activities		**(636)**	2,091
Net (decrease)/increase in cash and cash equivalents		**(5,046)**	6,009
Cash and cash equivalents at beginning of year		**9,044**	3,035
Cash and cash equivalents at end of year	10	**3,998**	9,044

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 29.

Notes to the Financial Statements

For the financial year ended 31 December 2004

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

1. General

Poh Tiong Choon Logistics Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange. The address of its registered office is as follows:

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, leasing 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 liquefied petroleum gas, bitumen and other chemical products.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

(b) Revenue recognition

Revenue comprises the fair value for the sale of goods and rendering of services, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

(1) Sale of goods

Revenue from sales of goods is recognised when a Group entity has delivered the products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(2) Rendering of services

Revenue from logistics services is recognised upon completion of services rendered.

(3) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2. **Significant accounting policies** (continued)

(b) Revenue recognition (continued)

(4) Dividend income

Dividend income is recognised when the right to receive payment is established.

(5) Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

(c) Group accounting

(1) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest. Please refer to note 2(e) for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the parent. It is measured at the minorities' share of post-acquisition fair values of the subsidiaries' identifiable assets and liabilities, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are taken to the consolidated income statement, unless the minority has a binding obligation to, and is able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority are taken to the consolidated income statement until the minority's share of losses previously taken to the consolidated income statement is fully recovered.

Please refer to note 2(f) for the Company's accounting policy on investments in subsidiaries.

Notes to the Financial Statements

For the financial year ended 31 December 2004

2. Significant accounting policies (continued)

(c) Group accounting (continued)

(2) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of accumulated amortisation) identified on acquisition, where applicable. Please refer to note 2(e) for the Group's accounting policy on goodwill.

Equity accounting involves recording investments in associated companies initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

In applying the equity method, unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

Please refer to note 2(f) for the Company's accounting policy on investments in associated companies.

(3) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

(d) Property, plant and equipment

(1) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses [note 2(g)].

(2) Depreciation

Depreciation is calculated using a straight line method to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Commercial vehicles	8
Machinery & equipment	5 – 20
Computer & accessories	3 – 5
Motor vehicles	8
Office equipment, furniture & fittings	5 – 10
Freehold office unit	100

Leasehold land and buildings are depreciated over the shorter of the useful life or the remaining term of the lease except for the PTC Chemical Logistics Complex, which is depreciated over 50 years commencing from the date the Complex was ready for its intended use.

2. **Significant accounting policies** (continued)

(d) Property, plant and equipment (continued)

(3) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(4) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries, associated companies and businesses over the fair value of the Group's share of their identifiable net assets at the date of acquisition.

Goodwill on acquisitions of subsidiaries and businesses occurring on or after 1 January 2001 is included in intangible assets. Goodwill on acquisitions of associated companies occurring on or after 1 January 2001 is included in investments in associated companies. Goodwill on acquisitions that occurred prior to 1 January 2001 has been taken in full to retained earnings; such goodwill has not been retrospectively capitalised and amortised.

Goodwill recognised as intangible assets is stated at cost less accumulated amortisation and accumulated impairment losses [note 2(g)]. Goodwill is amortised using the straight-line method over its estimated useful life. Management determines the estimated useful life of goodwill based on its evaluation of the respective companies/businesses at the time of the acquisition, considering factors such as existing market share, potential growth and other factors inherent in the acquired companies/businesses. Goodwill is amortised over 8 years.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold, but exclude those goodwill previously taken to retained earnings (pre-1 January 2001 acquisitions).

(f) Investments

Investments in subsidiaries and associated companies are stated at cost less impairment losses in the Company's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments comprise long-term equity and non-equity investments. They are stated at cost less allowance for diminution in value based on a review at the balance sheet date. An allowance for diminution is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

Quoted equity investments are stated at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived on a weighted average basis. Market value is calculated by reference to stock exchange quoted bid prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of quoted equity investments are taken to the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2004

2. Significant accounting policies (continued)

(f) Investments (continued)

On disposal of an investment, including investments in subsidiaries and associated companies, the difference between net disposal proceeds and its carrying amount is taken to the income statement.

(g) Impairment of long lived assets

Assets including property, plant and equipment, goodwill and other non-current assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment of goodwill, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

(h) Trade receivables

Trade receivables are stated at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date.

An allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

(i) Leases

Finance leases

Leases of assets where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Assets leased out under operating leases are included in property, plant and equipment at cost and are depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

(j) Deferred income taxes

Deferred income tax 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. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income 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.

(k) Provisions for other liabilities and charges

Provisions are recognised when the Group has a 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.

(l) Employee benefits

(1) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee service in the current and preceding financial years. The Group's contribution to defined contribution plans are recognised in the financial year to which they relate.

(2) 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.

(m) Foreign currency translation

(1) Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollars, which is the measurement currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the measurement currency at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Foreign exchange gains and losses resulting from the settlement of such foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are taken to the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2004

2. Significant accounting policies (continued)

(m) Foreign currency translation (continued)

(3) Translation of Group entities' financial statements

The results and financial position of group entities (none of which has the currency of a hyperinflationary economy) that are in measurement currencies other than Singapore Dollars are translated into Singapore Dollars as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting exchange differences are taken to the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is disposed of, such exchange differences are taken to the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as non-monetary foreign currency assets and liabilities of the acquirer and recorded at the exchange rate at the date of the transaction.

(n) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term bank deposits and bank overdrafts. Bank overdrafts are included in borrowings on the balance sheet.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new shares, other than for the acquisition of businesses, are taken to equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issuance of new shares for the acquisition of businesses are included in the cost of acquisition as part of the purchase consideration.

(q) Dividend

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3. Revenue

	The Group	
	2004	2003
	$'000	$'000
Transportation and bulk cargo	**43,542**	39,802
Warehousing	**6,312**	6,862
Trading	**3,239**	1,768
	53,093	48,432

4. Staff costs

	The Group	
	2004	2003
	$'000	$'000
Wages and salaries	**18,723**	17,022
Employer's contribution to defined contribution plans including Central Provident Fund	**2,197**	2,176
	20,920	19,198

Average monthly number of persons employed during the financial year:

	The Group	
	2004	2003
Full time	**723**	655

Key management remuneration is disclosed in note 31(b).

Notes to the Financial Statements

For the financial year ended 31 December 2004

5. Profit from operations

The following items have been included in arriving at profit from operations:

	The Group	
	2004	2003
	$'000	$'000
Charging/(crediting):		
Amortisation charge (included in 'Depreciation and amortisation expenses') :		
- deferred expenditure (note 17)	**107**	71
- goodwill (note 18)	**63**	31
Auditors' remuneration		
- auditors of the Company		
• Current year	**76**	74
• Under/(over) provision in prior year	**3**	(2)
	79	72
Other fees paid to auditors of the Company	**9**	–
Depreciation of property, plant and equipment [note 16(a)]:		
- Leasehold land and buildings	**1,453**	1,545
- Freehold office unit	**7**	7
- Commercial vehicles	**2,626**	2,474
- Machinery and equipment	**668**	615
- Computer and accessories	**301**	288
- Motor vehicles	**100**	98
- Office equipment, furniture and fittings	**101**	98
	5,256	5,125
Foreign exchange losses - net	**16**	6
Impairment loss on leasehold land and buildings	**–**	237
Rental expense – operating lease	**1,328**	1,626
Net gains on disposal of property, plant and equipment	**(127)**	(953)

6. Remuneration bands of directors of the Company

The following information relates to remuneration of directors of the Company.

	2004	2003
Number of directors of the Company in remuneration bands:		
$500,000 and above	**–**	1
$250,000 to $499,999	**1**	–
Below $250,000	**6**	7
Total	**7**	8

7. Finance costs - net

	The Group	
	2004	2003
	$'000	$'000
Interest income		
- fixed deposits	**20**	6
Interest expense		
- bank loans	**(542)**	(548)
- hire purchases	**(147)**	(146)
	(689)	(694)
	(669)	(688)

8. Income tax

(a) Income tax expense

	The Group	
	2004	2003
	$'000	$'000
Tax expense attributable to profit is made up of:		
- Current income tax (Note 8(b))	**122**	82
- Deferred income tax (Note 22)	**215**	802
	337	884
Share of tax of associated companies (Note 14)	**26**	83
	363	967
Over provision in preceding financial years		
- Current income tax (Note 8(b))	**(35)**	(274)
- Deferred income tax (Note 22)	**(9)**	(526)
	319	167

The overprovisions in preceding financial years that were written back in 2003, arose from the revision by the Economic Development Board of the Investment Allowance Scheme granted to the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2004

8. Income tax (continued)

(a) Income tax expense (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:

	The Group	
	2004	2003
	$'000	$'000
Profit before tax	**2,718**	4,370
Tax calculated at a tax rate of 20% (2003: 22%)	**544**	961
Effect of changes in tax rate on deferred taxation	**(303)**	–
Expenses not deductible for tax purposes	**178**	174
Income not subject to tax	**(7)**	(129)
Singapore statutory stepped income	**(21)**	(24)
Utilisation of previously unrecognised tax losses	**(28)**	(24)
Deferred tax assets not recognised	**–**	9
Tax charge	**363**	967

(b) Movements in provision for current income tax liabilities/(tax recoverable)

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
At beginning of the financial year				
Provision for current income tax	**300**	359	**82**	159
Tax recoverable (note 12)	**(506)**	(178)	**(506)**	(178)
	(206)	181	**(424)**	(19)
Income tax (paid) / refunded	**(188)**	(195)	**27**	–
Tax deducted at source	**(4)**	–	**(68)**	(131)
Current financial year's tax expense on profit	**122**	82	**–**	–
Over provision in preceding financial years	**(35)**	(274)	**(35)**	(274)
At end of the financial year	**(311)**	(206)	**(500)**	(424)
Comprising:				
Provision for current income tax	**263**	300	**74**	82
Tax recoverable (note 12)	**(574)**	(506)	**(574)**	(506)
	(311)	(206)	**(500)**	(424)

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to members of Poh Tiong Choon Logistics Limited by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2004	2003
Net profit attributable to the members of the Company ($'000)	**2,097**	3,920
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**215,787**	192,225
Basic earnings per share	**0.97 cents**	2.04 cents

Fully diluted earnings per share have not been presented as there is no dilution.

10. Cash and cash equivalents

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**3,998**	3,542	**3,522**	3,118
Short-term bank deposits	**–**	5,502	**–**	5,502
	3,998	9,044	**3,522**	8,620

The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**3,423**	8,742	**3,086**	8,370
United States Dollar	**575**	302	**436**	250
	3,998	9,044	**3,522**	8,620

The short-term bank deposits in the prior year were denominated in Singapore Dollars, matured within 1 month from the financial year end, and had weighted average effective interest rates of 0.5% per annum.

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 29(i).

Notes to the Financial Statements

For the financial year ended 31 December 2004

11. Trade and other receivables

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade receivables:				
- third parties	**12,189**	10,001	**11,885**	9,750
- associated company	**34**	50	**34**	50
- related parties	**223**	370	**223**	370
Less: Allowance for doubtful receivables	**(70)**	(33)	**(17)**	(33)
Trade receivables – net	**12,376**	10,388	**12,125**	10,137
Non-trade receivables:				
- subsidiary	**–**	–	**70**	36
	12,376	10,388	**12,195**	10,173

The carrying amounts of trade and other receivables approximate their fair value. Related parties are companies in which the directors or major shareholders of the Company have significant influence or interests.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**12,347**	10,370	**12,171**	10,173
United States Dollar	**29**	18	**24**	–
	12,376	10,388	**12,195**	10,173

Trade and other receivables are unsecured, interest-free and repayable on demand. The exposure of trade and other receivables to credit risks is disclosed in Note 29(ii).

12. Other current assets

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Tax recoverable (Note 8(b))	**574**	506	**574**	506
Deposits	**136**	127	**135**	126
Staff loans	**47**	67	**45**	49
Prepayments and other receivables	**1,131**	1,041	**760**	806
	1,888	1,741	**1,514**	1,487

The carrying amounts of other current assets approximate their fair value.

13. Other investments

		The Group		The Company	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'000
(a)	Quoted equity shares, at cost	**4**	4	**4**	4
(b)	Unquoted equity shares				
	- At cost	**172**	172	**172**	172
	- Less: Allowance for diminution	**(90)**	(90)	**(90)**	(90)
		82	82	**82**	82
(c)	Club membership				
	- At cost	**102**	102	**51**	51
	- Less: Allowance for diminution	**(18)**	(18)	**(18)**	(18)
		84	84	**33**	33
	Total investment	**170**	170	**119**	119
(d)	Fair values:				
	Quoted equity shares, at market value	**14**	5	**14**	5

The market value of quoted investments is determined by reference to Stock Exchange quoted bid prices. Unquoted investments comprise equity interest in unlisted companies in Singapore. There is no active market for these equity interests. As such it is not practicable to determine with sufficient reliability the fair value of the unquoted investments. However, the directors do not anticipate that the carrying amount of the unquoted investments will be significantly in excess of its fair value.

The exposure of other investments to interest rate risks is disclosed in Note 29(i).

(e) Investments are classified as non-current assets, unless they are expected to be realised within 12 months of the balance sheet date or unless they need to be sold to raise operating capital.

Notes to the Financial Statements

For the financial year ended 31 December 2004

14. Investments in associated companies

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Unquoted equity shares, at cost			**939**	939
Less: Dividends received from pre-acquisition reserves			**(68)**	(68)
			871	871
Allowance for diminution			**(53)**	(43)
			818	828
At beginning of the financial year	**617**	543		
Share of results before tax	**147**	369		
Share of tax (Note 8(a))	**(26)**	(83)		
Share of results after tax	**121**	286		
Dividend received, net of tax	**(265)**	(212)		
At end of the financial year	**473**	617		

Details of associated companies are as follows:

Name of company	Principal Activities	Country of incorporation	Equity holding	
			2004	2003
			%	%
Hai Poh Terminals Pte Ltd*	Stevedoring and terminal operations	Singapore	**50**	50
Landbridge Express Sdn. Bhd.**	Land transportation	Malaysia	**25**	25

* Audited by Lee Seng Chan & Co

** Audited by Khoo Teng Keat & Co

15. Investments in subsidiaries

	The Company	
	2004	2003
	$'000	$'000
Unquoted equity shares, at cost	**893**	893
Less: Allowance for diminution	**–**	(100)
	893	793

Details of the subsidiaries are as follows:

Name of company	Principal Activities	Country of Incorporation	Equity holding	
			2004	2003
			%	%
PTC-Chien Li Transportation Pte Ltd *	Land transportation, container services, equipment renting and general contracting	Singapore	**75**	75
PTC-Xin Hua Transportation Pte Ltd *	Land transportation, container services, equipment renting, general contracting and trading in liquefied petroleum gas	Singapore	**80**	80
Bitubulk Pte Ltd *	Trading in bitumen and other chemical products	Singapore	**100**	100

* Audited by PricewaterhouseCoopers, Singapore.

Notes to the Financial Statements

For the financial year ended 31 December 2004

16. Property, plant and equipment

(a) The Group

	Construction in - progress $'000	Leasehold land and buildings $'000	Freehold office unit $'000	Commercial vehicles $'000	Machinery and equipment $'000	Computer and accessories $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Total $'000
Cost									
At 1 January 2004	–	33,164	715	33,083	9,838	1,579	1,016	911	80,306
Additions	6,391	124	–	6,109	229	126	4	69	13,052
Disposals	–	–	–	(1,106)	(112)	(107)	(233)	(44)	(1,602)
At 31 December 2004	6,391	33,288	715	38,086	9,955	1,598	787	936	91,756
Accumulated depreciation and accumulated impairment losses									
At 1 January 2004	–	6,335	15	20,817	1,941	903	577	325	30,913
Charge for the year	–	1,453	7	2,626	668	301	100	101	5,256
Disposals	–	–	–	(1,017)	(112)	(107)	(231)	(27)	(1,494)
At 31 December 2004	–	7,788	22	22,426	2,497	1,097	446	399	34,675
Net book value At 31 December 2004	**6,391**	**25,500**	**693**	**15,660**	**7,458**	**501**	**341**	**537**	**57,081**
Net book value at 31 December 2003	–	26,829	700	12,266	7,897	676	439	586	49,393

(b) The Company

	Construction in - progress $'000	Leasehold land and buildings $'000	Freehold office unit $'000	Commercial vehicles $'000	Machinery and equipment $'000	Computer and accessories $'000	Motor vehicles $'000	Office equipment, furniture and fittings $'000	Total $'000
Cost									
At 1 January 2004	–	33,164	715	25,335	9,697	1,551	1,016	808	72,286
Additions	6,391	124	–	4,476	101	95	7	22	11,216
Disposals	–	–	–	(1,029)	(87)	(107)	(233)	(44)	(1,500)
At 31 December 2004	6,391	33,288	715	28,782	9,711	1,539	790	786	82,002
Accumulated depreciation and accumulated impairment losses									
At 1 January 2004	–	6,335	15	16,641	1,892	886	577	289	26,635
Charge for the year	–	1,453	7	1,857	636	290	100	76	4,419
Disposals	–	–	–	(956)	(87)	(107)	(231)	(27)	(1,408)
At 31 December 2004	–	7,788	22	17,542	2,441	1,069	446	338	29,646
Net book value at 31 December 2004	**6,391**	**25,500**	**693**	**11,240**	**7,270**	**470**	**344**	**448**	**52,356**
Net book value at 31 December 2003	–	26,829	700	8,694	7,805	665	439	519	45,651

16. Property, plant and equipment (continued)

(c) The carrying amount of property, plant and equipment held under finance leases are as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Commercial vehicles	**2,569**	3,170	**1,080**	1,352
Motor vehicles	**286**	369	**286**	369
	2,855	3,539	**1,366**	1,721

(d) The Group's freehold office unit and leasehold land and buildings are as follows:

Location	Description/Existing use	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 28)
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
23 Ayer Merbau Road Jurong Island Singapore	Tank Container Terminal and open storage yard	Leasehold with 26 years 2 months and 15 days lease expiring on 15 April 2030 (Note 28)
Lot A0409802 Ayer Merbau Road Jurong Island Singapore	Open Storage Yard	Leasehold with 25 years 4 month 15 days lease expiring on 15 April 2030 (Note 28)

Notes to the Financial Statements

For the financial year ended 31 December 2004

17. Deferred expenditure

Deferred expenditure comprises borrowing cost relating to the 5-year loan facility set out in Note 20(a)(i), and premium paid on interest rate cap contract set out in Note 30(a). The deferred expenditure is amortised over the period of the facility/contract.

	The Group and The Company	
	2004	2003
	$'000	$'000
At beginning of the financial year	**199**	145
Amount incurred during the year	**–**	125
Amortisation for the financial year	**(107)**	(71)
At end of the financial year	**92**	199

18. Goodwill

	The Group	
	2004	2003
	$'000	$'000
At beginning of the financial year	**469**	–
Goodwill acquired, at cost	**–**	500
Amortisation for the financial year	**(63)**	(31)
At end of the financial year	**406**	469
Gross goodwill	**500**	500
Accumulated amortisation	**(94)**	(31)
Net book value	**406**	469

19. Trade and other payables

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Trade creditors				
- third parties	**2,468**	2,024	**2,095**	1,752
- subsidiaries	**–**	–	**1,586**	1,071
- related parties	**48**	27	**48**	27
	2,516	2,051	**3,729**	2,850
Rental deposits	**207**	36	**207**	36
Accrued operating expenses	**3,294**	3,602	**2,512**	2,973
Sundry creditors	**2,606**	403	**2,606**	394
	8,623	6,092	**9,054**	6,253

Trade and other payables are unsecured, interest-free and repayable on demand. The carrying amounts of trade and other payables approximate their fair value. Related parties are companies in which the directors or major shareholders of the Company have significant influence or interests.

19. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**8,464**	6,077	**8,996**	6,253
United States Dollar	**159**	15	**58**	–
	8,623	6,092	**9,054**	6,253

20. Borrowings

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current				
Bank loans [Note 20(a)]	**22,510**	2,500	**21,750**	2,500
Finance lease liabilities (Note 21)	**715**	1,087	**298**	480
	23,225	3,587	**22,048**	2,980
Non-current				
Bank loans [Note 20(a)]	**–**	17,750	**–**	17,750
Finance lease liabilities (Note 21)	**496**	1,211	**175**	473
	496	18,961	**175**	18,223
Total Borrowings	**23,721**	22,548	**22,223**	21,203

Notes to the Financial Statements

For the financial year ended 31 December 2004

20. Borrowings (continued)

(a) Bank loans

		The Group		The Company	
		2004	2003	**2004**	2003
		$'000	$'000	**$'000**	$'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 $17,750,000 (2003: $20,250,000) of TLF drawdown and $4,000, 000 (2003 : NIL) of RCF drawdown as at 31 December 2004.	**21,750**	20,250	**21,750**	20,250
(ii)	Revolving unsecured short-term loan facility of up to $700,000 repayable within periods of up to 1, 3 & 6 months from the date of loan drawdown. There is a total of $480,000 (2003: not applicable) of loan drawdown as at 31 December 2004.	**480**	–	**–**	–
(iii)	Revolving unsecured short-term loan facility of up to $500,000 repayable within periods of up to 1, 3 & 6 months from the date of loan drawdown. There is a total of $280,000 (2003: not applicable) of loan drawdown as at 31 December 2004.	**280**	–	**–**	–
		22,510	20,250	**21,750**	20,250

The revolving short-term loan facilities [note 20(a)(ii) and 20(a)(iii)] granted to certain subsidiaries are unsecured but supported by shareholders guarantees. The facility agreements restrict the subsidiaries from creating a charge over their assets without prior approval from the bank.

(b) Security granted

Total borrowings include secured finance lease liabilities of $1,211,000 (2003: $2,298,000) and $473,000 (2003: $953,000) for the Group and the Company respectively. These finance lease liabilities are secured by the rights to the leased commercial vehicles and motor vehicles [Note 16(c)], which would revert to the lessor in the event of default by the Group and the Company.

20. **Borrowings** (continued)

(c) Maturity of borrowings

The maturity bands of non-current borrowings [excluding finance lease liabilities (note 21)] are as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Later than one year and not later than five years	**–**	17,750	**–**	17,750

(d) Currency and interest rate risks

All borrowings are denominated in Singapore Dollars. The weighted average effective interest rates of total borrowings at the balance sheet date are as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	%	%	**%**	%
Finance lease liabilities	**5.9**	5.9	**5.9**	5.8
Bank loans	**2.6**	2.4	**2.6**	2.4

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 29(i).

(e) Carrying amounts and fair values

The carrying amounts of bank loans approximate their fair values. The carrying amounts and fair values of finance lease liabilities are as follows:

The Group

	Carrying amounts		Fair values	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current	**715**	1,087	**829**	1,209
Non-current	**496**	1,211	**473**	1,244

The Company

	Carrying amounts		Fair values	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Current	**298**	480	**344**	535
Non-current	**175**	473	**171**	492

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.

Notes to the Financial Statements

For the financial year ended 31 December 2004

21. Finance lease liabilities

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Minimum lease payments due				
- not later than 1 year	**816**	1,245	**342**	551
- later than 1 year but not later than 5 years	**566**	1,382	**203**	545
	1,382	2,627	**545**	1,096
Less: Future finance charges	**(171)**	(329)	**(72)**	(143)
Present value of finance lease liabilities	**1,211**	2,298	**473**	953
The present value of finance lease liabilities is as follows:				
- not later than 1 year (Note 20)	**715**	1,087	**298**	480
- later than 1 year but not later than 5 years (Note 20)	**496**	1,211	**175**	473
	1,211	2,298	**473**	953

22. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 20% (2003: 22%).

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities :				
- to be settled after more than 12 months	**3,539**	3,333	**3,098**	3,023

The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2004	2003	**2004**	2003
	$'000	$'000	**$'000**	$'000
At beginning of the financial year	**3,333**	3,057	**3,023**	2,891
Tax charge to income statement (Note 8(a))	**206**	276	**75**	132
At end of the financial year	**3,539**	3,333	**3,098**	3,023

22. Deferred income taxes (continued)

The movement in deferred tax liabilities during the period is as follows:

The Group

Deferred tax liabilities

	Accelerated tax depreciation	Total
	$'000	$'000
At 31 December 2003	3,333	3,333
Charged to income statement	206	206
At 31 December 2004	3,539	3,539

The Company

Deferred tax liabilities

	Accelerated tax depreciation	Total
	$'000	$'000
At 31 December 2003	3,023	3,023
Charged to income statement	75	75
At 31 December 2004	3,098	3,098

23. Share capital of Poh Tiong Choon Logistics Limited

(a) Authorised ordinary share capital

The total authorised number of ordinary shares is 500 million shares (2003: 500 million shares) with a par value of 10 cents per share (2003: 10 cents per share).

(b) Issued ordinary share capital

	2004 Shares '000	2003 Shares '000	**2004 $'000**	2003 $'000
At beginning of the financial year	**215,787**	186,140	**21,579**	18,614
Transfer to capital redemption reserve pursuant to buy-back of 353,000 ordinary shares of $0.10 each at an average price of $0.151per share, amounting to a total cost of $53,000	**–**	(353)	**–**	(35)
Issuance of shares during the year	**–**	30,000	**–**	3,000
At end of the financial year	**215,787**	215,787	**21,579**	21,579

Notes to the Financial Statements

For the financial year ended 31 December 2004

23. Share capital of Poh Tiong Choon Logistics Limited

(b) Issued ordinary share capital (continued)

All issued shares are fully paid.

In prior year, subsequent to the 353,000 share buy-back, the issued ordinary share capital was increased from $18,579,000 to $21,579,000 by way of a share placement of 30 million shares of $0.10 each a premium of 13 cents per share, for cash, to provide funds for the expansion of the Group's operations. The newly issued shares rank pari passu in all respects with the previously issued shares.

The movements in the share premium account are set out in the Consolidated Statement of Changes in Equity.

24. Capital redemption reserve

	2004 Shares '000	2003 Shares '000	**2004 $'000**	2003 $'000
At beginning of the financial year	**14,213**	13,860	**1,421**	1,386
Arising from buy-back of shares	**–**	353	**–**	35
At end of the financial year	**14,213**	14,213	**1,421**	1,421

25. Retained earnings

Movement in retained earnings for the Company are as follows:

	The Company	
	2004 $'000	2003 $'000
At beginning of the financial year	**7,065**	5,589
Arising from buy-back of shares	**–**	(53)
Net profit for the financial year	**1,477**	2,978
Dividends paid (note 26)	**(1,726)**	(1,449)
At end of the financial year	**6,816**	7,065

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

26. Dividends

	The Group and The Company	
	2004	2003
	$'000	$'000
Ordinary dividends paid		
First and final dividend of 7.5% (2003: 7.5%) net of tax at 20% (2003: 22%)	**1,295**	1,087
Interim dividend of 2.5% (2003: 2.5%) net of tax at 20% (2003: 22%)	**431**	362
	1,726	1,449

At the Annual General Meeting on 29 April 2005, a final proposed dividend of 7.5% amounting to a total of $1,295,000 net of tax at 20% will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2005.

27. Contingent liabilities

	The Company	
	2004	2003
	$'000	$'000
Unsecured guarantees given to financial institutions in connection with:		
(i) Performance guarantee	**754**	513
(ii) Credit facilities granted to subsidiaries	**594**	–
(ii) Finance leases facilities granted to subsidiaries	**589**	1,068
	1,937	1,581

28. Commitments

(a) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group and The Company	
	2004	2003
	$'000	$'000
Not later than1 year	**570**	575
Later than one year but not later than five years	**230**	769
	800	1,344

In addition to the above, the Company has entered into agreements for lease of land from the Jurong Town Corporation ("JTC") as follows:

(i) Lease of a 27,000 – square metre plot of land at 48 Pandan Road for 30 years with effect from 1 July 1979. The annual rent paid in 2004 amounts to $88,463 (2003: $88,463) after rebates.

Notes to the Financial Statements

For the financial year ended 31 December 2004

28. Commitments (continued)

(a) Operating lease commitments (continued)

(ii) Lease of a 20,147-square metre plot of land at 42 Pandan Road for 25 years with effect from 19 October 1984. Based on the lease agreement with JTC, the annual rent due each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The annual rent paid in 2004 amounts to $283,674 (2003: $283,674) after rebates.

(iii) Lease of 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 each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The annual rent paid in 2004 amounts to $332,867 (2003: $331,500) after rebates. 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.

(iv) Lease of a 3 - hectare plot of land on Jurong Island for 26 years, 2 months and 15 days for the purpose of developing a Tank Container Terminal and Open Storage Yard with effect from 1 February 2004. Based on the lease agreement with JTC, the annual rent due each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The rent paid in 2004 amounts to $217,500 (2003: not applicable).

(v) Lease of a 4,914 - square metre plot of land on Jurong Island for 25 years, 4 months and 15 days for the purpose of developing an Open Storage Yard with effect from 1 December 2004. Based on the lease agreement with JTC, the annual rent due each year is subject to revision every year with the increase not exceeding 5.5% of the yearly rent for each preceding year. The rent paid in 2004 amounts to $5,765 (2003: not applicable).

(b) Sub-lease receivables

The future minimum sub-lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	The Group and The Company	
	2004	2003
	$'000	$'000
Not later than one year	**1,026**	228
Later than one year but not later than five years	**1,051**	264
	2,077	492

29. 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.

29. Financial risk management (continued)

(i) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's main interest-bearing asset is in the form of short-term bank deposits. The Group's borrowings include exposure to bank loans with variable interest rates and finance lease liabilities with fixed interest rates. Where appropriate, the Group uses derivative financial instruments to hedge against the movements in the interest rates on the bank loans.

The tables below set out the Group and the Company's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable rates		Fixed rates				
	Less than 6 months	6 to 12 months	Less than 1 year	1 to 5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 31 December 2004							
Assets							
Cash and cash equivalents	–	–	–	–	–	3,998	3,998
Trade and other receivables	–	–	–	–	–	12,376	12,376
Investments	–	–	–	–	–	643	643
Other assets	–	–	–	–	–	59,467	59,467
Total assets	–	–	–	–	–	76,484	76,484
Liabilities							
Borrowings	22,510	–	715	496	–	–	23,721
Other liabilities	–	–	–	–	–	12,425	12,425
Total liabilities	22,510	–	715	496	–	12,425	36,146
At 31 December 2003							
Assets							
Cash and cash equivalents	5,502	–	–	–	–	3,542	9,044
Trade and other receivables	–	–	–	–	–	10,388	10,388
Investments	–	–	–	–	–	787	787
Other assets	–	–	–	–	–	51,802	51,802
Total assets	5,502	–	–	–	–	66,519	72,021
Liabilities							
Borrowings	20,250	–	1,087	1,211	–	–	22,548
Other liabilities	–	–	–	–	–	9,725	9,725
Total liabilities	20,250	–	1,087	1,211	–	9,725	32,273

Notes to the Financial Statements

For the financial year ended 31 December 2004

29. Financial risk management (continued)

(i) Interest rate risk (continued)

	Variable rates		Fixed rates				
	Less than 6 months $'000	6 to 12 months $'000	Less than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
The Company							
At 31 December 2004							
Assets							
Cash and cash equivalents	–	–	–	–	–	3,522	3,522
Trade and other receivables	–	–	–	–	–	12,195	12,195
Investments	–	–	–	–	–	1,830	1,830
Other assets	–	–	–	–	–	53,962	53,962
Total assets	–	–	–	–	–	71,509	71,509
Liabilities							
Borrowings	21,750	–	298	175	–	–	22,223
Other liabilities	–	–	–	–	–	12,226	12,226
Total liabilities	21,750	–	298	175	–	12,226	34,449
At 31 December 2003							
Assets							
Cash and cash equivalents	5,502	–	–	–	–	3,118	8,620
Trade and other receivables	–	–	–	–	–	10,173	10,173
Investments	–	–	–	–	–	1,740	1,740
Other assets	–	–	–	–	–	47,337	47,337
Total assets	5,502	–	–	–	–	62,368	67,870
Liabilities							
Borrowings	20,250	–	480	473	–	–	21,203
Other liabilities	–	–	–	–	–	9,358	9,358
Total liabilities	20,250	–	480	473	–	9,358	30,561

(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 levels of cash and the availability of funding through an adequate amount of committed credit facilities deemed necessary to finance the Group's operations.

29. Financial risk management (continued)

(iv) Foreign currency risk

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

30. Financial instruments

In order to manage the risks arising from fluctuations in interest rates, the Company and the Group makes use of the following derivative financial instrument:

(a) Interest rate cap

The Company and the Group has purchased an interest rate cap contract that entitles it, on prescribed future dates if the prevailing interest rate, as determined by a pre-specified interest rate index, is above an agreed strike rate, to payments from the counterparty of an amount equal to the additional interest cost until the next reference date based on an agreed amount of notional principal.

The interest rate cap contract is initially recognised in the balance sheets at the upfront premium paid to the seller and the premium is amortised over the period of the contract. The remaining unamortised premium at 31 December 2004 for the Company and the Group was $46,000 (2003: $104,000) included in deferred expenditure set out in Note 17.

The notional principal amount of the interest rate cap contract at 31 December 2004 for the Company and the Group, recorded as off-balance sheet items, was $17,750,000 (2003: $20,250,000).

(b) Net fair value

The net fair value of the Company and the Group's derivative financial instrument at the balance sheet date was:

	The Group and The Company	
	2004	2003
	$'000	$'000
Favourable interest rate cap contract	**89**	212

The fair value of the interest rate cap contract has been calculated using rates quoted by the Group's bankers to terminate the contract at the balance sheet date. The fair value of the interest rate cap contract is not recognised in the financial statements.

31. Related party transactions

For the purpose of these financial statements, related parties are companies in which the directors or major shareholders of the Company have significant influence or interests.

Notes to the Financial Statements

For the financial year ended 31 December 2004

31. Related party transactions (continued)

The following transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

The following transactions took place on terms agreed by the parties concerned:

	The Group	
	2004	2003
	$'000	$'000
Income		
Sale of diesel and maintenance services provided to a related party	**4**	4
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
- an associated company	**166**	253
- related parties	**414**	486
Rental income from related party	**12**	12
Expenditure		
Freight charges by related party	**92**	35
Purchases of air tickets from related party	**–**	1
Reimbursement of expenses	**5**	–
Rental charged by a related party	**10**	11

Outstanding balances at 31 December 2004, arising from sale/purchase of goods and services, are set out in notes 11 and 19 respectively.

(b) Key management's remuneration

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or Company did not incur any costs, the value of the benefit. The key management's remuneration is as follows:

	The Group	
	2004	2003
	$'000	$'000
Key management of the Group:		
- directors of the Company	**1,304**	1,547
- directors of subsidiaries	**237**	236
- others	**568**	587

The remuneration bands of directors' remuneration are disclosed in note 6.

32. 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 2004	Transportation and bulk cargo	Warehousing	Trading	Leasing	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Sales						
- external sales	43,542	6,312	3,239	–	–	53,093
- inter-segment sales	58	–	–	–	(58)	–
	43,600	6,312	3,239	–	(58)	53,093
Segment result and profit from operations	2,402	529	288	–	–	3,219
Finance costs – net						(669)
Investment income						21
Share of results of associated companies						147
Profit before tax						2,718
Income tax expense						(319)
Profit after tax						2,399
Minority interests						(302)
Net profit						2,097
Segment assets	35,707	28,182	1,210	6,276	–	71,375
Investments in associated companies						473
Unallocated assets						4,636
Consolidated total assets						76,484
Segment liabilities	4,831	462	194	519	–	6,006
Unallocated liabilities						30,140
Consolidated total liabilities						36,146
Other segment items						
Capital expenditure	6,415	237	124	6,276	–	13,052
Depreciation	3,640	1,512	104	–	–	5,256
Amortisation	–	–	63	–	–	63

Notes to the Financial Statements

For the financial year ended 31 December 2004

32. Segment information (continued)

Year ended 31 December 2003	Transportation and bulk cargo $'000	Warehousing $'000	Trading $'000	Elimination $'000	Group $'000
Sales					
- external sales	39,802	6,862	1,768	–	48,432
- inter-segment sales	42	–	–	(42)	–
	39,844	6,862	1,768	(42)	48,432
Segment result and profit from operations	3,562	980	147	–	4,689
Finance costs – net					(688)
Share of results of associated companies					369
Profit before tax					4,370
Income tax expense					(167)
Profit after tax					4,203
Minority interests					(283)
Net profit					3,920
Segment assets	31,199	29,322	1,078	–	61,599
Investments in associated companies					617
Unallocated assets					9,805
Consolidated total assets					72,021
Segment liabilities	3,406	178	90	–	3,674
Unallocated liabilities					28,599
Consolidated total liabilities					32,273
Other segment items					
Capital expenditure	4,408	162	170	–	4,740
Depreciation	3,555	1,490	80	–	5,125
Amortisation	–	–	31	–	31

At 31 December 2004, the Group is organised into 4 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, chemical products and liquefied petroleum gas
- Leasing – rental of integrated bulk liquid distribution facility to third parties

32. Segment information (continued)

Inter-segment transactions are determined on an arm's length basis. Segment assets consist primarily of property, plant and equipment, goodwill, receivables and other current assets and exclude items such as tax recoverable. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to property, plant and equipment.

33. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Poh Tiong Choon Logistics Limited on 14 March 2005.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

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 ("SGX-ST").

"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:

		Committee Membership		
Name	Board 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 (Independent Non-executive)	Chairman	Member	Member
Hong Hai	Director (Independent Non-executive)	Member	Chairman	Chairman

Details of the Directors are set out on Pages 10 and 11

The Board meets regularly at least twice a year. In addition, the Board meets as and when warranted by particular circumstances between the scheduled meetings. The Company's Articles of Association provides for meetings to be held via telephone and video conferencing. All relevant information on material events and transactions are circulated to Directors as and when they arise.

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 31 December 2004 is as follows:

Directors	Board		Audit	
	No. of meetings	Attendance	No. of meetings	Attendance
Poh Choon Ann	3	3		
Poh Kay Ping	3	3		
Poh Khim Hong	3	3	2	2
Poh Kay Yong	3	3		
Poh Key Boon	3	3		
Lew Syn Pau	3	3	2	2
Hong Hai	3	3	2	2

In respect of the Nominating and Remuneration Committees, there were resolutions in writing circulated with no formal meetings held during the financial year under review.

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.

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 interests in securities, disclosure of any conflict in a transaction involving the Company, prohibitions on dealings 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.

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.

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 objectives.

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 Nominating Committee feels that the current number of Independent Directors is sufficient to ensure a balance of power given the scope and nature of 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.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

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. The Group believes the combined responsibilities facilitate faster decision-making and the alignment of the CEO's interest with that of the shareholders.

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.

Principle 4 – Board Membership

Principle 5 – Board Performance

The members of the Nominating Committee ("NC") are Dr Hong Hai (Committee Chairman), Mr Lew Syn Pau and Mr Poh Choon Ann. All members are Independent Non-executive Directors except Mr Poh Choon Ann.

The main role of the NC is to make the process of Board appointments and re-appointments transparent and to assess the effectiveness of the Board as a whole and the contribution of individual directors to the effectiveness of the Board.

Under the Company's Articles of Association, not less than one third of the directors for the time being (being those who have been longest in office since their appointment or re-election) are required to retire from office by rotation at the Annual General Meeting ("AGM"). Also, all newly appointed directors during the year will hold office until the next AGM and will be eligible for re-election. Such directors are not taken into account in determining the number of directors who are to retire by rotation.

Directors are allowed to hold directorships in companies outside the Group. The Board, based on recommendation from the NC, 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 believes that with multiple board representation, the Directors are able to bring with them the experience and knowledge obtained from such board representation in other companies.

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	30 April 2004
Poh Kay Ping	Deputy CEO	1 November 1994	30 April 2004
Poh Khim Hong	Finance Director	23 July 1986	17 May 2002
Poh Kay Yong	Executive Director, Corporate Services	12 January 1999	23 May 2003
Poh Key Boon	Executive Director, Transportation & Warehousing	12 January 1999	30 April 2004
Lew Syn Pau	Director (Independent Non-executive)	15 April 1999	23 May 2003
Hong Hai	Director (Independent Non-executive)	26 June 2000	23 May 2003

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

Principle 7 – Procedures for developing remuneration policies

Principle 8 – Level and mix of remuneration

The members of the Remuneration Committee (“RC”) are Dr Hong Hai (Committee Chairman), Mr Lew Syn Pau and Mr Poh Choon Ann. All members are Independent Non-executive Directors except Mr Poh Choon Ann.

The functions of the RC include review and approval of 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.

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 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 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 Non-executive Directors do not receive any remuneration from the Company.

Other than the Chairman/CEO, all Executive Directors have no fixed appointment period but can be terminated by giving three months’ notice by either party. In the case of Chairman, there is a service contract of five years duration.

Currently, there are no long-term incentive schemes, including share options schemes, for employees. The RC will consider the necessity of having long-term incentive schemes if the need arises.

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 briefing on performance and outlook of the Group at each Board meeting.

All directors have full access to the Company Secretary, management and the auditors, either through telephone or via e-mail.

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.

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.

The Company adheres strictly to the requirements of the SGX-ST Listing Manual in relation to informing shareholders on a periodic basis as and when circumstances warrant regarding the Group's performance, position and prospects.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

Audit Committee ("AC")

Principle 11 – Audit Committee

Principle 12 – Internal Controls

The AC comprises three members. Mr Lew Syn Pau (Committee Chairman) and Dr Hong Hai are Independent Non-executive Directors while the third member, Ms Poh Khim Hong is the Finance Director who is an Executive Director.

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

The Board is 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 10 and 11).

The AC meets periodically or communicate via e-mail to perform the functions required pursuant to Section 201B(5) of the Companies Act, Cap 50 and the guidelines set out by the SGX-ST.

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 2004, 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 to safeguard the Company's assets.

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

The AC meets with the auditors without the presence of management at least annually, if necessary.

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.

Internal Audit

Principle 13 – Internal Audit

The internal audit function had been outsourced to a consultancy firm who adopted a risk-based methodology to review the material internal controls of the Group. The consultancy firm reports to the AC outlining the results of the review performed and management's action plans to address process improvements.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

Disclosure of remuneration

Principle 9 – Disclosure of remuneration

The breakdown of the annual remuneration of the directors for FY 2004 is as follows:

Directors

Remuneration Band	Fee *	Salary	Bonus	Other Benefits	Total
	(%)	(%)	(%)	(%)	(%)
S$250,000 to S$500,000					
Poh Choon Ann	9	70	8	13	100
Below S$250,000					
Poh Kay Ping	9	79	8	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.

Key Executives

For competitive reasons, the remuneration of the top five key executives (who are not Directors) is not disclosed.

Executives who are immediate family members of a Director or CEO

There is one executive whose remuneration falls within S$150,000 to S$250,000 each for FY 2004 and who is the brother of an Executive Director as well as directors and shareholders of a company who is a substantial shareholder of the Company.

The Board has not included an annual remuneration report for 2004 (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.

In addition, there are no circumstances that have come to the attention of the Board which require the shareholders at the AGM to be invited to approve any significant remuneration policy.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

Communications with shareholders

Principle 14 and 15 – Communications with shareholders

The Company is committed to conveying accurate and timely information to the shareholders and the public. In disseminating material information, the Company takes care to ensure that the information is made publicly available on a timely and non-selective basis to all shareholders in compliance with the Corporate Disclosure Policy set by the SGX-ST.

The Company fully supports the Code's principle to encourage shareholder participation at general meetings. The Board and management are present at the meetings to address shareholders' queries concerning the Group.

The Company's Articles of Association allows a member entitled to attend and vote to appoint one or two proxies to attend and vote instead of the member and a proxy needs not be a member of the Company.

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.

For the financial year ended 31 December 2004, there were no interested person transactions ("IPTs") as defined under Chapter 9 of the SGX-ST Listing Manual.

The IPTs as disclosed in Note 31 on Page 64 of the Annual Report are not IPTs within the ambit of Chapter 9 of the Listing Manual.

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

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 if not then subsisting, entered into since the end of the previous financial year.

Utilisation of proceeds from placement of 30 million shares in October 2003

As at 31 December 2004, net proceeds of approximately S$6.7 million from the placement had been fully utilized in the following manner:

(a) S$5,705,000 for progress payment in the construction of the integrated bulk liquid distribution facility ("Tank Container Terminal") at Jurong Island; and

(b) S$987,000 for the purchase of commercial vehicles.

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.

CORPORATE GOVERNANCE REPORT

For the financial year ended 31 December 2004

Risk management policies and processes

The risk management policies and processes of the Company are summarized 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 lowering our financial performance. To mitigate this risk, we rely on our track record of more than 50 years, our commitment to quality service (The Company has obtained ISO 9001:2000 certification) and our safety track record. Further, we opt for secured contracts, if possible, maintain close contacts with customers, offer a one-stop logistics service as well as focusing on the petrochemical industry where safe transportation is an important consideration for the customer besides pricing.

Dependence on the petrochemical industry

The Group mainly provides logistics services to the petrochemical industry in Singapore. For FY 2004, the petrochemical industry contributed about 46% of the Group's business. To manage the risk of over dependency on the industry, the Company intends to limit its exposure to the petrochemical industry to below 60%.

Dependence on major customers

To avoid over dependency on a single customer, the Group tries, wherever possible, to deal with reputable or multi-national companies and minimizes its exposure to each customer to not more than 10% of revenue.

Currently, only two customers, both operating in the petrochemical industry, contributed more than 10% each of the Group revenue or 21% in total in FY 2004. These two customers have been with the Group for more than 20 years.

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

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 10 to 13 of the Annual Report. Any loss of their services would negatively 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.

Fluctuations in diesel prices

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

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

Financial Risks

These are set out in Note 29 on page 60 of the Annual Report.

SHAREHOLDING STATISTICS

As at 14 March 2005

Authorised Share Capital	-	$50,000,000
Issued and Fully Paid-up	-	$21,578,700
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	3,383	70.14	15,609,000	7.23
10,001 – 1,000,000	1,419	29.42	76,132,000	35.28
1,000,001 and above	21	0.44	124,046,000	57.49
Total	4,823	100.00	215,787,000	100.00

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

	Shareholders	No. of Shares	% of Issued Share Capital
1	POH SIN CHOON (PTE) LTD	24,332,000	11.28
2	HONG LEONG FINANCE NOMINEES PTE LTD	20,880,000	9.68
3	OVERSEAS UNION BANK NOMINEES PTE LTD	15,600,000	7.23
4	POH CHOON HER INVESTMENT PTE LTD	13,746,000	6.37
5	MAYBAN NOMINEES (S) PTE LTD	13,557,000	6.28
6	KB NOMINEES PTE LTD	4,800,000	2.22
7	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	4,118,000	1.91
8	GOI SENG HIU	3,964,000	1.84
9	KIM ENG SECURITIES PTE. LTD.	3,850,000	1.78
10	DBS NOMINEES PTE LTD	3,030,000	1.40
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,293,000	1.06
12	UOB KAY HIAN PTE LTD	2,101,000	0.97
13	KOK KIM CHONG OR KOK XIU HUA	1,650,000	0.76
14	TAY THO BOK	1,639,000	0.76
15	G K GOH STOCKBROKERS PTE LTD	1,579,000	0.73
16	CITIBANK NOMINEES SINGAPORE PTE LTD	1,332,000	0.62
17	DBS VICKERS SECURITIES (S) PTE LTD	1,233,000	0.57
18	OCBC NOMINEES SINGAPORE PTE LTD	1,165,000	0.54
19	THAM IVAN	1,100,000	0.51
20	HOKIMAN TJENDERA	1,050,000	0.49
Total:		123,019,000	57.00

Total no. of shares 215,787,000

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

Shareholders	Direct Shareholdings	Deemed Shareholdings
Poh Choon Ann (Pte.) Ltd.	48,000,000	-
Poh Sin Choon (Pte.) Ltd.	27,842,000	-
Poh Choon Her Investment Pte. Ltd.	16,476,000	-
Poh Choon Ann	-	48,000,000 *
Poh Kay Ping	-	48,000,000 *
Poh Khim Hong	-	48,000,000 *
Poh Sin Choon @ Poh Seng Choon	-	27,842,000 **
Poh Kay Giap	396,000	16,476,000 ***

* Mr Poh Choon Ann, Mr Poh Kay Ping and Ms Poh Khim Hong are deemed to have an interest in the shares held by Poh Choon Ann (Pte.) Ltd. ("PCAPL") by virtue of their combined holdings of 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 14 March 2005, approximately 56.6% of the issued ordinary shares of the company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

POH TIONG CHOON LOGISTICS LIMITED
(Incorporated in the Republic of Singapore)
Company Reg.No.196900049H

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of the Company will be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 29 April 2005 at 11.30 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2004. **Resolution 1**

2. To declare a final dividend of 7.5% or 0.75 cents per ordinary share less 20% income tax for the year ended 31 December 2004. **Resolution 2**

3. To re-elect the following Directors, who will retire pursuant to Article 91 of the Articles of Association of the Company and who, being eligible, will offer themselves for re-election:

   (a) Ms Poh Khim Hong **Resolution 3**
   (b) Mr Poh Kay Yong **Resolution 4**
   (c) Mr Lew Syn Pau **Resolution 5**

- Ms Poh Khim Hong will, upon re-election as Director, remain as a member of the Audit Committee and will be considered non-independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

- Mr Lew Syn Pau will, upon re-election as Director, continue to serve as Chairman of the Audit Committee and remain as members of the Nominating and Remuneration Committees and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

4. To approve proposed Directors' fees of S$190,000 for the financial year ended 31 December 2004 (2003: S$195,000). **Resolution 6**

5. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

6. To transact any other ordinary business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

   That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (the "**Companies Act**") and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to issue shares and/or convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that: **Resolution 8**

   (a) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed fifty per cent. of the issued share capital of the Company, 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 does not exceed twenty per cent. of the issued share capital of the Company, and for the purpose of this Resolution, the percentage of issued share capital is based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue when this Resolution is passed and any subsequent consolidation or subdivision of the shares of the Company; and

(b) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:- **Resolution 9**

(1) For the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of S$0.10 each fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of :

(a) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution and expiring on the earlier of:

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated,

whichever is the earlier;

(3) in this Ordinary Resolution:

"**Maximum Limit**" means that number of issued Shares representing ten per cent. of the issued ordinary share capital of the Company as at the date of the passing of this Ordinary Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price of the Shares; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Average Closing Price of the Shares,

Where:

"**Average Closing Price**" means the average of the closing market price of a Share over the last five Market Days (a "**Market Day**" being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

1. The proposed Ordinary Resolution 8, if passed, will renew the authority given to the Directors at the last Annual General Meeting and will empower the Directors, until the next Annual General Meeting, to issue new shares and/or convertible securities in the Company, including a rights or bonus issue. The maximum number of shares which the Directors may issue pursuant to this Resolution shall not exceed the quantum set out in the Resolution.

2. The proposed Ordinary Resolution 9, if passed, will renew the authority given to the Directors at the Extraordinary General Meeting of the Company held on 30 April 2004 and will empower the Directors to purchase or acquire, from the date of the above meeting to the date of the next Annual General Meeting, an aggregate amount not exceeding ten per cent. of the issued share capital of the Company as at the date of this Resolution. More details of the Share Purchase Mandate to be renewed is set out in the letter to shareholders enclosed with this Notice.

By Order of the Board

Lee Seng Hua
Company Secretary

Singapore
12 April 2005

NOTES

(a) A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two 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.

(b) 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 on 11 May 2005, for the preparation of dividend warrants. Duly 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 10 May 2005 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 10 May 2005 will be entitled to the proposed dividend. The dividend, if approved by members at the Annual General Meeting, will be paid on 20 May 2005.

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POH TIONG CHOON LOGISTICS LIMITED
(Incorporated in the Republic of Singapore)
Company Reg. No. 196900049H

PROXY FORM

IMPORTANT:
1. For Investors who have used their CPF moneys to buy shares of Poh Tiong Choon Logistics Limited, the Annual Report 2004 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.

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 on my/our behalf and, if necessary, to demand a poll, at the 36th Annual General Meeting of the Company to be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 29 April 2005 at 11.30 a.m. and at any adjournment thereof.

(*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. In the absence of specific directions, the proxy/proxies will vote or abstain from voting as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting).

		To be used on a Show of Hands (a)		To be used in the event of a Poll (b)	
No.	ORDINARY RESOLUTIONS	For	Against	No. of Votes For	No. of Votes Against
	Ordinary Business				
1	Directors' Report and Accounts for the year ended 31 December 2004				
2	Declaration of a final dividend of 0.75 cents per ordinary share less 20% tax				
3	Re-election of Ms Poh Khim Hong as Director				
4	Re-election of Mr Poh Kay Yong as Director				
5	Re-election of Mr Lew Syn Pau as Director				
6	Approval of Directors' fees				
7	Re-appointment of PricewaterhouseCoopers as Auditors				
	Special Business				
8	Approval for Directors to issue shares and/or convertible securities				
9	Approval of the proposed Renewal of Share Purchase Mandate				

(a) Please indicate in your vote "For" or "Against" with a √ within the box provided.
(b) Please indicate the number of votes as appropriate.

Dated this day of 2005

Total Number of Shares Held	

____
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 intentions 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.

fold along this line (1)

Please affix postage stamp

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

fold along this line (2)

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Email: sales@ptclogistics.com.sg
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