Financial Statements

For the financial year ended 31 December 2005

Contents

Directors' Report

For the financial year ended 31 December 2005

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2005 and the balance sheet of the Company at 31 December 2005.

Directors

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

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 the 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 or 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 31.12.2005	At 1.1.2005	**At 31.12.2005**	At 1.1.2005
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)

(b) Mr Poh Choon Ann, Mr Poh Kay Ping and Ms Poh Khim Hong, who by virtue of their interests of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries and in the shares held by the Company in the following subsidiaries that are not wholly-owned by the Group:

	Holdings in which a director is deemed to have an interest	
	At 31.12.2005	At 1.1.2005
PTC-Chien Li Transportation Pte Ltd (Ordinary shares of $1 each)	**375,000**	375,000
PTC-Xin Hua Transportation Pte Ltd (Ordinary shares of $1 each)	**400,000**	400,000

(c) The directors' interests in the shares of the Company at 21 January 2006 were the same at 31 December 2005.

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.

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 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

13 March 2006

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 28 to 74 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 2005, 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

13 March 2006

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 28 to 74 for the financial year ended 31 December 2005, 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 2005, 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, 13 March 2006

Consolidated Income Statement

For the financial year ended 31 December 2005

	Notes	2005 $'000	2004 $'000
Revenue	4	**69,639**	53,093
Other gains – net	4	**495**	172
Expenses			
– Inventories		**(11,172)**	(2,191)
– Amortisation and depreciation	5	**(5,979)**	(5,426)
– Employee benefits	6	**(23,399)**	(20,920)
– Rental on operating leases		**(1,739)**	(1,328)
– Sub-contracting costs		**(7,491)**	(7,027)
– Upkeep of commercial vehicles		**(9,551)**	(7,252)
– Finance	7	**(910)**	(689)
– Other		**(6,396)**	(5,861)
Total expenses		**(66,637)**	(50,694)
Share of loss of an associated company		**(8)**	(10)
Share of profit of a joint venture company		**263**	131
Profit before income tax	8	**3,752**	2,692
Income tax expense	9	**(718)**	(293)
Net profit for the financial year		**3,034**	2,399
Attributable to:			
Equity holders of the Company		**2,772**	2,097
Minority interest		**262**	302
		3,034	2,399
Earnings per share attributable to the equity holders of the Company	10		
– Basic		**1.28 cents**	0.97 cents
– Diluted		**1.28 cents**	0.97 cents

Balance Sheets

As at 31 December 2005

		The Group		The Company	
	Notes	**2005**	2004	**2005**	2004
		$'000	$'000	**$'000**	$'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**7,396**	3,998	**6,715**	3,522
Trade and other receivables	12	**13,961**	12,423	**14,108**	12,240
Inventories	13	**56**	–	**–**	–
Derivative financial instruments	14	**–**	46	**–**	46
Other current assets	15	**1,494**	1,841	**1,098**	1,469
		22,907	18,308	**21,921**	17,277
Non-current assets					
Available-for-sale financial assets	16	**99**	86	**99**	86
Investment in an associated company	17	**–**	8	**–**	8
Investment in a joint venture company	18	**478**	465	**788**	810
Investments in subsidiaries	19	**–**	–	**893**	893
Property, plant and equipment	20	**50,121**	57,081	**44,761**	52,356
Investment property	21	**6,917**	–	**6,917**	–
Deferred charges	22	**–**	46	**–**	46
Goodwill	23	**656**	406	**–**	–
Other non-current assets	24	**59**	84	**16**	33
		58,330	58,176	**53,474**	54,232
Total assets		**81,237**	76,484	**75,395**	71,509
LIABILITIES					
Current liabilities					
Trade and other payables	25	**8,878**	8,146	**8,870**	8,577
Current income tax liabilities	9	**220**	263	**–**	74
Borrowings	26	**3,378**	23,225	**2,914**	22,048
		12,476	31,634	**11,784**	30,699
Non-current liabilities					
Borrowings	26	**22,372**	496	**22,139**	175
Trade and other payables	25	**823**	477	**823**	477
Deferred income tax liabilities	28	**4,379**	3,539	**3,800**	3,098
		27,574	4,512	**26,762**	3,750
Total liabilities		**40,050**	36,146	**38,546**	34,449
NET ASSETS		**41,187**	40,338	**36,849**	37,060
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	29	**21,579**	21,579	**21,579**	21,579
Share premium		**7,244**	7,244	**7,244**	7,244
Capital redemption reserve	30	**1,421**	1,421	**1,421**	1,421
Fair value reserve	30	**13**	–	**13**	–
Retained earnings		**9,808**	9,151	**6,592**	6,816
		40,065	39,395	**36,849**	37,060
Minority interests		**1,122**	943	**–**	–
Total equity		**41,187**	40,338	**36,849**	37,060

The accompanying notes form an integral part of these financial statements. Auditors' Report - Page 27.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2005

		Attributable to equity holders of the Company					Minority interest	Total equity
	Notes	Share capital	Share premium	Capital redemption reserve	Fair value reserve	Retained earnings		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2005								
– As previously reported		21,579	7,244	1,421	–	9,151	943	40,338
– Effect of changes in accounting policies adjusted prospectively		–	–	–	10	43	–	53
– As restated		21,579	7,244	1,421	10	9,194	943	40,391
Fair value gains on available-for-sale financial assets	16	–	–	–	3	–	–	3
Total recognised gains for the financial year – Net profit		–	–	–	–	2,772	262	3,034
Dividends	32	–	–	–	–	(2,158)	(83)	(2,241)
Balance at 31 December 2005		**21,579**	**7,244**	**1,421**	**13**	**9,808**	**1,122**	**41,187**
Balance at 1 January 2004		21,579	7,244	1,421	–	8,780	724	39,748
Total recognised gains for the financial year – Net profit		–	–	–	–	2,097	302	2,399
Dividends	32	–	–	–	–	(1,726)	(83)	(1,809)
Balance at 31 December 2004		21,579	7,244	1,421	–	9,151	943	40,338

Consolidated Cash Flow Statement

For the financial year ended 31 December 2005

	Notes	2005 $'000	2004 $'000
Cash flows from operating activities			
Net profit for the financial year		**3,034**	2,399
Adjustments for:			
Amortisation and depreciation		**5,979**	5,426
Fair value gain on derivative financial instruments		**(329)**	–
Impairment loss on club membership		**25**	–
Income tax expense		**718**	293
Interest expense		**910**	689
Interest income		**(30)**	(20)
Net gain on disposal of property, plant and equipment		**(92)**	(127)
Share of loss of an associated company		**8**	10
Share of profit of a joint venture company		**(263)**	(131)
Operating cash flow before working capital changes		**9,960**	8,539
Changes in operating assets and liabilities			
Inventories		**(56)**	–
Other current assets		**(120)**	79
Trade and other payables		**1,078**	2,531
Trade and other receivables		**(1,538)**	(2,150)
Cash generated from operations		**9,324**	8,999
Income tax received/(paid)		**546**	(188)
Interest paid		**(862)**	(689)
Net cash provided by operating activities		**9,008**	8,122
Cash flows from investing activities			
Acquisition of business unit		**(650)**	–
Dividends received from a joint venture company		**250**	265
Interest received		**30**	20
Proceeds from disposal/expiration of derivative financial instruments		**855**	–
Proceeds from disposal of property, plant and equipment		**410**	235
Purchases of derivative financial instruments		**(437)**	–
Purchases of property, plant and equipment		**(5,574)**	(13,052)
Net cash used in investing activities		**(5,116)**	(12,532)
Cash flows from financing activities			
Dividends paid to shareholders		**(2,158)**	(1,726)
Dividends paid to minority shareholders of subsidiaries		**(83)**	(83)
Proceeds from bank borrowings		**24,875**	4,760
Repayments of bank borrowings		**(22,377)**	(2,500)
Repayments of finance lease liabilities		**(751)**	(1,087)
Net cash used in financing activities		**(494)**	(636)
Net increase/(decrease) in cash and cash equivalents		**3,398**	(5,046)
Cash and cash equivalents at beginning of financial year		**3,998**	9,044
Cash and cash equivalents at end of financial year	11	**7,396**	3,998

The accompanying notes form an integral part of these financial statements. Auditors' Report - Page 27.

Notes to the Financial Statements

For the financial year ended 31 December 2005

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 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, hiring out of equipment, leasing and general contracting. The principal activities of the subsidiaries consist of the provision of services relating to land transportation, container services, hiring out of equipment, general contracting, and trading in liquefied petroleum gas, diesel, 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, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting 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.

In 2005, the Group and the Company adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are applicable in the current financial year. The 2004 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

The following are the new or revised FRS and INT FRS relevant to the Group:

FRS 1 (revised 2004)	Presentation of Financial Statements
FRS 2 (revised 2004)	Inventories
FRS 8 (revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004)	Events after the Balance Sheet Date
FRS 16 (revised 2004)	Property, Plant and Equipment
FRS 17 (revised 2004)	Leases
FRS 21 (revised 2004)	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004)	Related Party Disclosures
FRS 27 (revised 2004)	Consolidated and Separate Financial Statements
FRS 28 (revised 2004)	Investments in Associates
FRS 31 (revised 2004)	Interests in Joint Ventures
FRS 32 (revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004)	Earnings per Share
FRS 36 (revised 2004)	Impairment of Assets
FRS 38 (revised 2004)	Intangible Assets
FRS 39 (revised 2004)	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payments
FRS 103	Business Combinations
FRS 105	Non-current Assets Held for Sale and Discontinued Operations
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities

Except as disclosed in Note 3, the adoption of the above FRS and INT FRS has not resulted in substantial changes to the Group's accounting policies.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable 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 rendering of services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(3) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument, and thereafter amortising the discount as interest income.

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 value 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 the transaction provides evidence of an impairment of the asset transferred. 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 Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, 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 attributed to the equity holders of the Company, 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 attributed to the equity holders of the Company until the minority's share of losses previously absorbed by the equity holders of the Company has been recovered.

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

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

(c) Group accounting (continued)

(2) Associated and joint venture 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. Joint venture companies are entities over which the Group has contractual arrangements to jointly share the control with one or more parties. Investments in associated companies and joint venture companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies and joint venture companies in the consolidated balance sheet includes goodwill 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 and joint venture companies initially at cost, and recognising the Group's share of its associated companies' and joint venture 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 or joint venture company equals or exceeds its interest in the associated company or joint venture company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture company.

In applying the equity method, unrealised gains on transactions between the Group and its associated companies and joint venture companies are eliminated to the extent of the Group's interest in the associated companies and joint venture 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 and joint venture 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 and joint venture 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) Component of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(3) Depreciation

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Freehold office unit	100 years
Commercial vehicles	8 – 12 years
Machinery and equipment	5 – 20 years
Computer and accessories	3 – 5 years
Motor vehicles	8 years
Office equipment, furniture and fittings	5 – 10 years

Leasehold land and buildings are depreciated over the shorter of their useful lives of 50 years or the remaining term of the lease. Construction-in-progress is not depreciated.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(4) 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.

(5) 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 consolidated income statement.

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition of subsidiaries, joint venture companies, associated companies or other business units over the fair value at the date of acquisition of the Group's share of their identifiable net assets.

(i) Acquisitions pre-1 January 2001

Goodwill on acquisitions were adjusted against retained earnings in the year of acquisition. On disposal of the subsidiaries, joint venture companies, associated companies or other business units, such goodwill previously adjusted against retained earnings are not recognised in the consolidated income statement.

(ii) Acquisitions post-1-January 2001

Goodwill on acquisitions of subsidiaries or other business units is included in intangible assets. Goodwill on acquisition of associated companies and joint venture companies is included in investments in associated companies and investments in joint venture companies respectively.

2. Significant accounting policies (continued)

(e) Goodwill (continued)

Goodwill for acquisitions post-1 January 2005 is determined after deducting the Group's share of their identifiable net assets and contingent liabilities.

From 1 January 2005, goodwill recognised as intangible assets is tested at least annually for impairment and carried at cost less accumulated impairment losses [Note 2(g)].

Gains and losses on the disposal of the subsidiaries, joint venture companies, associated companies or other business units include the carrying amount of goodwill relating to the entity sold.

(f) Investments in subsidiaries, associated companies and joint venture companies

Investments in subsidiaries, associated companies and joint venture companies are stated at cost less impairment losses [Note 2(g)] in the Company's balance sheet. On disposal of an investment, including investments in subsidiaries, associated companies and joint venture companies, the difference between net disposal proceeds and its carrying amount is taken to the consolidated income statement.

(g) Impairment of assets

(1) Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units (CGU) expected to benefit from synergies of the business combination.

An impairment loss is recognised in the consolidated income statement when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

(2) Property, plant and equipment
Investment property
Investments in subsidiaries, associated companies and joint venture companies

Property, plant and equipment, investment property and investments in subsidiaries, associated companies and joint venture companies are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

2. Significant accounting policies (continued)

(g) Impairment of assets (continued)

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the consolidated income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the consolidated income statement.

(h) Investments in financial assets

(1) Available-for-sale financial assets

Available-for-sale financial assets are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(2) Recognition and derecognition

Purchases and sales of investments in financial assets are recognised on settlement-date – the date on which the asset is delivered to or by the Group. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

(3) Initial measurement

Available-for-sale financial assets are initially recognised at fair value plus transaction costs.

(4) Subsequent measurement

Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in the fair value reserve within equity. When the available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the consolidated income statement.

(5) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from the fair value reserve within equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity investments are not reversed through the consolidated income statement.

2. Significant accounting policies (continued)

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the consolidated income statement.

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

(k) Trade payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(l) Investment properties

Investment properties of the Group are held for long-term rental yields and are not occupied by the Group. Investment properties are treated as non-current investments and are stated at historical cost less accumulated depreciation and impairment losses [Note 2(g)].

If investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its carrying value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as construction-in-progress in property, plant and equipment until construction or development is completed, at which time it is reclassified and accounted for as investment property.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the consolidated income statement.

(m) Fair value estimation

The fair value of financial instruments traded in active markets (such as exchange- traded and over-the-counter securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques include use of estimated discounted cash flows to determine fair value of financial instruments.

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

(m) Fair value estimation (continued)

The carrying amount of current receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Leases

(1) When a group company is the lessee:

Finance leases

Leases of assets in which the Group assumes substantially 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 consolidated 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 in which 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 consolidated 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.

(2) When a group company is the lessor:

Operating leases

Assets leased out under operating leases are stated at historical cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

2. Significant accounting policies (continued)

(p) 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.

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

(q) Provisions for other liabilities and charges

Provisions for asset dismantlement, removal or restoration and legal claims are recognised when the Group has a legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets [Note 2(d)(2)]. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

(r) 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 are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2. Significant accounting policies (continued)

(s) Foreign currency translation

(1) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements and balance sheet of the Company are presented in Singapore Dollar, which is the Company's functional and presentation currency.

(2) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Currency translation differences on non-monetary items when the gain or loss is recognised directly in equity, such as equity investments classified as available-for-sale financial assets, are included in the fair value reserve within equity.

(t) 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.

(u) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits with financial institutions.

(v) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

(w) Dividends

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.

(x) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of any derivative instrument that do not qualify for hedge accounting are recognised immediately as part of other gains in the consolidated income statement.

3. Effects on financial statements on adoption of new or revised FRS

(a) FRS 16 (revised 2004) *Property, plant and equipment*

Depreciable amount

Previously, in accordance with the requirements of FRS 16 (now superseded by FRS 16 (revised 2004)), residual values were estimated only at the date of acquisition and not subsequently increased for changes in price.

The Group has assessed the residual value of its property, plant and equipment on 1 January 2005 in accordance with the requirements of FRS 16 (revised 2004) which requires the re-measurement of the residual value of an item of property, plant and equipment at least at each financial year end [Note 2(d)(3)]. This change did not materially affect the financial statements for the financial year ended 31 December 2005.

(b) FRS 27 (revised 2004) *Consolidated and Separate Financial Statements*

Previously, there was no requirement for the presentation of minority interests within equity. FRS 27 (revised 2004) requires minority interests to be retrospectively presented within equity of the Group.

(c) FRS 39 (revised 2004) *Financial Instruments: Recognition and Measurement* and FRS 32 (revised 2004) *Financial Instruments: Disclosure and Presentation*

(1) Classification and consequential accounting for financial assets

Previously, the Group's quoted equity investments were stated at the lower of cost and market value on an aggregated portfolio basis. The Group's investments in the equity interest of other companies were stated at cost less provision for diminution in value that was other than temporary, which was charged to the consolidated income statement when it arose. Any reversal of the provision was also included in the consolidated income statement.

In accordance with FRS 39 (revised 2004), these investments are now classified in the "available-for-sale financial assets" category and are initially recognised at fair value and subsequently measured at fair value at the balance sheet date with all gains and losses other than impairment loss taken to fair value reserve in equity. Impairment losses are taken to the consolidated income statement in the period in which they arise. On disposal, gains and losses previously taken to equity are included in the consolidated income statement [Note 2(h)].

This change was effected prospectively from 1 January 2005 and consequently, fair value gains on available-for-sale financial assets of $10,000 was recognised as at 1 January 2005 and taken to fair value reserve. During the financial year ended 31 December 2005, fair value gains on available-for-sale financial assets amounting to $3,000 has been recognised and taken to "fair value reserve". The effects on the balance sheet items as at 1 January 2005 and 31 December 2005 are as follows:

	The Group and the Company
At 1 January 2005	
Increase in:	$'000
Available-for-sale financial assets (Note 16)	10
Fair value reserve	10
At 31 December 2005	
Increase in:	$'000
Available-for-sale financial assets (Note 16)	13
Fair value reserve	13

3. Effects on financial statements on adoption of new or revised FRS (continued)

(c) FRS 39 (revised 2004) *Financial Instruments: Recognition and Measurement* and FRS 32 (revised 2004) *Financial Instruments: Disclosure and Presentation*

(2) Classification and consequential accounting for financial liabilities

Previously, the Group's trade and other payables and bank borrowings were stated at cost. Bank borrowings were stated at the proceeds received and transaction costs on borrowings were classified as deferred charges and amortised on a straight-line basis over the period of the borrowings. These financial liabilities are not held for trading and have not been designated as fair value through profit or loss at inception on adoption of FRS 39 (revised 2004). In accordance with FRS 39 (revised 2004), they are initially recognised at fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method [Note 2(j) and Note 2(k)].

The changes described above were effected prospectively from 1 January 2005 and consequently, bank borrowings as at 1 January 2005 have been re-stated as net of transaction costs on borrowings amounting to $46,000 (Note 22). The effects on the balance sheet items as at 1 January 2005 are as follows:

	The Group and the Company $'000
Decrease in:	
Deferred charges	46
Borrowings	46

This change did not materially affect the financial statements for the financial year ended 31 December 2005.

(3) Accounting for derivative financial instruments

The Group has entered into interest rate cap contracts to hedge the Group's exposure to interest rate risk on its borrowings. The interest rate cap contracts entitles the Group, 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. Previously, the interest rate cap contracts were 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 as at 31 December 2004 for the Company and the Group was $46,000 included in cost of derivatives set out in Note 14.

In accordance with FRS 39 (revised 2004), derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised immediately in the consolidated income statement. Trading derivatives are classified as current assets.

The changes described above were effected prospectively from 1 January 2005 and consequently, fair value gains on interest rate cap contract of $43,000 was recognised as at 1 January 2005 and taken to retained earnings. This affected the following balance sheet items as at 1 January 2005:

3. Effects on financial statements on adoption of new or revised FRS (continued)

(c) FRS 39 (revised 2004) *Financial Instruments: Recognition and Measurement* and FRS 32 (revised 2004) *Financial Instruments: Disclosure and Presentation (continued)*

	The Group and the Company $'000
Increase in:	
Derivative financial instruments – current assets (Note 14)	43
Retained earnings	43

There are no outstanding derivative financial instruments as at 31 December 2005.

(d) FRS 103 Business Combinations, FRS36 (revised 2004) Impairment of Assets and FRS 38 (revised 2004) Intangible Assets

(1) Goodwill

Until 31 December 2004, goodwill was amortised on a straight-line basis over a period of 8 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill is attached to. In accordance with FRS 103 and FRS 36 (revised 2004), amortisation of goodwill ceased from 1 January 2005 and goodwill is tested at least annually for impairment [Note 2(g)].

Consequent to the changes described above, the Group ceased amortisation of goodwill from 1 January 2005 and accumulated amortisation as at 31 December 2004 amounting to $94,000 has been eliminated with a corresponding decrease in the cost of goodwill (Note 23). During the financial year ended 31 December 2005, amortisation of goodwill that would have amounted to $94,000 under the previous accounting policies of the Group has not been recognised. This affected the balance sheet as at 31 December 2005 and the consolidated income statement for the financial year ended 31 December 2005 as follows:

	The Group $'000
Consolidated balance sheet items as at 31 December 2005	
Increase in goodwill	94
Increase in retained earnings	94
Consolidated income statement items for the year ended 31 December 2005	
Decrease in amortisation of goodwill	(94)

4. Revenue and other gains – net

	The Group	
	2005	2004
	$'000	$'000
Sale of goods	**12,954**	3,239
Rental income from investment property (Note 25)	**606**	–
Rendering of services	**56,079**	49,854
Total revenue	**69,639**	53,093
Other gains/(losses):		
– Fair value gains on derivative financial instruments (Note 14)	**329**	–
– Currency exchange gains/(losses)	**13**	(16)
– Interest income	**30**	20
– Gain on disposal of property, plant and equipment	**92**	127
– Other	**31**	41
Other gains – net	**495**	172
	70,134	53,265

5. Amortisation and depreciation expenses

	The Group	
	2005	2004
	$'000	$'000
Amortisation expense		
– Deferred charges (Note 22)	**–**	50
– Premium on interest rate cap (Note 14)	**–**	57
– Goodwill (Note 23)	**–**	63
	–	170
Depreciation expense		
– Property, plant and equipment (Note 20)	**5,709**	5,256
– Investment property (Note 21)	**270**	–
	5,979	5,256
Total amortisation and depreciation	**5,979**	5,426

6. Employee benefits

	The Group	
	2005	2004
	$'000	$'000
Wages and salaries	**20,966**	18,723
Employer's contribution to defined contribution plans including Central Provident Fund	**2,433**	2,197
	23,399	20,920

Key management remuneration is disclosed in Note 35(c).

7. Finance costs

	The Group	
	2005	2004
	$'000	$'000
Interest expense		
– Bank borrowings	**810**	542
– Finance lease liabilities	**100**	147
	910	689

8. Profit before income tax

The following items have been included in arriving at profit before income tax:

	The Group	
	2005	2004
	$'000	$'000
Auditors' remuneration		
– Auditors of the Company		
– Current year	**82**	76
– Under-provision in prior year	**2**	3
	84	79
Other fees paid to auditors of the Company	**–**	9

9. Income taxes

(a) Income tax expense

	The Group	
	2005	2004
	$'000	$'000
Tax expense attributable to profit is made up of:		
– Current income tax	**154**	122
– Deferred income tax (Note 28)	**685**	215
	839	337
(Over)/under provision in preceding financial year		
– Current income tax	**(276)**	(35)
– Deferred income tax (Note 28)	**155**	(9)
	718	293

9. Income taxes (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	
	2005	2004
	$'000	$'000
Profit before income tax	**3,752**	2,692
Tax calculated at a tax rate of 20% (2004: 20%)	**750**	538
Effect of changes in tax rate on deferred taxation	**–**	(303)
Expenses not deductible for tax purposes	**187**	178
Income not subject to tax	**(22)**	(3)
Singapore statutory stepped income exemption	**(25)**	(21)
Utilisation of previously unrecognised tax losses	**–**	(28)
Tax calculated on share of results of associated and joint venture companies	**(51)**	(24)
Tax charge	**839**	337

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

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
At beginning of the financial year				
– Provision for current income tax	**263**	300	**74**	82
– Tax recoverable (Note 15)	**(574)**	(506)	**(574)**	(506)
	(311)	(206)	**(500)**	(424)
Income tax refunded / (paid)	**546**	(188)	**710**	27
Tax deducted at source	**–**	(4)	**(41)**	(68)
Current financial year's tax expense on profit	**154**	122	**–**	–
Over provision in preceding financial year	**(276)**	(35)	**(276)**	(35)
At end of the financial year	**113**	(311)	**(107)**	(500)
Comprising:				
– Provision for current income tax	**220**	263	**–**	74
– Tax recoverable (Note 15)	**(107)**	(574)	**(107)**	(574)
	113	(311)	**(107)**	(500)

10. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

	The Group	
	2005	2004
Net profit attributable to members of the Company ($'000)	**2,772**	2,097
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**215,787**	215,787
Basic and diluted earnings per share	**1.28 cents**	0.97 cents

The adoption of new accounting standards and interpretations as disclosed in Note 2(a) does not have material impact on the basic and diluted earnings per share.

11. Cash and cash equivalents

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**3,394**	3,998	**2,713**	3,522
Short-term bank deposits	**4,002**	–	**4,002**	–
	7,396	3,998	**6,715**	3,522

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	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**6,976**	3,423	**6,454**	3,086
United States Dollar	**420**	575	**261**	436
	7,396	3,998	**6,715**	3,522

Short-term bank deposits at the balance sheet date are denominated in Singapore Dollar and mature within one month (2004: Nil) from the end of the financial year with the following weighted average effective interest rates per annum:

	The Group		The Company	
	2005	2004	**2005**	2004
Short-term bank deposits	**3.06%**	–	**3.06%**	–

11. Cash and cash equivalents (continued)

Acquisition of business

On 1 March 2005, the Group acquired a diesel trading business unit from a third party for a cash consideration of $650,000, comprising property, plant and equipment amounting to $400,000 (Note 20) and goodwill of $250,000 (Note 23).

The acquired diesel trading business unit contributed revenue of $10,082,000 and net profit of $249,000 to the Group for the period from 1 March 2005 to 31 December 2005. The assets and liabilities of the business unit at 31 December 2005 were $3,171,000 and $2,860,000 respectively.

12. Trade and other receivables

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Trade receivables:				
– Third parties	**13,533**	12,189	**11,149**	11,885
– Associated company	**19**	34	**19**	34
– Related parties	**441**	223	**441**	223
Less: Provision for impairment of receivables – third parties	**(78)**	(70)	**(18)**	(17)
Trade receivables – net	**13,915**	12,376	**11,591**	12,125
Non-trade receivables:				
– Subsidiaries	**–**	–	**2,494**	70
– Staff loans	**46**	47	**23**	45
	13,961	12,423	**14,108**	12,240

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	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**13,928**	12,394	**14,097**	12,216
United States Dollar	**33**	29	**11**	24
	13,961	12,423	**14,108**	12,240

Included in non-trade receivables from subsidiaries are $2,074,000 (2004: Nil) which are interest-bearing at 4.6% (2004: Nil) per annum, unsecured and repayable on demand.

Impairment loss on trade receivables recognised as an expense and included in other expenses in the consolidated income statement amounted to $28,000 (2004: $58,000).

13. Inventories

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Finished goods	**56**	–	**–**	–

14. Derivative financial instruments

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year		
– At cost	**46**	103
– Effect of adoption of FRS 39 on 1 January 2005 [Note 3(c)(3)]	**43**	–
As restated	**89**	103
Addition during the year	**437**	–
Fair value gains included in consolidated income statement (Note 4)	**329**	–
Disposal/expiration of derivative during the year	**(855)**	–
Amortisation expense (Note 5)	**–**	(57)
Balance at end of financial year	**–**	46

Unamortised premium on interest rate cap as at 1 January 2004 and 31 December 2004 have been reclassified to "derivative financial instruments" so as to conform to the presentation adopted in 2005. Derivative financial instruments are measured in accordance with the accounting policy set out in Note 2(x) only with effect from 1 January 2005.

There are no outstanding derivative financial instruments as at 31 December 2005. The notional principal amount of the interest rate cap contract as at 31 December 2004 for the Company and the Group, recorded as off-balance sheet items, was $17,750,000. The fair value of the interest rate cap as at 31 December 2004 amounted to $89,000. Fair value gains on interest rate cap contract of $43,000 for the financial year ended 31 December 2004 was not recognised in the financial statements.

15. Other current assets

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Tax recoverable [Note 9(b)]	**107**	574	**107**	574
Deposits	**111**	136	**105**	135
Prepayments	**997**	1,015	**748**	740
Other	**279**	116	**138**	20
	1,494	1,841	**1,098**	1,469

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

16. Available-for-sale financial assets

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year		
– At cost	**86**	86
– Effect of adoption of FRS 39 on 1 January 2005 [Note 3(c)(1)]	**10**	–
As restated	**96**	86
Fair value gain transferred to fair value reserve [Note 30(b)(ii)]	**3**	–
Balance at end of financial year	**99**	86

Other investments as at 1 January 2004 and 31 December 2004 have been reclassified into "available-for-sale financial assets" so as to conform to the presentation adopted in 2005. Available-for-sale financial assets are measured in accordance with the accounting policy as set out in Note 2(h) only with effect from 1 January 2005.

Available-for-sale financial assets include the following:

	The Group		
	2005	2004	
	At fair value	At fair value	At cost
	$'000	$'000	$'000
Quoted securities:			
– Equity securities - Singapore	**17**	14	4
Unquoted securities:			
– Equity securities - Singapore	**82**	82	82
	99	96	86

17. Investment in an associated company

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**61**	61
Less: Provision for impairment loss			**(61)**	(53)
			–	8
Balance at beginning of financial year	**8**	18		
Share of losses	**(8)**	(10)		
Balance at end of financial year	**–**	8		
The summarised financial information of the associated company is as follows:				
– Assets	**60**	94		
– Liabilities	**63**	62		
– Revenues	**–**	243		
– Net loss	**(36)**	(37)		

17. Investment in an associated company (continued)

Details of the associated company are as follows:

Name of company	Principal activities	Country of incorporation	Equity holding	
			2005	2004
			%	%
Landbridge Express Sdn. Bhd.*	Dormant	Malaysia	**25**	25

*Audited by Khoo Teng Keat & Co

18. Investment in a joint venture company

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**878**	878
Less: Dividends received from pre-acquisition reserves			**(90)**	(68)
			788	810
Balance at beginning of financial year	**465**	599		
Share of profits	**263**	131		
Dividends received, net of tax	**(250)**	(265)		
Balance at end of financial year	**478**	465		

18. Investment in a joint venture company (continued)

The following amounts represent the Group's 50% share of the assets and liabilities and income and expenses of the joint venture company. The Group's interests in the joint venture company are accounted for in the consolidated financial statements using the equity method of accounting.

	The Group	
	2005	2004
	$'000	$'000
Assets:		
Current assets	**574**	530
Non-current assets	**61**	59
	635	589
Liabilities:		
Current liabilities	**155**	116
Non-current liabilities	**2**	8
	157	124
Net assets	**478**	465
Sales	**1,654**	1,482
Expenses	**(1,336)**	(1,325)
Profit before income tax	**318**	157
Income tax expense	**(55)**	(26)
Profit after income tax	**263**	131
Operating cash inflows	**336**	22
Investing cash (outflows)/inflows	**(1)**	30
Financing cash outflows	**(250)**	(265)
Net cash inflows/(outflows)	**85**	(213)

Details of the joint venture are as follows:

Name of company	Principal activities	Country of incorporation	Equity holding	
			2005	2004
			%	%
Hai Poh Terminals Pte Ltd*	Stevedoring and terminal operations	Singapore	**50**	50

* Audited by Lee Seng Chan & Co

19. Investments in subsidiaries

	The Company	
	2005	2004
	$'000	$'000
Unquoted equity shares, at cost	**893**	893

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Equity holding	
			2005	2004
			%	%
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, diesel and other chemical products	Singapore	**100**	100
PTC Express Pte. Ltd.**	Freight forwarding services	Singapore	**100**	–
Delivery2home Pte. Ltd**	Home delivery services	Singapore	**100**	–

* Audited by PricewaterhouseCoopers, Singapore.

** Not required to be audited as these subsidiaries were newly incorporated during the financial year.

20. Property, plant and equipment

The Group

	Construction in-progress	Leasehold land and buildings	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2005	6,391	33,288	715	38,086	9,955	1,598	787	936	91,756
Additions	2,223	–	–	2,766	727	109	–	29	5,854
Acquisition of business unit (Note 11)	–	–	–	197	203	–	–	–	400
Disposals	–	–	–	(976)	(158)	(94)	–	(31)	(1,259)
Transfer to investment property (Note 21)	(7,187)	–	–	–	–	–	–	–	(7,187)
At 31 December 2005	1,427	33,288	715	40,073	10,727	1,613	787	934	89,564
Accumulated depreciation and impairment loss									
At 1 January 2005	–	7,788	22	22,426	2,497	1,097	446	399	34,675
Depreciation charge	–	1,463	8	3,037	722	285	91	103	5,709
Disposals	–	–	–	(658)	(157)	(95)	–	(31)	(941)
At 31 December 2005	–	9,251	30	24,805	3,062	1,287	537	471	39,443
Net book value									
At 31 December 2005	**1,427**	**24,037**	**685**	**15,268**	**7,665**	**326**	**250**	**463**	**50,121**

The Group

	Construction in-progress	Leasehold land and buildings	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 impairment loss									
At 1 January 2004	–	6,335	15	20,817	1,941	903	577	325	30,913
Depreciation charge	–	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**

20. Property, plant and equipment (continued)

The Company

	Construction in-progress	Leasehold land and buildings	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost									
At 1 January 2005	6,391	33,288	715	28,782	9,711	1,539	790	786	82,002
Additions	2,223	–	–	1,771	232	95	–	16	4,337
Disposals	–	–	–	(516)	(156)	(94)	–	(31)	(797)
Transfer to investment property (Note 21)	(7,187)	–	–	–	–	–	–	–	(7,187)
At 31 December 2005	1,427	33,288	715	30,037	9,787	1,540	790	771	78,355
Accumulated depreciation and impairment loss									
At 1 January 2005	–	7,788	22	17,542	2,441	1,069	446	338	29,646
Depreciation charge	–	1,463	8	2,085	641	269	91	77	4,634
Disposals	–	–	–	(405)	(155)	(95)	–	(31)	(686)
At 31 December 2005	–	9,251	30	19,222	2,927	1,243	537	384	33,594
Net book value at 31 December 2005	**1,427**	**24,037**	**685**	**10,815**	**6,860**	**297**	**253**	**387**	**44,761**

The Company

	Construction in-progress	Leasehold land and buildings	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'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 impairment loss									
At 1 January 2004	–	6,335	15	16,641	1,892	886	577	289	26,635
Depreciation charge	–	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**

20. Property, plant and equipment (continued)

(a) Additions in the consolidated financial statements include $280,000 (2004: Nil) of commercial vehicles acquired under finance leases (where the Group is the lessee).

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

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Commercial vehicles	**1,656**	2,569	**456**	1,080
Motor vehicles	**–**	286	**–**	286
	1,656	2,855	**456**	1,366

(b) Details of the Group's freehold office unit and leasehold land and buildings are as follows:

Location	Description/Existing use	Tenure
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
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
23 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 26 years lease expiring on 15 April 2030
Lot A0409802 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 25 years lease expiring on 15 April 2030
Jalan Buroh, Annexe 5B Singapore	Open storage yard	Leasehold with 5 years lease expiring on 31 January 2006

21. Investment property

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year	**–**	–
Transfer from property, plant and equipment (Note 20)	**7,187**	–
Depreciation charge	**(270)**	–
Balance at end of financial year	**6,917**	–
Cost	**7,187**	–
Accumulated depreciation	**(270)**	–
Net book value	**6,917**	–

The Group's investment property is as follows:

Location	Description/Existing use	Tenure
23 Ayer Merbau Road Jurong Island Singapore	Tank cleaning terminal	Leasehold with 26 years 2 months and 15 days lease expiring on 15 April 2030

It is the intention of the directors to hold the investment property for the long term.

The investment property is valued annually on 31 December by an independent professional valuer on the basis of open market value for existing use as follows:

	The Group and the Company	
	2005	2004
	$'000	$'000
At valuation	**7,300**	–

The investment property is leased to a third party under an operating lease [Note 33(c)].

22. Deferred charges

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year		
– At cost	**46**	96
– Effect of adoption of FRS 39 on 1 January 2005 [Note 3(c)(2)]	**(46)**	–
As restated	**–**	96
Amortisation expense (Note 5)	**–**	(50)
Balance at end of financial year	**–**	46

Deferred charges at 1 January 2004 and 31 December 2004 comprise transaction costs on bank borrowings.

23. Goodwill

	The Group	
	2005	2004
	$'000	$'000
Cost		
Balance at beginning of financial year		
– As previously reported	**500**	500
– Effect of adoption of FRS 103 [Note 3(d)(1)]	**(94)**	–
– As restated	**406**	500
Acquisition of business unit (Note 11)	**250**	–
Balance at end of financial year	**656**	500
Accumulated amortisation		
Balance at beginning of financial year		
– As previously reported	**94**	31
– Effect of adoption of FRS 103 [Note 3(d)(1)]	**(94)**	–
– As restated	**–**	31
Amortisation expense (Note 5)	**–**	63
Balance at end of financial year	**–**	94
Net book value	**656**	406

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) in its trading segment with operations carried out in Singapore.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by managment covering a five-year period. The key assumptions used for the value-in-use calculations are as follows:

Gross margin[1]	10.1%
Growth rate[2]	5.0%
Discount rate[3]	6.7%

[1] Weighted average budgeted gross margin
[2] Weighted average growth rate used to extrapolate cash flows within the five-year budget period
[3] Pre-tax discount rate applied to the cash flow projections

These assumptions have been used for the analysis of each CGU within the trading segment. Management determined the weighted average budgeted gross margin and growth rate based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the trading segment.

Management does not foresee any significant changes in the key assumptions used for the value-in-use calculations that will cause the carrying amount of the CGU to be significantly in excess of its recoverable amount.

24. Other non-current assets

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Club membership, at cost	**102**	102	**51**	51
Less: Provision for impairment loss	**(43)**	(18)	**(35)**	(18)
	59	84	**16**	33

25. Trade and other payables

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current				
Trade payables:				
– Third parties	**3,495**	2,468	**2,214**	2,095
– Subsidiaries	**–**	–	**2,247**	1,586
– Related parties	**101**	48	**101**	48
	3,596	2,516	**4,562**	3,729
Rental deposits	**201**	207	**201**	207
Accrued operating expenses	**3,813**	3,294	**2,939**	2,512
Sundry creditors	**1,268**	2,129	**1,168**	2,129
	8,878	8,146	**8,870**	8,577
Non-current				
Deferred income	**823**	477	**823**	477
Total trade and other payables	**9,701**	8,623	**9,693**	9,054

Related parties are companies in which the directors or major shareholders of the Company have significant influence or interests.

The movement in the deferred income account is as follows:

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year	**477**	–
Lease payments received [Note 33(c)]	**952**	477
Rental income from investment property (Note 4)	**(606)**	–
Balance at end of financial year	**823**	477

The carrying amounts of current and non-current trade and other payables approximate their fair value.

25. Trade and other payables (continued)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Singapore Dollar	**9,693**	8,464	**9,690**	8,996
United States Dollar	**8**	159	**3**	58
	9,701	8,623	**9,693**	9,054

26. Borrowings

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current				
Bank borrowings	**2,908**	22,510	**2,775**	21,750
Finance lease liabilities (Note 27)	**470**	715	**139**	298
	3,378	23,225	**2,914**	22,048
Non-current				
Bank borrowings	**22,102**	–	**22,102**	–
Finance lease liabilities (Note 27)	**270**	496	**37**	175
	22,372	496	**22,139**	175
Total borrowings	**25,750**	23,721	**25,053**	22,223

(a) Security granted

Finance lease liabilities of the Group and the Company amounting to $740,000 (2004: $1,211,000) and $176,000 (2004: $473,000) respectively are secured by the rights to the leased commercial vehicles and motor vehicles [Note 20(a)], which would revert to the lessor in the event of default by the Group and the Company.

All bank borrowings are unsecured but the facility agreements restrict the Group from creating a charge over the assets of the Group without prior approval from the bank. Certain bank borrowings of the Group amounting to $133,000 (2004: $760,000) are supported by shareholders guarantees.

26. **Borrowings** (continued)

(b) Maturity of borrowings

The current borrowings (excluding finance lease liabilities) have an average maturity of 6 months (2004: 10 months) from the end of the financial year. The non-current borrowings [excluding finance lease liabilities (Note 27)] have the following maturity:

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Later than one year and not later than five years	**22,102**	–	**22,102**	–

(c) Currency and interest rate risks

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

	The Group		The Company	
	2005	2004	**2005**	2004
	%	%	**%**	%
Finance lease liabilities	**5.6**	5.9	**6.0**	5.9
Bank loans	**4.6**	2.6	**4.6**	2.6

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 34(i).

(d) Carrying amounts and fair value

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

The Group

	Carrying amounts		Fair values	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current	**470**	715	**522**	829
Non-current	**270**	496	**260**	473

The Company

	Carrying amounts		Fair values	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Current	**139**	298	**161**	344
Non-current	**37**	175	**34**	171

The fair values are determined from a discounted cash flow analysis, using a discount rate based upon the borrowing rates which the directors expect would be available to the Group at the balance sheet date.

27. Finance lease liabilities

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Minimum lease payments due:				
– Not later than one year	**534**	816	**160**	342
– Later than one year but not later than five years	**308**	566	**43**	203
	842	1,382	**203**	545
Less: Future finance charges	**(102)**	(171)	**(27)**	(72)
Present value of finance lease liabilities	**740**	1,211	**176**	473

The present value of finance lease liabilities may be analysed as follows:

	The Group		The Company	
	2005	2004	**2005**	2004
– Not later than one year (Note 26)	**470**	715	**139**	298
– Later than one year but not later than five years (Note 26)	**270**	496	**37**	175
	740	1,211	**176**	473

28. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Deferred income tax liabilities:				
– To be settled after one year	**4,379**	3,539	**3,800**	3,098

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

	The Group		The Company	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**3,539**	3,333	**3,098**	3,023
Tax charge to income statement [Note 9(a)]	**840**	206	**702**	75
Balance at end of financial year	**4,379**	3,539	**3,800**	3,098

28. Deferred income taxes (continued)

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

The Group – *Deferred income tax liabilities*

	Accelerated tax depreciation
	$'000
2005	
Balance at beginning of financial year	3,539
Charged to income statement	840
Balance at end of financial year	4,379
2004	
Balance at beginning of financial year	3,333
Charged to income statement	206
Balance at end of financial year	3,539

The Company – *Deferred income tax liabilities*

	Accelerated tax depreciation
	$'000
2005	
Balance at beginning of financial year	3,098
Charged to income statement	702
Balance at end of financial year	3,800
2004	
Balance at beginning of financial year	3,023
Charged to income statement	75
Balance at end of financial year	3,098

29. Share capital of Poh Tiong Choon Logistics Limited

(a) Authorised ordinary share capital

The total authorised number of ordinary shares is 500 million shares (2004: 500 million shares) with a par value of 10 cents per share (2004: 10 cents per share).

(b) Issued and fully paid ordinary share capital

	2005 Shares '000	2004 Shares '000	**2005 $'000**	2004 $'000
At beginning and end of the financial year	**215,787**	215,787	**21,579**	21,579

30. Other reserves

	The Group and the Company	
	2005	2004
	$'000	$'000
(a) Composition:		
Capital redemption reserve	**1,421**	1,421
Fair value reserve	**13**	–
	1,434	1,421

(b) Movements:

(i) Capital redemption reserve

	2005	2004	**2005**	2004
	Shares	Shares		
	'000	'000	**$'000**	$'000
At beginning and end of the financial year	**14,213**	14,213	**1,421**	1,421

(ii) Fair value reserve

	The Group and the Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year		
– As previously reported	**–**	–
– Effect of adoption of FRS 39 adjusted prospectively [Note 3(c)(1)]	**10**	–
As restated	**10**	–
Fair value gains on available-for-sale financial assets (Note 16)	**3**	–
Balance at end of the financial year	**13**	–

31. Retained earnings

Movement in retained earnings for the Company is as follows:

	The Company	
	2005	2004
	$'000	$'000
Balance at beginning of financial year	**6,816**	7,065
Effect of changes in accounting policies adjusted prospectively [Note 3(c)(3)]	**43**	–
As restated	**6,859**	7,065
Net profit for the financial year	**1,891**	1,477
Dividends paid (Note 32)	**(2,158)**	(1,726)
Balance at end of financial year	**6,592**	6,816

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

32. Dividends

	The Group and the Company	
	2005	2004
	$'000	$'000
Ordinary dividends paid		
First and final dividend of 7.5% (2004: 7.5%)		
net of tax at 20% (2004: 20%)	**1,295**	1,295
Interim dividend of 5% (2004: 2.5%)		
net of tax at 20% (2004: 20%)	**863**	431
	2,158	1,726

At the Annual General Meeting on 28 April 2006, a final proposed dividend of 5% and a special proposed dividend of 7.5% amounting to a total of $2,158,000, 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 2006.

33. Commitments

	The Company	
	2005	2004
	$'000	$'000

(a) Guarantees

Unsecured guarantees given to financial institutions in connection with:		
– Performance guarantee	**2,055**	754
– Credit facilities granted to subsidiaries	**106**	594
– Finance leases facilities granted to subsidiaries	**451**	589
	2,612	1,937

(b) Operating lease commitments – where a group company is a lessee

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	
	2005	2004
	$'000	$'000
Not later than one year	**184**	570
Later than one year but not later than five years	**140**	230
	324	800

33. **Commitments** (continued)

(b) Operating lease commitments – where a group company is a lessee (continued)

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 expiring on 30 June 2009. The annual rent paid in 2005 amounted to $97,305 (2004: $88,463) after rebates.

(ii) Lease of a 20,147-square metre plot of land at 42 Pandan Road for 25 years expiring on 18 October 2009. 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 2005 amounted to $290,540 (2004: $283,674) after rebates.

(iii) Lease of a 2.6-hectare plot of land at 21 Ayer Merbau Road, Jurong Island for 30 years expiring on 15 April 2030 with an option to extend for a further term of 30 years subject to meeting certain conditions set out by JTC. 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 2005 amounted to $341,950 (2004: $332,867) after rebates.

(iv) Lease of a 3-hectare plot of land at 23 Ayer Merbau Road, Jurong Island for approximately 26 years expiring on 15 April 2030. 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 2005 amounted to $392,400 (2004: $217,500).

(v) Lease of a 4,914-square metre plot of land at Lot A0409802, Jurong Island for approximately 25 years expiring on 15 April 2030. 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 2005 amounted to $64,275 (2004: $5,765).

(c) Sub-lease receivables – where a group company is a lessor

The Group leases storage space in warehouses under both cancellable and non-cancellable operating lease agreements. The lessees are required to give at least three months notice for the termination of the cancellable lease agreements.

The future minimum 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	
	2005	2004
	$'000	$'000
Not later than one year	**493**	759
Later than one year but not later than five years	**234**	862
	727	1,621

In addition to the above, the Company has entered into an agreement to construct and lease a tank cleaning terminal (Note 21) to a third party for approximately 10 years expiring on 30 June 2014 ("initial lease term") with an option to the lessee to extend for a further term of 10 years ("extended lease term"). Based on the lease agreement, annual rent during the initial lease term increases at a rate of approximately 3% per year. Rent during the extended lease term is charged at a flat rate. Rental income is recognised on a straight-line basis over the lease term. See Note 25 for lease payments received and rental income recognised during the financial year.

34. Financial risk management

Financial risk factors

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

(i) Interest rate risk

The Group'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 borrowings 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 borrowings.

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

The Group

	Variable rates	Fixed rates		
	Within 6 months	Within 1 year	1 to 5 years	Total
	$'000	$'000	$'000	$'000
At 31 December 2005				
Assets				
Short term bank deposits	–	4,002	–	4,002
Liabilities				
Borrowings	25,010	470	270	25,750
At 31 December 2004				
Liabilities				
Borrowings	22,510	715	496	23,721

The Company

	Variable rates	Fixed rates		
	Within 6 months	Within 1 year	1 to 5 years	Total
	$'000	$'000	$'000	$'000
At 31 December 2005				
Assets				
Short term bank deposits	–	4,002	–	4,002
Non-trade receivables from subsidiary	2,074	–	–	2,074
	2,074	4,002	–	6,076
Liabilities				
Borrowings	24,877	139	37	25,053
At 31 December 2004				
Liabilities				
Borrowings	21,750	298	175	22,223

34. Financial risk management (continued)

(ii) Credit risk

The Group has no significant cencentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(iii) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash and having an adequate amount of committed credit facilities to finance the Group's operations.

(iv) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases of certain trading products that are denominated in United States Dollar. The Group uses natural hedging opportunities like denominating the liabilities or costs in the same currency as the assets or revenue when there are currency exposures in the transactions whenever practicable.

35. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2005	2004
	$'000	$'000
Income		
Sale of diesel and maintenance services provided to a related party	**6**	4
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
– An associated company	**158**	166
– Related parties	**338**	414
Rental income from related party	**12**	12
Expenditure		
Freight charges by related party	**116**	92
Rental charged by a related party	**8**	10

35. Related party transactions (continued)

(a) Sales and purchases of goods and services (continued)

The related parties are companies in which the directors or major shareholders of the Company have significant influence or interests.

(b) Payments made on behalf of subsidiaries by the Company

Payments made on behalf of subsidiaries by the Company in their normal course of business which were subsequently reimbursed amounted to $696,000 (2004: $197,000).

(c) Key management personnel compensation

	The Group	
	2005	2004
	$'000	$'000
Directors' fees	**190**	190
Salaries and other short-term employee benefits	**2116**	1,845
Post-employment benefits – contribution to CPF	**115**	114
	2,421	2,149

Included in above is total compensation to directors of the Company amounting to $1,564,000 (2004: $1,357,000). The number of directors of the Company in remuneration bands is as follows:

	2005	2004
$500,000 and above	**1**	–
$250,000 to $499,999	**–**	1
Below $250,000	**6**	6
Total	**7**	7

36. Segment information

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

Financial year ended 31 December 2005	Transportation and bulk cargo	Warehousing	Trading	Leasing	Elimination	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Sales						
– External sales	48,536	7,543	12,954	606	–	69,639
– Inter-segment sales	57	29	1,876	–	(1,962)	–
	48,593	7,572	14,830	606	(1,962)	69,639
Segment results	2,295	1,012	485	255	–	4,047
Finance costs						(910)
Fair value gains on derivative instruments						329
Interest income						30
Investment income						1
Share of results of associated and joint venture companies						255
Profit before income tax						3,752
Income tax expense						(718)
Profit after income tax						3,034
Segment assets	34,979	26,808	4,804	6,940	–	73,531
Investments in associated and joint venture companies						478
Unallocated assets						7,228
Consolidated total assets						81,237
Segment liabilities	4,272	358	1,244	479		6,353
Unallocated liabilities						33,697
Consolidated total liabilities						40,050
Other segment items						
Capital expenditure						
– property, plant and equipment	3,942	263	1,138	911		6,254
– goodwill	–	–	250	–		250
Depreciation	3,985	1,549	175	270		5,979

36. Segment information (continued)

Financial year ended 31 December 2005	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 results	2,402	529	288	–	–	3,219
Finance costs						(689)
Interest income						20
Investment income						21
Share of results of associated and joint venture companies						121
Profit before income tax						2,692
Income tax expense						(293)
Profit after income tax						2,399
Segment assets	35,707	28,182	1,210	6,276	–	71,375
Investments in associated and joint venture 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						
– property, plant and equipment	6,415	237	124	6,276	–	13,052
Depreciation	3,640	1,512	104	–	–	5,256
Amortisation	–	–	63	–	–	63

36. Segment information (continued)

At 31 December 2005, the Group is organised into 4 main business segments:

– Transportation and bulk cargo – Provision of land transportation and stevedoring services and hiring out of equipment.

– Warehousing – Provision of warehousing and drumming services.

– Trading – Trading of bitumen, chemical products, diesel and liquefied petroleum gas

– Leasing – Lease of investment property to third parties.

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 and cash. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and borrowings. Capital expenditure comprises additions to property, plant and equipment and goodwill, including those acquired through business combinations.

37. Event occurring after balance sheet date

On 26 January 2006, the Company registered a new wholly-owned subsidiary in the People's Republic of China, Poh Tiong Choon Logistics (Shanghai) Limited, for the purpose of carrying out freight forwarding services. The proposed registered capital of the subsidiary is US$2 million (equivalent to approximately S$3.3 million).

38. New accounting standards and FRS interpretations

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006. The Group does not expect that adoption of these accounting standards and interpretations will have a material impact on the Group's financial statements.

39. 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 13 March 2006.

Corporate Governance Report

For the financial year ended 31 December 2005

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:

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

Details of the Directors are set out on Pages 9 and 10

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 2005 is as follows:

Directors	Board		Audit	
	No. of Meetings	Attendance	No. of Meetings	Attendance
Poh Choon Ann	2	2		
Poh Kay Ping	2	2		
Poh Khim Hong	2	2	2	2
Poh Kay Yong	2	2		
Poh Key Boon	2	2		
Lew Syn Pau	2	2	2	2
Hong Hai	2	2	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 the operations of the Company. However, the Nominating Committee will continue to assess the need for more Independent Directors and make recommendations to the Board when appropriate.

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 the 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	29 April 2005
Poh Kay Yong	Executive Director, Corporate Services	12 January 1999	29 April 2005
Poh Key Boon	Executive Director, Transportation & Warehousing	12 January 1999	30 April 2004
Lew Syn Pau	Director (Independent Non-executive)	15 April 1999	29 April 2005
Hong Hai	Director (Independent Non-executive)	26 June 2000	23 May 2003

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 an appropriate executive compensation packages for Executive Directors and senior executives of the Group that will attract, retain and motivate them to run the Company successfully. All recommendations by the RC will be made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

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

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

The Independent 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 an update 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 performance, positions and prospects.

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 9 and 10).

The AC meets periodically or 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 2005, 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.

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

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.

Disclosure of remuneration

Principle 9 – Disclosure of remuneration

The breakdown of the annual remuneration of the directors for FY 2005 is as follows:

Directors

Remuneration Band	Fee * (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
S$500,000 and above					
Poh Choon Ann	7	50	34	9	100
Below S$250,000					
Poh Kay Ping	9	75	13	3	100
Poh Khim Hong	11	73	13	3	100
Poh Kay Yong	9	76	13	2	100
Poh Key Boon	9	76	13	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.

Executive who is an immediate family member of a Director or CEO

One of the executives whose remuneration falls within S$150,000 to S$250,000 for FY 2005 is a brother of an Executive Director as well as a director and shareholder of a company which is a substantial shareholder of the Company.

The Board has not included an annual remuneration report for 2005 (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 approve any significant remuneration policy.

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 shareholders' 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 2005, there were no interested person transactions ("IPTs") as defined under Chapter 9 of the SGX-ST Listing Manual.

The IPTs as disclosed in Note 35 on Page 70 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.

Dealings in Securities

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

Risk management policies and processes

The risk management policies and processes of the Company may be 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 (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 focus on petrochemical industry where safety is an important factor besides pricing.

Dependence on the petrochemical industry

The Group mainly provides logistics services to the petrochemical industry in Singapore. For FY 2005, the petrochemical industry contributed about 47% of the Group's business. To manage this risk, the Company intends to limit its exposure to the petrochemical industry to below 60%.

Dependence on major customers

To avoid over dependence 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 one customer in the petrochemical industry contributed 12% of the Group revenue in FY 2005. This customer has 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 ensure 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 9 to 11 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 would impair our earnings.

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

Financial Risks

These are set out in Note 34 on page 69 of the Annual Report.

Shareholding Statistics

As at 15 March 2006

Issued and Fully Paid-up	–	$21,578,700
Class of Shares	–	Ordinary shares
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	3,210	71.07	14,694,000	6.81
10,001 – 1,000,000	1,287	28.49	72,921,000	33.79
1,000,001 and above	20	0.44	128,172,000	59.40
Total	4,517	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	20,686,000	9.59
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 (Sinigapore) Pte Ltd	13,602,000	6.30
6	Goi Seng Hui	5,923,000	2.75
7	BNP Paribas Nominees Singapore Pte Ltd	5,705,000	2.64
8	KB Nominees Pte Ltd	4,800,000	2.22
9	UOB Kay Hian Pte Ltd	3,703,000	1.72
10	OCBC Securities Pte Ltd	2,977,000	1.38
11	Kim Eng Securities Pte Ltd	2,793,000	1.29
12	Kok Kim Chong Or Kok Xiu Hua	2,415,000	1.12
13	United Overseas Bank Nominees Pte Ltd	2,238,000	1.04
14	Tay Tho Bok	1,650,000	0.77
15	CIMB-GK Securities Pte Ltd	1,563,000	0.72
16	Hokiman Tjendera	1,453,000	0.67
17	DBS Nominees Pte Ltd	1,433,000	0.66
18	DBS Vickers Securities (Singapore) Pte Ltd	1,293,000	0.60
19	Ng Chit Tong Peter	1,200,000	0.56
20	OCBC Nominees Singapore Pte Ltd	1,060,000	0.49
		128,172,000	59.40

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 15 March 2006, 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 has been 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-Seventh Annual General Meeting of the Company will be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 28 April 2006 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2005. **Resolution 1**

2. To declare a final dividend of 5.0% or 0.50 cents per ordinary share less 20% income tax and a special dividend of 7.5 % or 0.75 cents per ordinary share less 20% income tax for the financial year ended 31 December 2005. **Resolution 2**

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

   (a) Mr Poh Kay Ping **Resolution 3**
   (b) Mr Poh Key Boon **Resolution 4**
   (c) Dr Hong Hai **Resolution 5**

   - Dr Hong Hai will, upon re-election as Director, continue to serve as a member of the Audit Committee and remain as Chairman 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 the proposed Directors' fees of S$190,000 for the financial year ended 31 December 2005 (2004: S$190,000). **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/or convertible securities to be issued pursuant to this Resolution does not exceed fifty per cent. of the issued shares in the capital of the Company, of which the aggregate number of shares and/or 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 shares in the capital of the Company, and for the purpose of determining the aggregate number of shares that may be issued under this Resolution, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of convertible securities or share options which are outstanding or subsisting at the time 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 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 Singapore Exchange Securities Trading Limited ("**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:

(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 10 per cent. of the number of issued ordinary shares of the Company as at the date of the passing of this Ordinary Resolution (excluding any Shares which are held as treasury shares as at that date); 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 (5) 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, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five (5) 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 Annual General Meeting of the Company held on 29 April 2005 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 number of shares not exceeding ten per cent. of the issued shares in the 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 2006

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, Tricor Barbinder Share Registration Services 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 AND DIVIDEND PAYMENT DATES

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 11 May 2006 for the preparation of dividend warrants. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services at 8 Cross Street #11-00, PwC Building, Singapore 048424 up to 5.00 p.m. on 10 May 2006 will be registered before entitlements to the dividends are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2006 will be entitled to the proposed dividends. The proposed dividends, if approved by members at the Annual General Meeting, will be paid on 22 May 2006

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 2005 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)				
and/or (delete as appropriate)				
(b)				

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 37th Annual General Meeting of the Company to be held at Albizia Room, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Friday, 28 April 2006 at 11.00 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 2005				
2	Declaration of final and special dividends of 0.50 cents and 0.75 cents per ordinary share respectively, both less 20% tax				
3	Re-election of Mr Poh Kay Ping as Director				
4	Re-election of Mr Poh Key Boon as Director				
5	Re-election of Dr Hong Hai 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 your vote "For" or "Against" with a ✓ within the box provided.

(b) Please indicate the number of votes as appropriate.

Dated this day of 2006

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, Tricor Barbinder Share Registration Services 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 Tricor Barbinder Share Registration Services
8 Cross Street #11-00
PwC Building
Singapore 048424

fold along this line (2)

Poh Tiong Choon Logistics Limited
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Email: sales@ptclogistics.com.sg
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