

Financial Report

For the financial year ended 31 December 2008



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Directors' Report

For the financial year ended 31 December 2008

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2008 and the balance sheet of the Company as at 31 December 2008.

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 shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At	At	At	At
	<u>31.12.2008</u>	<u>1.1.2008</u>	<u>31.12.2008</u>	<u>1.1.2008</u>
Company				
<i>(No. of ordinary shares)</i>				
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' Report

For the financial year ended 31 December 2008

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:

	<u>At</u> <u>31.12.2008</u>	<u>At</u> <u>1.1.2008</u>
PTC-Chien Li Transportation Pte Ltd		
- No. of ordinary shares	375,000	375,000
PTC-Xin Hua Transportation Pte Ltd		
- No. of ordinary shares	400,000	400,000
PTC Development Pte Ltd		
- No. of ordinary shares	82,000	82,000

(c) The directors' interests in the ordinary shares of the Company at 21 January 2009 were the same at 31 December 2008.

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 accompanying financial statements and in this report, and except that certain directors have employment relationships with the Company, and have received remuneration in those capacities.

SHARE OPTIONS

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

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

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

POH KAY YONG
Director
27 March 2009

POH KHIM HONG
Director

Statement by Directors

For the financial year ended 31 December 2008

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 23 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 as at 31 December 2008 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
27 March 2009

POH KHIM HONG
Director

Independent Auditor's Report

to The Members of Poh Tiong Choon Logistics Limited

We have audited the accompanying financial statements of Poh Tiong Choon Logistics Limited (the "Company") and its subsidiaries (the "Group") set out on pages 23 to 74, which comprise the balance sheets of the Company and of the Group as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

to The Members of Poh Tiong Choon Logistics Limited

OPINION

In our opinion,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of 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 2008 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 auditor, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 27 March 2009

Consolidated Income Statement

For the financial year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Revenue	4	109,123	90,563
Other gains - net	5	1,121	2,457
Expenses			
- Cost of inventories		(12,148)	(12,759)
- Depreciation of property, plant and equipment		(6,196)	(5,651)
- Depreciation of investment properties		(456)	(314)
- Employee compensation	6	(32,258)	(28,156)
- Insurance		(2,158)	(1,315)
- Rental on operating leases		(2,262)	(1,782)
- Sub-contracting costs		(19,660)	(14,911)
- Travelling and transportation		(835)	(807)
- Upkeep of commercial vehicles		(14,141)	(11,904)
- Finance	7	(927)	(1,145)
- Other		(7,552)	(5,726)
Total expenses		(98,593)	(84,470)
Share of results of joint ventures	16	318	98
Profit before income tax		11,969	8,648
Income tax expense	8	(1,890)	(982)
Net profit		10,079	7,666
Attributable to:			
Equity holders of the Company		9,622	7,151
Minority interests		457	515
		10,079	7,666
Earnings per share attributable to the equity holders of the Company			
- Basic	9	4.46 cents	3.31 cents
- Diluted	9	4.46 cents	3.31 cents

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

Balance Sheets

As at 31 December 2008

	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	10	11,223	8,843	9,074	4,603
Trade and other receivables	11	22,251	17,762	22,682	17,893
Inventories	12	13	81	-	-
Other current assets	13	2,763	2,166	1,780	1,302
		36,250	28,852	33,536	23,798
Non-current assets					
Financial assets, available-for-sale	14	8	85	8	85
Investment in associated company	15	987	293	987	293
Investments in joint ventures	16	655	347	983	793
Investments in subsidiaries	17	-	-	3,869	3,721
Property, plant and equipment	18	59,552	56,317	52,902	45,790
Investment properties	19	26,413	6,663	6,671	6,663
Intangible assets	20	250	456	-	-
Other non-current assets	21	59	59	16	16
		87,924	64,220	65,436	57,361
Total assets		124,174	93,072	98,972	81,159
LIABILITIES					
Current liabilities					
Trade and other payables	22	20,356	14,322	13,909	10,337
Current income tax liabilities	8	1,917	963	1,423	397
Borrowings	23	29,362	10,631	20,329	10,575
		51,635	25,916	35,661	21,309
Non-current liabilities					
Borrowings	23	15,359	16,626	14,530	16,552
Trade and other payables	22	1,988	1,572	1,988	1,572
Deferred income tax liabilities	25	5,331	4,898	4,815	4,324
		22,678	23,096	21,333	22,448
Total liabilities		74,313	49,012	56,994	43,757
NET ASSETS		49,861	44,060	41,978	37,402
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	26	30,244	30,244	30,244	30,244
Other reserves	27	173	(16)	4	23
Retained earnings	28	17,599	12,293	11,730	7,135
		48,016	42,521	41,978	37,402
Minority interests		1,845	1,539	-	-
Total equity		49,861	44,060	41,978	37,402

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2008

Note	← Attributable to equity holders of the Company →					
	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008						
Beginning of financial year	30,244	(16)	12,293	42,521	1,539	44,060
Financial assets, available-for-sale						
- Fair value loss	27(b)(i)	-	(19)	-	(19)	(19)
Currency translation differences	27(b)(ii)	-	208	-	208	208
Net income recognised directly in equity		-	189	-	189	189
Net profit		-	-	9,622	9,622	457
Total recognised income		-	189	9,622	9,811	457
Capital injection from minority shareholders		-	-	-	74	74
Dividends paid	29	-	-	(4,316)	(4,316)	(225)
End of financial year		30,244	173	17,599	48,016	1,845
						49,861
2007						
Beginning of financial year		30,244	(38)	9,566	39,772	1,162
Financial assets, available-for-sale						
- Fair value gain	27(b)(i)	-	11	-	11	11
Currency translation differences	27(b)(ii)	-	11	-	11	11
Net income recognised directly in equity		-	22	-	22	22
Net profit		-	-	7,151	7,151	515
Total recognised income		-	22	7,151	7,173	515
Capital injection from minority shareholders		-	-	-	87	87
Dividends paid	29	-	-	(4,424)	(4,424)	(225)
End of financial year		30,244	(16)	12,293	42,521	1,539
						44,060

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

Consolidated Cash Flow Statement

For the financial year ended 31 December 2008

	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Net profit		10,079	7,666
Adjustments for:			
- Depreciation of property, plant and equipment and investment properties		6,652	5,965
- Impairment of goodwill		206	200
- Gain on disposal of property, plant and equipment		(1,038)	(2,306)
- Income tax expense		1,890	982
- Interest expense		927	1,145
- Interest income		(21)	(58)
- Loss/(gain) on disposal of financial assets, available-for-sale		19	(16)
- Share of results of joint ventures		(318)	(98)
		<u>18,396</u>	<u>13,480</u>
Changes in working capital, net of effects from acquisition of subsidiaries			
- Trade and other receivables		(4,489)	(2,611)
- Inventories		68	34
- Other current assets		(597)	(432)
- Trade and other payables		1,748	5,120
Cash generated from operations		<u>15,126</u>	<u>15,591</u>
Income tax paid		(503)	(124)
Interest paid		(902)	(1,120)
Net cash provided by operating activities		<u>13,721</u>	<u>14,347</u>
Cash flows from investing activities			
Dividends received from a joint venture company		200	200
Acquisition of a joint venture		(190)	(5)
Acquisition of an associated company		(694)	(293)
Interest received		21	58
Proceeds from disposal of property, plant and equipment		2,137	7,759
Proceeds from disposal of financial assets, available-for-sale		39	40
Purchases of property, plant and equipment		(26,034)	(17,075)
Net cash used in investing activities		<u>(24,521)</u>	<u>(9,316)</u>
Cash flows from financing activities			
Dividends paid to equity holders of the Company		(4,316)	(4,424)
Dividends paid to minority interests		(225)	(225)
Proceeds from issue of shares to minority shareholders		74	87
Proceeds from borrowings		18,757	7,500
Proceeds from lease liabilities		2,131	-
Repayments of borrowings		(3,300)	(5,100)
Repayments of lease liabilities		(149)	(140)
Net cash provided by/(used in) financing activities		<u>12,972</u>	<u>(2,302)</u>
Net increase in cash and cash equivalents		<u>2,172</u>	<u>2,729</u>
Cash and cash equivalents at beginning of financial year		8,843	6,103
Effect of currency translation on cash and cash equivalents		208	11
Cash and cash equivalents at end of financial year	10	<u>11,223</u>	<u>8,843</u>

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

Notes to the Financial Statements

For the financial year ended 31 December 2008

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

1. General information

Poh Tiong Choon Logistics Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. 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, trading in liquefied petroleum gas, diesel, and bitumen and development of an industrial property for rental purposes.

2. Significant accounting policies

2.1 Basis of preparation

These 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 certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

There are no new or amended Standards and Interpretations effective in 2008 which are relevant to the Group.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Rendering of services

Revenue from rendering of services is recognised in 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.

(b) Sale of goods

Revenue from sale 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.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

(c) Rental income from investment properties

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

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

2.3 Group accounting

(a) Subsidiaries

Subsidiaries are entities over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority 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 dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Intangible assets – Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of 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 minorities' share of losses in a subsidiary exceeds its interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.3 Group Accounting (continued)

(a) Subsidiaries (continued)

Please refer to the paragraph “Investments in subsidiaries, associated and joint venture companies” for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group’s incremental share of the carrying value of identifiable net assets of the subsidiary.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at 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.

In applying the equity method of accounting, the Group’s share of its associated companies and joint ventures’ post-acquisition profits or losses are recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associated company or a joint venture equals or exceeds its interest in the associated company or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company and joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group’s interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies and joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Please refer to the paragraph “Investments in subsidiaries, associated companies and joint ventures” for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

(i) Properties under development

Properties under development are properties being constructed or developed for future rental. They are carried at cost less accumulated impairment losses until construction or development is completed, at which time they are transferred and accounted for as investment properties.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including borrowing costs incurred for the property under development. The projected cost of 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.

(b) Depreciation

Property under development and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
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

Properties on leasehold land are depreciated over the shorter of their useful lives of 50 years or the remaining term of the lease.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income statement when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

(d) Disposal

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

2.5 Intangible assets

Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable net assets and contingent liabilities of the acquired subsidiaries, associated companies and joint ventures at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained earnings in the year of acquisition and not recognised in the income statement on disposal.

2.6 Borrowing costs

Borrowing costs are recognised in the income statement using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investments of these borrowings, are capitalised in the cost of the property under development.

2.7 Investment properties

Investment properties include those portions of premises that are held for long-term rental yields and/or capital appreciation and are not occupied by the Group. Investment properties are treated as non-current investments and are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 20 to 60 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in the income statement when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.7 Investment properties (continued)

If an 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 property under development in property, plant and equipment until construction or development is completed, at which time it is reclassified and accounted for as investment property.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvements is charged to the income statement when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investment in subsidiaries, associated companies and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the income statement.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company and joint venture is tested for impairment as part of the investment, rather than separately.

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 arising from the business combination.

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

The total impairment loss of a CGU 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.

An impairment loss on goodwill is recognised in the income statement and is not reversed in a subsequent period.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

(b) *Property, plant and equipment*

Investment properties

Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, investment properties and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the recoverable amount is determined for the CGU to which the asset belongs.

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 difference between the carrying amount and recoverable amount is recognised as an impairment loss in the 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 asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated 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 income statement.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) *Financial assets, available-for-sale*

Financial assets, available-for-sale are non-derivatives that are 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.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets 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. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the income statement. Any amount in the fair value reserve relating to that asset is transferred to the income statement.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in the income statement. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve.

(e) 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 and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(e) Impairment (continued)

(ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement on debt securities. The impairment losses recognised in the income statement on equity securities are not reversed through the income statement.

2.11 Financial guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantee as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intragroup transactions are eliminated on consolidation.

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

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

2.13 Trade and other payables

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

2.14 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.15 Leases

(a) When the Group is the lessee:

The Group leases commercial vehicles under finance leases and certain property, plant and equipment and warehouses under operating leases from non-related parties.

(i) Lessee - Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as commercial vehicles and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the income statement on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating leases

Leases of certain property, plant and equipment and warehouses where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in the income statement on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the income statement when incurred.

(b) When the Group is the lessor:

The Group leases investment properties under operating leases to non-related parties.

Lessor - Operating leases

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the income statement on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in the income statement over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in the income statement when earned.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.18 Provisions

Provisions are recognised when the Group has a present 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 the amount has been reliably estimated.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the income statement as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the income statement when the changes arise.

2.19 Employee compensation

The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) 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.

2.20 Currency translation

(a) 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 financial statements are presented in Singapore Dollars.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Notes to the Financial Statements

For the financial year ended 31 December 2008

2. Significant accounting policies (continued)

2.20 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in the currency translation reserve.

2.21 Segment reporting

A business segment is a distinguishable component of the Group 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 a distinguishable component of the Group 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.

2.22 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand and short-term bank deposits with financial institutions.

2.23 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.24 Dividends

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Estimated impairment of non-financial assets

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

Notes to the Financial Statements

For the financial year ended 31 December 2008

3. Critical accounting estimates, assumptions and judgements (continued)

(a) *Estimated impairment of non-financial assets (continued)*

The recoverable amounts of these assets and where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 20).

(b) *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires management's judgement.

If any such indication exists, the recoverable amount of the assets is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value in use.

In determining the value in use of assets, the Group applies a discounted cash flow model where the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flow are estimated based on financial budgets and forecasts approved by the management.

Based on management's assessment, there is no indication of impairment as at the balance sheet date.

(c) *Useful lives and residual values of property, plant and equipment*

The Group reviews the appropriateness of the useful lives and residual values of property, plant and equipment at each balance sheet date. Changes in the expected level of usage and technological advancements could impact the economic useful lives and residual values of these assets. Where there is a material change in the useful lives and residual values of property, plant and equipment, such a change will impact the future depreciation charges in the financial period in which the change arises.

(d) *Impairment of trade receivables*

Management reviews its trade receivables for objective evidence of impairment on an ongoing basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. An allowance for impairment is established when there is objective evidence that the trade receivables have been impaired.

Impairment loss is determined based on the review of current status of the existing receivables and historical collections experience.

Notes to the Financial Statements

For the financial year ended 31 December 2008

4. Revenue

	Group	
	2008	2007
	\$'000	\$'000
Rendering of services	94,984	75,040
Sale of goods	13,482	14,405
Rental income from investment properties (Note 19)	657	1,118
Total revenue	<u>109,123</u>	<u>90,563</u>

5. Other gains - net

	Group	
	2008	2007
	\$'000	\$'000
Currency translation loss - net	(10)	(22)
Interest income	21	58
Gain on disposal of property, plant and equipment	1,038	2,306
(Loss)/gain on disposal of financial assets, available-for-sale	(19)	16
Others	91	99
	<u>1,121</u>	<u>2,457</u>

6. Employee compensation

	Group	
	2008	2007
	\$'000	\$'000
Wages and salaries	29,190	25,421
Employer's contribution to defined contribution plans including Central Provident Fund	3,068	2,735
	<u>32,258</u>	<u>28,156</u>

7. Finance expense

	Group	
	2008	2007
	\$'000	\$'000
Interest expense		
- Bank borrowings	899	1,125
- Finance lease liabilities	28	20
	<u>927</u>	<u>1,145</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

8. Income taxes

(a) Income tax expense

	Group	
	2008	2007
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	1,864	876
- Deferred income tax	450	204
	<u>2,314</u>	<u>1,080</u>
(Over)/under provision in preceding financial year:		
- Current income tax	(407)	2
- Deferred income tax	(17)	(100)
	<u>1,890</u>	<u>982</u>

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	2008	2007
	\$'000	\$'000
Profit before income tax	11,969	8,648
Tax calculated at a tax rate of 18% (2007: 18%)	2,154	1,557
Effects of		
- Changes in Singapore tax rate	-	(479)
- Different tax rates in other countries	(37)	(17)
- Expenses not deductible for tax purposes	115	164
- Income not subject to tax	-	(18)
- Statutory stepped income exemption	(108)	(138)
- Tax calculated on share of results of joint ventures	(57)	(18)
- Deferred tax assets not recognised	247	29
Tax charge	<u>2,314</u>	<u>1,080</u>

(b) Movements in current income tax liabilities

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year				
- Current income tax liabilities	963	214	397	-
- Tax recoverable	-	(5)	-	(5)
	<u>963</u>	<u>209</u>	<u>397</u>	<u>(5)</u>
Income tax (paid)/refunded	(503)	(124)	(342)	85
Tax expense	1,864	876	1,358	315
(Over)/under provision in preceding financial year	(407)	2	10	2
End of financial year	<u>1,917</u>	<u>963</u>	<u>1,423</u>	<u>397</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

9. 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.

	<u>Group</u>	
	2008	2007
Net profit attributable to equity holders of the Company (\$'000)	<u>9,622</u>	<u>7,151</u>
Weighted average number of ordinary shares in issue for basic and diluted earnings per share ('000)	<u>215,787</u>	<u>215,787</u>
Basic and diluted earnings per share (cents per share)	<u>4.46 cents 3.31 cents</u>	

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

10. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	10,223	4,443	8,074	2,603
Short-term bank deposits	<u>1,000</u>	<u>4,400</u>	<u>1,000</u>	<u>2,000</u>
	<u>11,223</u>	<u>8,843</u>	<u>9,074</u>	<u>4,603</u>

Short-term bank deposits at the balance sheet date have an average maturity of 1 month (2007: 1 month) from that date and have a weighted average effective interest rate of 0.69% (2007: 1.78%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2008

11. Trade and other receivables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables:				
- Non-related parties	22,376	17,709	19,233	13,972
- Joint ventures	25	143	25	143
- Related parties	150	202	150	202
Less: Allowance for impairment of receivables - Non-related parties	(344)	(379)	(15)	(5)
Trade receivables - net	<u>22,207</u>	<u>17,675</u>	<u>19,393</u>	<u>14,312</u>
Non-trade receivables:				
- Subsidiaries	-	-	3,900	4,251
Less: Allowance for impairment of receivables - subsidiaries	-	-	(636)	(704)
- Staff loans	44	87	25	34
	<u>22,251</u>	<u>17,762</u>	<u>22,682</u>	<u>17,893</u>

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

Included in non-trade receivables from subsidiaries is \$400,000 (2007: \$2,010,000) which is interest-bearing at 3.55% (2007: 3.57%) per annum, unsecured and is repayable on demand. The remaining non-trade receivables from subsidiaries are unsecured, interest-free and are repayable on demand.

12. Inventories

	Group	
	2008 \$'000	2007 \$'000
Finished goods	<u>13</u>	<u>81</u>

The cost of inventories recognised as an expense amounted to \$12,148,000 (2007: \$12,759,000).

13. Other current assets

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deposits	479	214	309	136
Prepayments	1,934	1,536	1,242	879
Other receivables	350	416	229	287
	<u>2,763</u>	<u>2,166</u>	<u>1,780</u>	<u>1,302</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

14. Financial assets, available-for-sale

	Group and Company	
	2008	2007
	\$'000	\$'000
Beginning of financial year	85	98
Fair value (loss)/gain recognised in fair value reserve [Note 27(b)(i)]	(19)	11
Disposals	(58)	(24)
End of financial year	<u>8</u>	<u>85</u>

Available-for-sale financial assets are analysed as follows:

	Group and Company	
	2008	2007
	\$'000	\$'000
Listed securities:		
- Equity securities - Singapore	8	27
Unlisted securities:		
- Equity securities - Singapore	-	58
	<u>8</u>	<u>85</u>

15. Investment in associated company

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Equity investment at cost			<u>987</u>	<u>293</u>
Beginning of financial year	293	-		
Capital injection during the financial year	694	293		
End of financial year	<u>987</u>	<u>293</u>		

The summarised financial information of the associated company is as follows:

- Assets	3,948	1,172
- Liabilities	-	-
- Revenue	-	-
- Net result	<u>-</u>	<u>-</u>

Details of the associated company is as follows:

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2008	2007
			%	%
Wujiang Zhongxin Logistics Consortium Co., Ltd *	Development of a bonded warehouse	People's Republic of China	25	25

* Audited by Wujiang Huazheng Certified Public Accountants Co., Ltd, People's Republic of China.

Notes to the Financial Statements

For the financial year ended 31 December 2008

16. Investments in joint ventures

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Equity investment at cost			883	878
Less: Dividends received from pre-acquisition reserves			(90)	(90)
			<u>793</u>	<u>788</u>
Acquisition of a new joint venture			190	5
			<u>983</u>	<u>793</u>
Beginning of financial year	347	444		
Acquisition of a new joint venture	190	5		
Share of results	318	98		
Dividends received, net of tax	(200)	(200)		
End of financial year	<u>655</u>	<u>347</u>		

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

	Group	
	2008 \$'000	2007 \$'000
Assets		
- Current assets	812	528
- Non-current assets	70	101
	<u>882</u>	<u>629</u>
Liabilities		
- Current liabilities	226	281
- Non-current liabilities	1	1
	<u>227</u>	<u>282</u>
Net assets	<u>655</u>	<u>347</u>

Details of the joint ventures are as follows:

	Group	
	2008 \$'000	2007 \$'000
Sales	2,059	2,009
Expenses	(1,686)	(1,904)
Profit before tax	373	105
Income tax	(55)	(7)
Profit after tax	<u>318</u>	<u>98</u>
Operating cash inflows	309	61
Investing cash (outflows)/inflows	(2)	76
Financing cash outflows	(10)	(130)
Total cash inflows	<u>297</u>	<u>7</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

16. Investments in joint ventures (continued)

Details of the joint ventures are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
			2008 %	2007 %
Stolt-PTC Chemicals Distribution Pte Ltd (formerly known as Stolt-PTC Bitubulk Pte Ltd) *	Distribution of liquid chemicals, lubricating oils and additives, and vegetable oils	Singapore	50.0	50.0
Hai Poh Terminals Pte Ltd **	Stevedoring and terminal operations	Singapore	50.0	50.0
PTC Logistics Mena L.L.C. #	Freight forwarding	Kingdom of Saudi Arabia	50.1	-

* Audited by PricewaterhouseCoopers LLP, Singapore.

** Audited by Lee Seng Chan & Co, Singapore.

This joint venture was incorporated during the current financial year and has not commenced operations since incorporation.

17. Investments in subsidiaries

	<u>Company</u>	
	2008 \$'000	2007 \$'000
<i>Equity investments at cost</i>		
Beginning of financial year	4,154	4,154
Additional investment in a subsidiary	686	-
	<u>4,840</u>	<u>4,154</u>
Less: Accumulated impairment losses	(971)	(433)
End of financial year	<u>3,869</u>	<u>3,721</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

17. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
			2008 %	2007 %
PTC-Chien Li Transportation Pte Ltd *	Land transportation, container services, equipment renting and general contracting	Singapore	75	75
PTC-Xin Hua Transportation Pte Ltd *	Land transportation, container services, equipment renting, general contracting and trading in liquefied petroleum gas	Singapore	80	80
Bitubulk Pte Ltd *	Trading in bitumen and diesel	Singapore	100	100
PTC Development Pte Ltd *	Development of an industrial property for rental purposes	Singapore	82	82
Delivery2home Pte Ltd *	Dormant	Singapore	100	100
Poh Tiong Choon Logistics (Shanghai) Ltd **	Cargo handling, warehousing and transportation services	People's Republic of China	100	100
PTC Express Pte Ltd *	Dormant	Singapore	100	100
Held by Poh Tiong Choon Logistics (Shanghai) Ltd				
PTC Yukuan Logistics (Shanghai) Co., Ltd **	Warehouse and transportation services	People's Republic of China	65	65

* Audited by PricewaterhouseCoopers LLP, Singapore.

** Audited by Shanghai LSC Certified Public Accountants Co., Ltd, People's Republic of China.

Notes to the Financial Statements

For the financial year ended 31 December 2008

18. Property, plant and equipment

Group

	Properties on leasehold land	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Property under development	Construction- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2008										
<i>Cost</i>										
Beginning of financial year	34,600	715	45,552	11,618	1,653	708	1,030	4,787	-	100,663
Additions	754	-	7,329	2,533	284	53	1,275	15,122	3,386	30,736
Disposals	-	-	(3,527)	(116)	(85)	(123)	(31)	-	-	(3,882)
Reclassified from/(to) investment properties (Note 19)	1,248	(715)	-	-	-	-	-	(19,909)	-	(19,376)
End of financial year	36,602	-	49,354	14,035	1,852	638	2,274	-	3,386	108,141
<i>Accumulated depreciation and accumulated impairment losses</i>										
Beginning of financial year	9,937	44	27,866	4,324	1,382	235	558	-	-	44,346
Depreciation charge	858	-	3,901	1,041	188	81	127	-	-	6,196
Disposals	-	-	(2,459)	(108)	(85)	(103)	(28)	-	-	(2,783)
Reclassified from/(to) investment properties (Note 19)	874	(44)	-	-	-	-	-	-	-	830
End of financial year	11,669	-	29,308	5,257	1,485	213	657	-	-	48,589
Net book value										
End of financial year	24,933	-	20,046	8,778	367	425	1,617	-	3,386	59,552

Notes to the Financial Statements

For the financial year ended 31 December 2008

18. Property, plant and equipment (continued)

Group

	Properties on leasehold land	Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings	Property under development	Leasehold land	Total
2007	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>										
Beginning of financial year	34,462	715	40,900	10,638	1,636	708	1,063	-	-	90,122
Additions	138	-	6,195	1,089	199	-	87	4,787	4,946	17,441
Reclassification	-	-	-	-	25	-	(25)	-	-	-
Disposals	-	-	(1,543)	(109)	(207)	-	(95)	-	(4,946)	(6,900)
End of financial year	34,600	715	45,552	11,618	1,653	708	1,030	4,787	-	100,663
<i>Accumulated depreciation and accumulated impairment losses</i>										
Beginning of financial year	9,147	37	25,350	3,551	1,357	153	547	-	-	40,142
Reclassification	-	-	-	-	2	-	(2)	-	-	-
Depreciation charge	790	7	3,600	871	196	82	105	-	-	5,651
Disposals	-	-	(1,084)	(98)	(173)	-	(92)	-	-	(1,447)
End of financial year	9,937	44	27,866	4,324	1,382	235	558	-	-	44,346
Net book value										
End of financial year	24,663	671	17,686	7,294	271	473	472	4,787	-	56,317

Notes to the Financial Statements

For the financial year ended 31 December 2008

18. Property, plant and equipment (continued)

Company

	Properties		Freehold office unit	Commercial vehicles	Machinery and equipment	Computer and accessories	Motor vehicles	Office equipment, furniture and fittings		Total
	Construction-in-progress	on leasehold land						\$'000	\$'000	
2008	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Cost</i>										
Beginning of financial year	-	34,600	715	33,264	10,901	1,523	708	811		82,522
Additions	3,386	2,388	-	5,119	2,033	199	53	17		13,195
Disposals	-	-	-	(2,560)	(25)	(85)	(123)	(27)		(2,820)
Reclassified from/(to) investment properties (Note 19)	-	1,248	(715)	-	-	-	-	-		533
End of financial year	3,386	38,236	-	35,823	12,909	1,637	638	801		93,430
<i>Accumulated depreciation and accumulated impairment losses</i>										
Beginning of financial year	-	9,937	44	20,929	3,867	1,300	235	420		36,732
Depreciation charge	-	875	-	2,720	969	166	81	77		4,888
Disposals	-	-	-	(1,682)	(25)	(85)	(103)	(27)		(1,922)
Reclassified from/(to) investment properties (Note 19)	-	874	(44)	-	-	-	-	-		830
End of financial year	-	11,686	-	21,967	4,811	1,381	213	470		40,528
Net book value										
End of financial year	3,386	26,550	-	13,856	8,098	256	425	331		52,902

Notes to the Financial Statements

For the financial year ended 31 December 2008

18. Property, plant and equipment (continued)

Company

	Properties on leasehold land	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
2007								
<i>Cost</i>								
Beginning of financial year	34,462	715	30,065	9,470	1,549	711	865	77,837
Additions	138	-	3,829	1,513	136	-	34	5,650
Reclassification	-	-	-	-	-	(3)	3	-
Disposals	-	-	(630)	(82)	(162)	-	(91)	(965)
End of financial year	<u>34,600</u>	<u>715</u>	<u>33,264</u>	<u>10,901</u>	<u>1,523</u>	<u>708</u>	<u>811</u>	<u>82,522</u>
<i>Accumulated depreciation and accumulated impairment losses</i>								
Beginning of financial year	9,147	37	19,036	3,217	1,296	153	434	33,320
Depreciation charge	790	7	2,510	732	166	82	77	4,364
Disposals	-	-	(617)	(82)	(162)	-	(91)	(952)
End of financial year	<u>9,937</u>	<u>44</u>	<u>20,929</u>	<u>3,867</u>	<u>1,300</u>	<u>235</u>	<u>420</u>	<u>36,732</u>
Net book value								
End of financial year	<u>24,663</u>	<u>671</u>	<u>12,335</u>	<u>7,034</u>	<u>223</u>	<u>473</u>	<u>391</u>	<u>45,790</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

18. Property, plant and equipment (continued)

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

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Commercial vehicles	2,672	220	1,279	-

(b) Details of the Group's properties on leasehold land are as follows:

<u>Location</u>	<u>Description/existing use</u>	<u>Tenure</u>
42 Pandan Road Singapore	Warehouse and office	Leasehold with 25 years lease and further extension of lease expiring on 18 October 2019
48 Pandan Road Singapore	Warehouse and office	Leasehold with 30 years lease and further extension of lease expiring on 30 June 2019
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
Lot A19360C 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
Lot A0409803 Ayer Merbau Road Jurong Island Singapore	Open storage yard	Leasehold with approximately 24 years lease expiring on 15 April 2030
Jalan Buroh, Annexe 5B Singapore	Open storage yard	Leasehold with 3 years lease expiring on 31 January 2009

(c) Borrowing costs of \$37,000 (2007: \$60,000), which arise on the financing specifically entered into for the development of property for future rental, are capitalised during the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2008

19. Investment properties

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cost				
Beginning of financial year	8,368	7,120	8,368	7,120
Transfer from property, plant and equipment	19,376	1,248	(533)	1,248
End of financial year	<u>27,744</u>	<u>8,368</u>	<u>7,835</u>	<u>8,368</u>
<i>Accumulated depreciation</i>				
Beginning of financial year	1,705	549	1,705	549
Depreciation charge	456	314	289	314
Transfer (to)/from property, plant and equipment	(830)	842	(830)	842
End of financial year	<u>1,331</u>	<u>1,705</u>	<u>1,164</u>	<u>1,705</u>
Net book value				
End of financial year	<u>26,413</u>	<u>6,663</u>	<u>6,671</u>	<u>6,663</u>

The Group's investment properties are as follows:

<u>Location</u>	<u>Description/existing use</u>	<u>Tenure</u>
23 Ayer Merbau Road Jurong Island Singapore	Tank cleaning terminal	Leasehold with 26 years lease expiring on 15 April 2030
#11-02 Realty Centre 15 Enggor Street Singapore	Office	Freehold
29 Tuas Bay Drive Singapore	Factory building with office space	Leasehold with 60 years lease expiring on 2 May 2067

The investment properties are valued annually at balance sheet date by an independent professional valuer on the basis of open market value for existing use as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
At valuation	<u>35,020</u>	<u>9,906</u>	<u>10,020</u>	<u>9,906</u>

It is the intention of the directors to hold the investment properties for the long-term. The investment properties are leased to non-related parties under operating leases [Note 30(c)].

An investment property with a net book amount of \$19,742,000 (2007: Nil) is mortgaged to secure bank loans (Note 23).

Notes to the Financial Statements

For the financial year ended 31 December 2008

19. Investment properties (continued)

The following amounts are recognised in the income statement:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Rental income (Note 4)	657	1,118	657	1,118
Direct operating expenses arising from investment properties that generated rental income	(293)	(384)	(293)	(384)
Property tax and other direct operating expenses arising from investment properties that did not generate rental income	(46)	(696)	-	(696)

20. Intangible assets

	Group	
	2008 \$'000	2007 \$'000
<u>Goodwill arising on consolidation</u>		
<i>Cost</i>		
Beginning and end of financial year	656	656
<i>Accumulated impairment</i>		
Beginning of financial year	200	-
Impairment charge	206	200
End of financial year	406	200
Net book value	250	456

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating unit ("CGU") in its trading segment (i.e. trading of diesel and liquefied petroleum gas) with operations carried out in Singapore.

The recoverable amount of a CGU is determined based on value-in-use. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used for value-in-use calculations:

	2008	2007
Gross margin ¹	6%	13%
Growth rate ²	0%	0%
Discount rate ³	8%	10%

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

Notes to the Financial Statements

For the financial year ended 31 December 2008

20. Intangible assets (continued)

These assumptions have been used for the analysis of the 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 rate used is pre-tax and reflect specific risks relating to the trading segment.

Management does not foresee any reasonable possible 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.

An impairment charge of \$206,000 (2007: \$200,000) is included within "other expenses" in the income statement. The impairment charge arises from the CGU in the Group's trading segment (i.e. trading of liquefied petroleum gas) as a result of reducing customer demand. The Group has also reassessed the useful lives of its property, plant and equipment and determined that no change in the useful lives was required.

21. Other non-current assets

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Club membership at cost	59	102	16	51
Less: Accumulated impairment loss	-	(43)	-	(35)
	<u>59</u>	<u>59</u>	<u>16</u>	<u>16</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

22. Trade and other payables

(a) Current

	<u>Group</u>		<u>Company</u>	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables:				
- Non-related parties	5,664	4,925	3,629	2,893
- Subsidiaries	-	-	3,992	2,473
- Related parties	30	21	30	21
	<u>5,694</u>	<u>4,946</u>	<u>7,651</u>	<u>5,387</u>
Rental deposits	3,020	2,725	464	169
Other accrual for operating expenses	5,281	4,865	4,646	3,817
Accruals for property, plant and equipment	4,702	366	498	223
Sundry creditors	1,659	1,420	650	741
	<u>20,356</u>	<u>14,322</u>	<u>13,909</u>	<u>10,337</u>

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

(b) Non-current

	<u>Group and Company</u>	
	2008 \$'000	2007 \$'000
Trade payables:		
- Non-related party	1,988	1,572

The carrying amounts of non-current trade payables approximated their fair values at the balance sheet date.

23. Borrowings

	<u>Group</u>		<u>Company</u>	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>Current</i>				
Bank borrowings	28,832	10,575	20,075	10,575
Finance lease liabilities (Note 24)	530	56	254	-
	<u>29,362</u>	<u>10,631</u>	<u>20,329</u>	<u>10,575</u>
<i>Non-current</i>				
Bank borrowings	13,777	16,552	13,777	16,552
Finance lease liabilities (Note 24)	1,582	74	753	-
	<u>15,359</u>	<u>16,626</u>	<u>14,530</u>	<u>16,552</u>
Total borrowings	<u>44,721</u>	<u>27,257</u>	<u>34,859</u>	<u>27,127</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

23. Borrowings (continued)

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Not later than one year	29,362	10,631	20,329	10,575
Between one and five years	15,359	16,626	14,530	16,552
	44,721	27,257	34,859	27,127

(a) Security granted

At the balance sheet date, finance lease liabilities of the Group and the Company amounting to \$2,112,000 (2007: \$130,000) and \$1,007,000 (2007: \$Nil) respectively are secured by the rights to the leased commercial vehicles and motor vehicles [Note 18(a)], which will revert to the lessor in the event of default by the Group and the Company.

Bank borrowings of a subsidiary amounting to \$8,757,000 (2007: Nil) is secured by legal mortgage over an investment property (Note 19).

All other bank borrowings are unsecured.

(b) Currency and interest rate risks

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

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Finance lease liabilities	4.5	6.1	4.4	-
Bank borrowings	2.9	4.3	3.0	4.3

The exposure of current and non-current borrowings to interest rate risks is disclosed in Note 31(a)(iii).

Notes to the Financial Statements

For the financial year ended 31 December 2008

23. Borrowings (continued)

(c) Carrying amounts and fair value

The carrying amounts of bank borrowings approximated their fair values. The carrying amounts and fair values of finance lease liabilities were as follows:

Group

	<u>Carrying amounts</u>		<u>Fair values</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current (Note 24)	530	56	530	56
Non-current (Note 24)	1,582	74	1,582	74

Company

	<u>Carrying amounts</u>		<u>Fair values</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current (Note 24)	254	-	254	-
Non-current (Note 24)	753	-	753	-

The fair values were determined from discounted cash flow analyses, using a discount upon the borrowing rates which the directors expected to be available to the Group at the balance sheet date.

24. Finance lease liabilities

The Group leases certain commercial vehicles from non-related parties under finance leases.

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Minimum lease payments due:				
- Not later than one year	602	63	294	-
- Between one and five years	1,719	85	802	-
	2,321	148	1,096	-
Less: Future finance charges	(209)	(18)	(89)	-
Present value of finance lease liabilities	2,112	130	1,007	-

The present value of finance lease liabilities is analysed as follows:

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
- Not later than one year (Note 23)	530	56	254	-
- Between one and five years (Note 23)	1,582	74	753	-
Total	2,112	130	1,007	-

Notes to the Financial Statements

For the financial year ended 31 December 2008

25. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset 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:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred income tax liabilities:				
- To be settled after one year	5,331	4,898	4,815	4,324

Movement in deferred income tax account is as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Beginning of financial year	4,898	4,794	4,324	4,122
Tax charge to income statement	433	104	491	202
End of financial year	5,331	4,898	4,815	4,324

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

Group

Deferred income tax liabilities

	Accelerated tax depreciation	
	2008 \$'000	2007 \$'000
Beginning of financial year	4,898	4,794
Effect of change in Singapore tax rate	-	(479)
Charged to income statement	433	583
End of financial year	5,331	4,898

Company

Deferred income tax liabilities

	Accelerated tax depreciation	
	2008 \$'000	2007 \$'000
Beginning of financial year	4,324	4,122
Effect of change in Singapore tax rate	-	(412)
Charged to income statement	491	614
End of financial year	4,815	4,324

Notes to the Financial Statements

For the financial year ended 31 December 2008

25. Deferred income taxes (continued)

The Group's and the Company's current and deferred tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at balance sheet date. On 22 January 2009, the Singapore Minister of Finance announced a reduction in corporate tax rate from 18% to 17% with effect from year of assessment 2010. The Group's and the Company's current and deferred tax expense for the current financial year have not taken into consideration the effect of the reduction in the corporate tax rate, which will be accounted for in the Group's and the Company's current and deferred tax expense in the year ending 31 December 2009. The Group's and Company's deferred tax liabilities as of 31 December 2008 will be reduced by approximately \$297,000 and \$267,000 respectively when the new corporate tax rate of 17% is applied.

26. Share capital

The Company's share capital comprises fully paid-up 215,787,000 (2007: 215,787,000) ordinary shares with no par value, amounting to a total of \$30,244,000 (2007: \$30,244,000).

27. Other reserves

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
(a) <u>Composition:</u>				
Fair value reserve	4	23	4	23
Currency translation reserve	169	(39)	-	-
	173	(16)	4	23
(b) <u>Movements:</u>				
(i) <u>Fair value reserve</u>				
			<u>Group and Company</u>	
			2008	2007
			\$'000	\$'000
Beginning of financial year			23	12
Fair value (loss)/gain on financial assets, available-for-sale (Note 14)			(19)	11
End of the financial year			4	23
(ii) <u>Currency translation reserves</u>				
			<u>Group</u>	
			2008	2007
			\$'000	\$'000
Beginning of financial year			(39)	(50)
Currency translation differences of financial statements of foreign subsidiary			208	11
End of the financial year			169	(39)

Notes to the Financial Statements

For the financial year ended 31 December 2008

28. Retained earnings

(a) Retained earnings of the Group are distributable except for retained earnings of the joint ventures amounting to \$33,000 (2007: Nil). Retained earnings of the Company are distributable.

(b) Movement in retained profits for the Company is as follows:

	Company	
	2008	2007
	\$'000	\$'000
Beginning of financial year	7,135	5,837
Net profit	8,911	5,722
Dividends paid (Note 29)	(4,316)	(4,424)
End of financial year	<u>11,730</u>	<u>7,135</u>

29. Dividends

	Group and Company	
	2008	2007
	\$'000	\$'000
<i>Ordinary dividends paid or proposed</i>		
Final exempt dividend of 1.25 cents (2007: 1 cent net of tax at 18%) per share	2,697	1,770
Special exempt dividend of Nil (2007: 1.25 cents net of tax at 18%) per share	-	2,212
Interim exempt dividend of 0.75 cents (2007: 0.25 cents net of tax at 18%) per share	1,619	442
	<u>4,316</u>	<u>4,424</u>

At the Annual General Meeting on 30 April 2009, a final exempt dividend of 1.55 cents per share amounting to a total of \$3,345,000 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 2009.

Notes to the Financial Statements

For the financial year ended 31 December 2008

30. Commitments

(a) Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Commitments for capital expenditure not provided for in the financial statements in respect of contracts placed for property, plant and equipment	687	15,410	687	442
Commitments in respect of additional equity investment in an associated company	-	682	-	682
	687	16,092	687	1,124

(b) Operating lease commitments - where the group is a lessee

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

	<u>Group and Company</u>	
	2008	2007
	\$'000	\$'000
Not later than one year	1,478	1,884
Between one and five years	5,132	4,992
Later than five years	15,316	15,877
	21,926	22,753

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

The Group leases storage space in warehouses under both cancellable and non-cancellable operating lease agreements. The lessees have varying terms, escalation clauses and renewal rights.

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

	<u>Group and Company</u>	
	2008	2007
	\$'000	\$'000
Not later than one year	1,237	1,368
Between one and five years	4,726	4,597
Later than five years	617	1,834
	6,580	7,799

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including interest rate, currency, market, credit, liquidity and capital risks. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. Risk management is carried out under policies approved by the Board of Directors. The policies for managing each of these risks are summarised below.

(a) Market risk

(i) *Currency risk*

Currency risk arises when transactions are denominated in foreign currencies. The Group is exposed to foreign currency translation risk on sales and purchases of certain trading products that are denominated in United States Dollar ("USD") and Chinese Renminbi ("RMB"). The Group seeks to match its liabilities or costs in the same currency as the assets or revenue when there are currency exposures in the transactions whenever practicable.

The Group's currency exposure is as follows:

	SGD	USD	RMB	Total
	\$'000	\$'000	\$'000	\$'000
2008				
Financial assets				
Cash and cash equivalents	9,796	127	1,300	11,223
Financial assets, available-for-sale	8	-	-	8
Trade and other receivables	20,895	24	1,332	22,251
Other financial assets	727	-	102	829
	<u>31,426</u>	<u>151</u>	<u>2,734</u>	<u>34,311</u>
Financial liabilities				
Trade and other payables	(21,316)	(14)	(1,014)	(22,344)
Borrowings	(44,721)	-	-	(44,721)
	<u>(66,037)</u>	<u>(14)</u>	<u>(1,014)</u>	<u>(67,065)</u>
Net financial (liabilities)/assets	(34,611)	137	1,720	<u>(32,754)</u>
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	34,611	-	(1,720)	
Currency exposure	<u>-</u>	<u>137</u>	<u>-</u>	

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	USD	RMB	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2007					
Financial assets					
Cash and cash equivalents	7,935	90	818	-	8,843
Financial assets, available-for-sale	85	-	-	-	85
Trade and other receivables	16,443	235	1,084	-	17,762
Other financial assets	568	-	62	-	630
	<u>25,031</u>	<u>325</u>	<u>1,964</u>	<u>-</u>	<u>27,320</u>
Financial liabilities					
Trade and other payables	(15,648)	(45)	(200)	(1)	(15,894)
Borrowings	(27,257)	-	-	-	(27,257)
	<u>(42,905)</u>	<u>(45)</u>	<u>(200)</u>	<u>(1)</u>	<u>(43,151)</u>
Net financial (liabilities)/assets	<u>(17,874)</u>	<u>280</u>	<u>1,764</u>	<u>(1)</u>	<u>(15,831)</u>
Less: Net financial liabilities/(assets) denominated in the respective entities functional currencies	17,874	-	(1,764)	-	
Currency exposure	<u>-</u>	<u>280</u>	<u>-</u>	<u>(1)</u>	

The Company's currency exposure is as follows:

	SGD	USD	Total
	\$'000	\$'000	\$'000
2008			
Financial assets			
Cash and cash equivalents	9,006	68	9,074
Financial assets, available-for-sale	8	-	8
Trade and other receivables	22,596	86	22,682
Other financial assets	538	-	538
	<u>32,148</u>	<u>154</u>	<u>32,302</u>
Financial liabilities			
Trade and other payables	(15,883)	(14)	(15,897)
Borrowings	(34,859)	-	(34,859)
	<u>(50,742)</u>	<u>(14)</u>	<u>(50,756)</u>
Net financial (liabilities)/assets	<u>(18,594)</u>	<u>140</u>	<u>(18,454)</u>
Less: Net financial liabilities denominated in the functional currency	18,594	-	
Currency exposure	<u>-</u>	<u>140</u>	

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	USD	Other	Total
	\$'000	\$'000	\$'000	\$'000
2007				
Financial assets				
Cash and cash equivalents	4,520	83	-	4,603
Financial assets, available-for-sale	85	-	-	85
Trade and other receivables	17,726	167	-	17,893
Other financial assets	423	-	-	423
	<u>22,754</u>	<u>250</u>	<u>-</u>	<u>23,004</u>
Financial liabilities				
Trade and other payables	(11,901)	(7)	(1)	(11,909)
Borrowings	(27,127)	-	-	(27,127)
	<u>(39,028)</u>	<u>(7)</u>	<u>(1)</u>	<u>(39,036)</u>
Net financial (liabilities)/assets	(16,274)	243	(1)	<u>(16,032)</u>
Less: Net financial liabilities denominated in the functional currency	16,274	-	-	
Currency exposure	<u>-</u>	<u>243</u>	<u>(1)</u>	

If the USD and RMB change against the SGD by 6% (2007: 5%) and 3% (2007: 2%) respectively with all other variables including tax rates being held constant, the effects arising from the net financial liabilities/assets position will not be material.

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale financial assets. These securities are listed in Singapore and the Group do not expect the changes in price risk would have significant impact to the Group. The Group is not exposed to commodity price risk.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's and the Company's interest rate risk arise mainly from borrowings. Bank borrowings with variable interest rates expose the Group and the Company to cash flow interest rate risk, while finance lease liabilities with fixed interest rates expose the Group and the Company to fair value interest rate risk.

The Group's and Company's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD. If the SGD interest rates increase/decrease by 1.0% (2007: 0.5%) with all other variables including tax rates being held constant, the profit after tax will be lower/higher by \$350,000 (2007: \$112,000) and \$278,000 (2007: \$112,000) respectively as a result of higher/lower interest expense on these borrowings.

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	<u>Group and Company</u>	
	2008	2007
	\$'000	\$'000
Corporate guarantees provided to banks on subsidiaries' loans	11,040	-

The credit risk for trade receivables is as follows:

	<u>Group</u>		<u>Company</u>	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
<u>By business segment</u>				
Transportation and bulk cargo	19,095	13,874	17,569	12,767
Warehousing	1,806	1,528	1,806	1,528
Trading	999	1,910	-	-
Leasing	307	363	18	17
	22,207	17,675	19,393	14,312

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with reputable financial institutions. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Past due < 1 month	6,704	6,271	6,596	5,460
Past due 1 to 3 months	3,259	1,836	3,073	1,448
Past due over 3 months	649	474	556	314
	10,612	8,581	10,225	7,222

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Gross amount	344	379	15	5
Less: Allowance for impairment	(344)	(379)	(15)	(5)
	-	-	-	-
Beginning of financial year	379	217	5	5
Allowance made	10	182	10	-
Allowance utilised	(45)	(20)	-	-
End of financial year	344	379	15	5

The impaired trade receivables arise mainly from potential uncollectible balances.

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(c) Liquidity risk

The Group and the Company manage the liquidity risk by maintaining sufficient cash and having adequate amount of committed credit facilities sufficient to finance its operational requirements.

The table below analyses the maturity profile of the financial liabilities of the Group's and Company based on contractual undiscounted cash flows.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<u>Group</u>				
2008				
Trade and other payables	20,356	-	-	1,988
Borrowings	30,072	14,680	1,085	-
	50,428	14,680	1,085	1,988
2007				
Trade and other payables	14,322	-	-	1,572
Borrowings	11,249	3,322	14,167	-
	25,571	3,322	14,167	1,572
<u>Company</u>				
2008				
Trade and other payables	13,909	-	-	1,988
Borrowings	20,993	14,451	487	-
	34,902	14,451	487	1,988
2007				
Trade and other payables	10,337	-	-	1,572
Borrowings	11,193	3,266	14,149	-
	21,530	3,266	14,149	1,572

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

Management monitors capital based on a gearing ratio. The Group and the Company are also required by the banks to maintain a gearing ratio of not exceeding 200% (2007: 200%). The Group's and Company's strategies, which were unchanged from 2007, are to maintain gearing ratios of less than 100%.

Notes to the Financial Statements

For the financial year ended 31 December 2008

31. Financial risk management (continued)

(d) Capital risk (continued)

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Net debt	55,842	34,308	41,682	34,433
Total equity	49,861	44,060	41,978	37,402
Total capital	105,703	78,368	83,660	71,835
Gearing ratio	53%	44%	50%	48%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2007 and 2008.

32. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2008	2007
	\$'000	\$'000
Sale of diesel and maintenance services provided to a related party	12	9
Hiring of commercial vehicles, machinery and equipment and transport services provided to:		
- Joint ventures	358	229
- Related parties	396	445
Rental income from a related party	12	12
Rendering of services to a related party	15	-
Freight charges made to related parties	110	78
Construction services provided by a related party	11,272	-

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

Outstanding balances at 31 December 2008, arising from sale/purchase of goods and services, are set out in Notes 11 and 22 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2008

32. Related party transactions (continued)

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	<u>Group</u>	
	2008	2007
	\$'000	\$'000
Directors' fees	244	244
Salaries and other short-term employee benefits	3,436	2,898
Post-employment benefits - contribution to CPF	142	132
	<u>3,822</u>	<u>3,274</u>

Included in the above total compensation to directors of the Company amounting to \$2,635,000 (2007: \$2,224,000).

33. Contingent liabilities

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries as follow:

	<u>Company</u>	
	2008	2007
	\$'000	\$'000
Unsecured guarantees given to financial institutions in connection with:		
- Finance lease facilities granted to a subsidiary	884	104
- Bank loans granted to a subsidiary	7,180	-
	<u>8,064</u>	<u>104</u>

Notes to the Financial Statements

For the financial year ended 31 December 2008

34. 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:

	Transportation and bulk cargo	Warehousing	Trading	Leasing	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Group</i>					
2008					
Sales					
- External sales	84,417	10,567	13,482	657	109,123
- Inter-segment sales	1	26	4,310	-	4,337
	84,418	10,593	17,792	657	113,460
Elimination					(4,337)
					109,123
Segment result	8,456	2,818	119	64	11,457
Other gains	1,056	1	56	8	1,121
Finance expense					(927)
Share of results of joint ventures					318
Profit before income tax					11,969
Income tax expense					(1,890)
Total profit					10,079
Other segment items					
Capital expenditure					
- Property, plant and equipment	15,406	195	13	-	15,614
- Investment properties	-	-	-	15,122	15,122
Depreciation					
- Property, plant and equipment	5,006	1,117	73	-	6,196
- Investment properties	-	-	-	456	456
Impairment of goodwill	-	-	206	-	206
Segment assets	58,701	24,655	2,070	26,397	111,823
Investments in associated companies and joint ventures					1,642
Unallocated assets					10,709
Consolidated total assets					124,174
Segment liabilities	7,191	596	540	8,912	17,239
Unallocated liabilities					57,074
Consolidated total liabilities					74,313

Notes to the Financial Statements

For the financial year ended 31 December 2008

34. Segment information (continued)

	Transportation and bulk cargo	Warehousing	Trading	Leasing	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Group</i>					
2007					
Sales					
- External sales	67,311	7,648	14,486	1,118	90,563
- Inter-segment sales	53	40	3,511	-	3,604
	<u>67,364</u>	<u>7,688</u>	<u>17,997</u>	<u>1,118</u>	<u>94,167</u>
Elimination					(3,604)
					<u>90,563</u>
Segment result	5,288	1,918	(242)	274	7,238
Other gains	363	4	163	1,927	2,457
Finance expense					(1,145)
Share of results of joint ventures					98
Profit before income tax					<u>8,648</u>
Income tax expense					(982)
Total profit					<u><u>7,666</u></u>
Other segment items					
Capital expenditure					
- Property, plant and equipment	7,524	98	86	9,733	17,441
Depreciation					
- Property, plant and equipment	4,328	1,133	190	-	5,651
- Investment properties	-	-	-	314	314
Impairment of goodwill	-	-	200	-	200
	<u>42,956</u>	<u>25,306</u>	<u>4,029</u>	<u>14,363</u>	<u>86,654</u>
Segment assets					
Investments in associated companies and joint ventures					640
Unallocated assets					5,778
Consolidated total assets					<u><u>93,072</u></u>
Segment liabilities	5,249	391	1,205	5,170	12,015
Unallocated liabilities					36,997
Consolidated total liabilities					<u><u>49,012</u></u>

At 31 December 2008, the Group is organised into four 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, diesel and liquefied petroleum gas.
- Leasing - Lease of investment properties to non-related parties.

Inter-segment transactions are recorded at their transacted price which is generally at fair value. Segment assets consist primarily of property, plant and equipment, intangible assets, receivables, inventories, other current assets and investment properties and exclude items such as tax recoverable and cash. Segment liabilities comprise operating liabilities and exclude income tax liabilities and borrowings. Capital expenditure comprises additions to property, plant and equipment.

Notes to the Financial Statements

For the financial year ended 31 December 2008

35. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

(a) FRS 1(R) *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2009)

The revised standard requires:

- All changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
- Components of comprehensive income not to be included in statement of changes in equity;
- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revisions also include changes in the titles of some of the financial statements primary statements.

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

(b) FRS 108 *Operating Segments* (effective for annual periods beginning on or after 1 January 2009)

FRS 108 supersedes FRS 14 *Segment Reporting* and requires the Group to report the financial performance of its operating segments based on the information used internally by management for evaluating segment performance and deciding on allocation of resources. Such information may be different from the information included in the financial statements, and the basis of its preparation and reconciliation to the amounts recognised in the financial statements shall be disclosed.

The Group will apply FRS 108 from 1 January 2009 and provide comparative information that conforms to the requirements of FRS 108. The Group does not expect that adoption of FRS 108 will have a material impact on the Group's financial statements.

(c) Revised FRS 23 *Borrowing Costs* (effective for annual periods beginning on or after 1 January 2009)

The revised standard removes the option to recognise immediately as an expense borrowing costs that are attributable to qualifying assets, except for those borrowing costs on qualifying assets that are measured at fair value or inventories that are manufactured or produced in large quantities on a repetitive basis.

The Group will apply the revised FRS 23 from 1 January 2009. As the Group has been capitalising the relevant borrowing costs, the revised standard is not expected to have any impact to the Group.

36. 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 27 March 2009.

Corporate Governance Report

For the financial year ended 31 December 2008

The Company continues to be committed to achieving high standards of corporate governance and conduct. It recognizes the importance of having in place a set of well-defined corporate governance processes to enhance corporate performance and accountability as well as to protect and enhance shareholder value.

This Report describes the Company's corporate governance practices and activities that were in place during the financial year ended 31 December 2008 ("FY 2008"), with reference to the principles and guidelines set out in the Code of Corporate Governance 2005 ("Code") as well as the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

"GL" refers to Guidelines in the Code.

Board of Directors

Principle 1 – The Board's Conduct of its Affairs

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	Member
Poh Kay Ping	Deputy CEO		Member	
Poh Khim Hong	Finance Director & CFO			
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 8 and 9

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 whereby all Directors participating in the meeting are able to communicate as a group, without requiring the Directors' physical presence at the meeting. All relevant information on material events and transactions are circulated to Directors as and when they arise.

Typically, any transactions that are significant relative to the financial position of the Group would require Board's approval.

Corporate Governance Report

For the financial year ended 31 December 2008

The attendance of each Director at Board meetings and Board Committee meetings during the financial year ended 31 December 2008 is as follows:

Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Poh Choon Ann	2	2			1	1	1	1
Poh Kay Ping	2	2						
Poh Khim Hong	2	2	2	2				
Poh Kay Yong	2	2						
Poh Key Boon	2	2						
Lew Syn Pau	2	2	2	2	1	1	1	1
Hong Hai	2	2	2	2	1	1	1	1

The attendance rate for the Board and Board Committee meetings is 100% and this demonstrates the commitment of the Board Members.

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.

A formal letter of appointment is provided to a Director upon his appointment, setting out his role, duties and obligations as a member of the Board.

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 the 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 GL 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.

Corporate Governance Report

For the financial year ended 31 December 2008

Principle 3 – Chairman and Chief Executive Officer

Mr. Poh Choon Ann, a substantial shareholder, is the Chairman and Chief Executive Officer (“CEO”). 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 GL 3.2.

Principle 4 – Board Membership

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 Chairman of the NC is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company.

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

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

Principle 5 – Board Performance

The Board and the NC have strived to ensure that Directors appointed to the Board possess the experience, knowledge and skills critical to the Group’s business to enable the Board to make sound and well-considered decisions.

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 2008
Poh Kay Ping	Deputy CEO	1 November 1994	28 April 2006
Poh Khim Hong	Finance Director	23 July 1986	30 April 2008
Poh Kay Yong	Executive Director, Corporate Services	12 January 1999	27 April 2007
Poh Key Boon	Executive Director, Transportation & Warehousing	12 January 1999	28 April 2006
Lew Syn Pau	Director (Independent Non-executive)	15 April 1999	27 April 2007
Hong Hai	Director (Independent Non-executive)	26 June 2000	30 April 2008

Corporate Governance Report

For the financial year ended 31 December 2008

Principle 6 – Access to Information

All Directors receive a set of Board papers prior to a Board meeting. This is generally issued to them at least five working days prior to the meeting in sufficient time to enable the Directors to obtain further explanations.

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.

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

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

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

The Independent Non-executive Directors do not have any service agreements with the Company. Except for Directors’ fees, which have to be approved by the shareholders at every AGM, the Independent Non-executive Directors do not receive any remuneration from the Company.

Other than the Chairman/CEO, all Executive Directors have no fixed appointment period and their employment can be terminated by giving three months’ notice by either party. In the case of the 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 10 – Accountability

The Executive Directors are provided with monthly management accounts within a reasonable time. All Directors are provided with semi-annual accounts and an update briefing on performance and outlook at each Board meeting.

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 periodical basis and when circumstances warrant regarding the Group’s performance, positions and prospects.

Corporate Governance Report

For the financial year ended 31 December 2008

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 & CFO who is an Executive Director.

As the Board comprises only two Independent Non-executive Directors, the Company is unable to comply with GL 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 8 and 9).

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 2008, given the nature and scope of the Group's business, the AC and the Board are satisfied that there are adequate internal controls in place 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.

Whistle-Blowing Policy

The Company and its subsidiaries have adopted a whistle-blowing policy and procedure, providing a confidential channel for reporting incidents of misconduct within the Group. The objective for such arrangements is to ensure independent investigation of such matters for appropriate follow-up action.

Corporate Governance Report

For the financial year ended 31 December 2008

Internal Audit

Principle 13 – Internal Audit

The internal audit function is outsourced to a consultancy firm which adopts a risk-based methodology to review the effectiveness of 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 on remuneration

Principle 9 – Disclosure of Directors' remuneration

The breakdown of the remuneration of the Directors in percentage (%) for FY 2008 is as follows:

Directors

Remuneration Band	Fee * (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
<u>S\$500,000 and above</u>					
Poh Choon Ann	4	28	63	5	100
<u>S\$250,000 to below S\$500,000</u>					
Poh Kay Ping	8	61	28	3	100
Poh Khim Hong	10	60	28	2	100
Poh Kay Yong	8	63	28	1	100
Poh Key Boon	8	64	27	1	100
<u>Below S\$250,000</u>					
Lew Syn Pau	100	-	-	-	100
Hong Hai	100	-	-	-	100

* Fees are subject to approval of shareholders at the AGM.

Key Executives

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

Executives who are immediate family members of a Director or CEO

There are four executives whose remuneration falls between S\$150,000 to S\$250,000 for FY 2008 who are brothers of an Executive Director as well as directors and shareholders of companies which are substantial shareholders of the Company.

The Board has not included an annual remuneration report for FY 2008 (as suggested by GL 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 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 AGM to approve any significant remuneration policy.

Corporate Governance Report

For the financial year ended 31 December 2008

Communication with shareholders

Principle 14 and 15 – Communication 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 out 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 external auditor is also present to address shareholders' queries on the conduct of the audit and the preparation and content of the auditor's report.

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 need not be a member of the Company.

The Company has not amended its Articles of Association to allow shareholders to appoint any number of proxies. Nevertheless, CPF investors who have duly submitted their requests to attend the Company's general meetings as observers can do so.

Voting in absentia by mail or electronic means has yet to be introduced because such voting methods will need to be carefully reviewed for feasibility to ensure no compromise to either the integrity of the information or proper authentication of the identity of the shareholders.

The minutes of general meetings prepared by the Company include substantial comments or queries from shareholders and responses from the Chairman, Board Members and Management.

Interested Person Transactions (Rule 907 of SGX-ST Listing Manual)

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 2008, there were no interested person transactions ("IPTs") as defined under Chapter 9 of the SGX-ST Listing Manual.

The related party transactions as disclosed in Note 32 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 (Rule 1207(18) of SGX-ST Listing Manual)

The Group has an internal code of conduct for Directors and officers on securities transactions when they are in possession of unpublished material or price-sensitive information in relation to the Company's securities. In accordance with the Group's internal code of conduct, Directors and officers are prohibited from dealing in the Company's securities during the period commencing one month before the date of announcement of the half-year and full year financial results and ending on the date of announcement of the relevant results. They are also advised to refrain from dealing in securities for short-term considerations.

Corporate Governance Report

For the financial year ended 31 December 2008

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 9002 certification) and our safety track record. Further, we opt for secured contracts, if possible, maintain close contacts with customers, offer a one-stop logistics service as well as focusing on petrochemical industry where safety is an important factor besides pricing.

Dependence on the petrochemical industry

The Group provides logistics services substantially to the petrochemical industry in Singapore. For FY 2008, the petrochemical industry contributed about 33% 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 being overly dependent on a single customer, the Group tries, wherever possible, to deal with reputable or multi-national companies and minimize its exposure to each customer to not more than 10% of revenue.

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

Dependence on key personnel

The success of the Group depends to a large extent on its Executive Directors and other key management personnel. More details on the Executive Directors and key management staff are set out on pages 8 to 10 of the Annual Report. Any loss of their services could negatively impact our business and operating results.

The Group manages this potential risk 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 and lorries in Singapore. Therefore, any significant adverse change in diesel prices would impair our earnings.

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

Financial Risks

These are set out in Note 31 on pages 64 to 70 of the Annual Report.

Shareholding Statistics

As at 16 March 2009

No. of Shares issued	-	215,787,000
Issued and Fully Paid-up Capital	-	\$30,243,700
Class of Shares	-	Ordinary shares
Voting Rights	-	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	-	-	-	-
1,000 – 10,000	2,850	65.99	13,442,000	6.23
10,001 – 1,000,000	1,452	33.62	81,404,000	37.72
1,000,001 and above	17	0.39	120,941,000	56.05
Total	4,319	100.00	215,787,000	100.00

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

Name	No. of Shares	%
1 Poh Sin Choon (Pte) Ltd	24,332,000	11.28
2 Hong Leong Finance Nominees Pte Ltd	20,870,000	9.67
3 UOB Nominees (2006) Pte Ltd	15,600,000	7.23
4 Mayban Nominees (S) Pte Ltd	13,978,000	6.48
5 Poh Choon Her Investment Pte Ltd	13,746,000	6.37
6 BNP Paribas Nominees Singapore Pte Ltd	6,504,000	3.01
7 Tay Tho Bok	4,827,000	2.24
8 KB Nominees Pte Ltd	4,800,000	2.22
9 United Overseas Bank Nominees Pte Ltd	3,111,000	1.44
10 Kok Kim Chong	2,400,000	1.11
11 Ang Jwee Heng	2,390,000	1.11
12 DBS Nominees Pte Ltd	1,694,000	0.79
13 Tan Ngak Buay	1,678,000	0.78
14 OCBC Nominees Singapore Private Ltd	1,382,000	0.64
15 UOB Kay Hian Pte Ltd	1,308,000	0.61
16 DBS Vickers Securities (Singapore) Pte Ltd	1,216,000	0.56
17 Kim Eng Securities Pte. Ltd.	1,105,000	0.51
18 Ong Kim Tat	989,000	0.46
19 Philip Securities Pte Ltd	884,000	0.41
20 Simon Seah Seow Kee	839,000	0.39
Total:	123,653,000	57.31

Shareholding Statistics

As at 16 March 2009

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

Name	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	96,000	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 16 March 2009, approximately 56.74% of the issued ordinary shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of the Company will be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 30 April 2009 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 2008 together with the Auditor's Report thereon. **Resolution 1**
2. To declare a final tax exempt (one-tier) dividend of 1.55 Singapore cents per ordinary share for the financial year ended 31 December 2008. **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**
4. To pass the following resolution under Section 153(6) of the Companies Act, Cap. 50:- **Resolution 5**

That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Poh Choon Ann be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company.
5. To approve Directors' fees of S\$244,000 for the financial year ended 31 December 2008 (2007: S\$244,000). **Resolution 6**
6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution: **Resolution 8**
 - (1) That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:
 - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

Notice of Annual General Meeting

- (2) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% (or 100% in the event of a pro-rata renounceable rights issue) of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (b) below;
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or sub-division of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (d) 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.

Notice of Annual General Meeting

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

Resolution 9

That:

- (1) for the purposes of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the exercise by the directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) 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) ("**Market Purchase**"), transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the ready market, through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or
- (b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST (the "**Listing Rules**") 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 pursuant to the Share Purchase Mandate may be exercised by the Directors 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 ("**AGM**") is held or required by law to be held;
- (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; or
- (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is the earliest;

- (3) in this Ordinary Resolution:

"**Maximum Limit**" means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Ordinary Resolution unless the Company has effected a reduction of the total number of issued shares of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued Shares shall be taken to be the amount of the issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time);

Notice of Annual General Meeting

“Relevant Period” means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Ordinary Resolution; and

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

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with Section 76C of the Companies Act, 120% of the Average Closing Price,

where:

“Average Closing Price” means the average of the closing market prices of a Share for the five consecutive Market Days (a **“Market Day”** being a day on which the SGX-ST is open for trading in securities) on which the Shares are transacted on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted in accordance with the Listing Rules for any corporate action which occurs after the relevant five-day period; and

- (4) the Directors 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.

ANY OTHER BUSINESS

- 9. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Koh Geok Hoon Judy (Ms)
Koh Ee Koon (Ms)
Company Secretaries

Singapore
15 April 2009

Notice of Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED

1. The proposed Ordinary Resolution 8, if passed, will empower the Directors from the date of this Annual General Meeting until the next Annual General Meeting, to allot and issue new shares and/or convertible securities in the Company up to a number not exceeding in total 50% (or 100% in the event of a pro-rata renounceable rights issue) of the issued shares excluding treasury shares in the capital of the Company for the time being for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders pursuant to this Resolution shall not exceed 20% of the issued shares excluding treasury shares in the capital of the Company for the time being. The percentage of issued shares shall be based on the total number of issued shares excluding treasury shares in the capital of the Company at the time the Ordinary Resolution is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards outstanding or subsisting at the time the Ordinary Resolution is passed and (b) any subsequent bonus issue or consolidation or subdivision of shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
2. The proposed Ordinary Resolution 9, if passed, will renew the authority given to the Directors at the AGM held on 30 April 2008 and will empower the Directors to purchase or otherwise acquire, from the date of this AGM to (a) the date on which the next AGM is held or required to be held; (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; or (c) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company's shareholders in a general meeting, whichever is the earliest, 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 are set out in the Letter to Shareholders enclosed with this Notice.

NOTES

- (a) Subject to note (b) below, 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) A member may not appoint the Poh Group or their concert parties (as defined in the Company's letter to shareholders in relation to the proposed renewal of the share purchase mandate dated 15 April 2009) as his proxy.
- (c) 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 13 May 2009 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 12 May 2009 will be registered before entitlements to the proposed final dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 May 2009 will be entitled to the proposed dividend. The proposed final dividend, if approved by members at the Annual General Meeting, will be paid on 26 May 2009.

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POH TIONG CHOON LOGISTICS LIMITED

(Incorporated in the Republic of Singapore)

Company Reg. No. 196900049H

IMPORTANT:

1. For Investors who have used their CPF moneys to buy shares of Poh Tiong Choon Logistics Limited, the Annual Report 2008 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

I/We, _____ NRIC/Passport No. _____ of _____ (Address)

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

	Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (Number of shares)
(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 40th Annual General Meeting of the Company to be held at Albizia Room, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Thursday, 30 April 2009 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.

No.		To be used on a Show of Hands ^(a)		To be used in the event of a Poll ^(b)	
		For	Against	No. of Votes For	No. of Votes Against
	ORDINARY RESOLUTIONS				
	ORDINARY BUSINESS				
1	Adoption of Directors' Report and Audited Financial Statements				
2	Declaration of Final Tax Exempt (One-Tier) Dividend				
3	Re-election of Mr Poh Kay Ping as Director				
4	Re-election of Mr Poh Key Boon as Director				
5	Re-appointment of Mr Poh Choon Ann as Director				
6	Approval of Directors' fees				
7	Re-appointment of PricewaterhouseCoopers LLP as Auditors				
	SPECIAL BUSINESS				
8	Authority for Directors to issue shares and/or convertible securities				
9	Approval of the 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 _____ 2009

Total Number of Shares Held	
-----------------------------	--

Signature of Individual Shareholder/
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE



NOTES:

1. Subject to note 2 below, 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. A member may not appoint the Poh Group or their concert parties (as defined in the Company's letter to shareholders in relation to the proposed renewal of the share purchase mandate dated 15 April 2009) as his proxy.
3. 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.
4. This instrument appointing a proxy 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.
5. 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.
6. 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

Company Reg. No. 196900049H

48 Pandan Road Singapore 609289

Tel: (65) 6268 2522 Fax: (65) 6264 3394

Email: sales@ptclogistics.com.sg

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