
# BEYOND LOGISTICS

ANNUAL REPORT 2009

Freight Links Express Holdings Limited

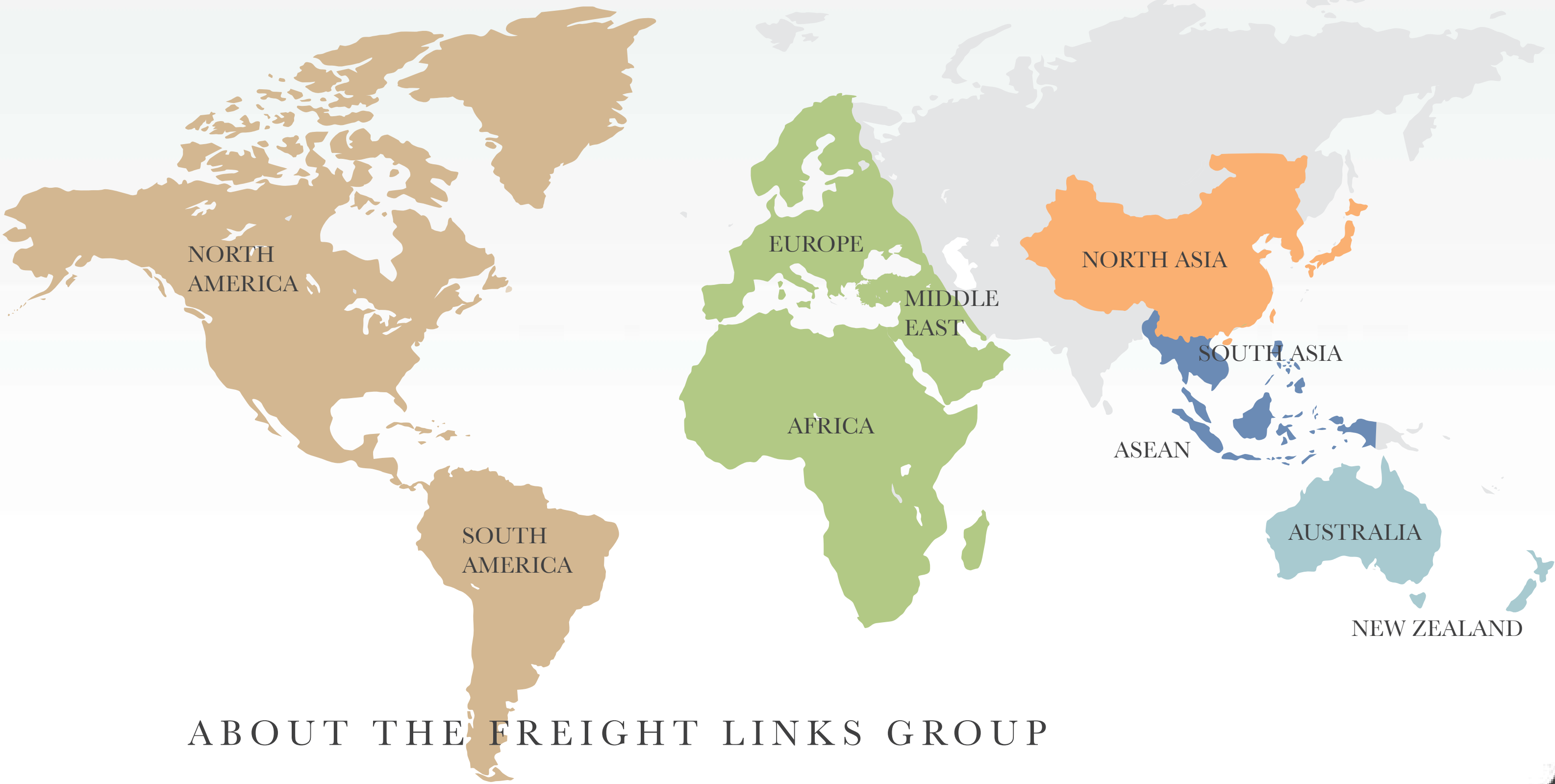
BEYOND LOGISTICS, WE HAVE
A LOT MORE TO OFFER.

**We offer more than just comprehensive, customised logistics solutions and unparalleled service excellence. The added value, the intangible deliverables—these are the attributes that lend distinction to our business.**

## Contents

## OUR NETWORK

In the age of globalisation, we will strive to meet the challenges and logistics demands of our customers, wherever we go. Currently, our network spans the ASEAN, North & South Asia, North & South America, Europe, Africa and Australia.




# ABOUT THE FREIGHT LINKS GROUP

Established in 1981 and listed on the Singapore Exchange in 1995, we are one of the leading international total logistics solution providers in Singapore.

Our international freight forwarding business has reached over 600 destinations throughout the world. Apart from strong strategic partnerships with over 120 freight forwarding agents worldwide, we have overseas offices located in Malaysia, Thailand, Hong Kong, China and Dubai.

Our comprehensive array of logistics services includes inventory control management, warehousing and distribution, container haulage, chemical logistics, freight forwarding and container freight station operations.

In Singapore, our warehousing facilities occupy a total gross floor area of over 2.0 million square feet. We have extensive experience in storing and forwarding all types of cargo, from small parcels to massive plant machinery, exhibition displays and archival documents.

To enhance the efficiency of storage management, we are equipped with the technologically advanced Automated Storage and Retrieval System (ASRS) with a capacity of over 31,000 pallet positions.

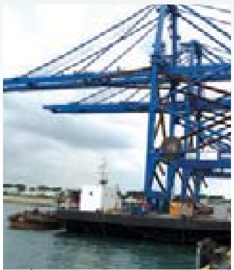
The Group has also a dedicated Chemical Hub with 12,000 pallet positions using the Very Narrow Aisle (VNA) storage technology. We also utilise a web-based Warehouse Management System (WMS) that enables all our customers with internet access to view their inventory online and information on their cargo movement anywhere and anytime.

By harnessing information technology and automation, our effective, productive and well-coordinated total logistics solutions can cater to the specific needs of both local SMEs and foreign MNCs.

# GROUP AT A GLANCE

## UNCOMPROMISING EXCELLENCE IN OUR TOTAL LOGISTICS SOLUTIONS.

## OUR SERVICES



### INTERNATIONAL FREIGHT FORWARDING

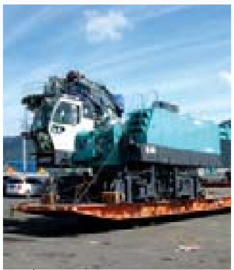
We provide ocean & air freight services, consolidation and deconsolidation, transshipment, project cargo management, shipment documentation, customs clearance & transportation, as well as cross border inland trucking to Peninsula Malaysia and Thailand. We have an international network spanning ASEAN, North & South Asia, North & South America, Europe, Africa and Australia.

### CHEMICAL LOGISTICS

With more than 200 trucks majority DG licensed, 630 trailers and 139 Isotanks and a Chemical Warehouse Complex with 12,000 pallet positions, we are well equipped to provide customised chemical logistics solutions to various sectors. We offer warehousing and storage for dangerous goods, drumming, container haulage and goods transportation, international freight forwarding services, plant management logistics, emergency recovery services and safety escort services.

### WAREHOUSING PROPERTY MANAGEMENT

Engaged in the management of the Group's property investments and real estate developments. This division provides facilities management and leasing contracts to give customised warehouse space and logistics solutions to our customers.



## TOTAL LOGISTICS SOLUTIONS

We provide vendor hub services, Zero GST warehouse and air-conditioned storage, transportation & distribution, customs brokerage, supply chain management, online inventory management, track and trace.


## INTERNATIONAL RELOCATION SERVICES

We provide international and domestic household moving and commercial relocation services which include customs clearance, property leasing, even relocation of art pieces.

## DOCUMENTS MANAGEMENT SOLUTIONS

We offer document storage and retrieval, safe document destruction and urgent document retrieval. We also provide scheduled and urgent document retrieval via our automated warehousing solution.

## INTEGRATED MARKETING SERVICES

From exhibition design and construction and event management to advertising and public relations, as well as interior design, we offer integrated, unique and creative solutions to support our client's marketing goals.

"GOING FORWARD, THE GROUP IS CAUTIOUSLY OPTIMISTIC ON THE BUSINESS PROSPECTS. THIS CURRENT GLOBAL CRISIS HAS GIVEN US THE OPPORTUNITY TO CONSOLIDATE OUR INVESTMENTS AND STREAMLINE OUR OPERATIONS TO ACHIEVE A HIGHER LEVEL OF EFFICIENCY. THE IMMEDIATE PRIORITY IS TO RETAIN EXISTING CUSTOMERS AS WELL AS TO ENLARGE OUR CUSTOMER BASE THROUGH GEOGRAPHICAL EXPANSION AND NEW SERVICE OFFERINGS."

## REVIEW OF THE GROUP'S PERFORMANCE

The current global financial crisis is viewed as a severe economic recession since the recent times. This financial tsunami had caused a devastating effect on the global economy especially the financial service sector. This is clearly characterized by failures of key businesses, tremendous fall in consumer wealth and significant decline in economic activities. Our Group's business is not being spared by this unprecedented event too.

I am pleased to announce that the Group achieved commendable results for the financial year despite the slowdown in the global economy. Maintaining its market share, the Group turned in $137.1 million of business from $139.4 million in the previous corresponding year. Net profit for the financial year came to $8.8 million even as assets and investment values declined in the midst of the global financial crisis. If not for the impairment values, the Group's core operating businesses would have surpassed the performance of the previous financial year.

The management has capitalized on the opportunity to construct a new chemical warehouse in Singapore at 18 Gul Drive for a major customer who has committed a long term lease for this facility.

In addition, the Group has taken a 20% shareholding in a joint venture company to build a distribution facility in the Free Trade Zone in Busan new port in Korea. The expected completion of this facility is in the second quarter of 2010. This investment will strengthen our freight forwarding and transshipment operations in Busan. It enhances our capability to support our growth markets in North Asia such as China and Japan.

With the redemption of its bond issue of US$30.0 million successfully, the Group still has the financial strength to maintain a healthy balance sheet with cash and cash equivalents of $33.9 million and low gearing of 0.37 times (net of cash).

## NO PROPOSED DIVIDENDS

In these highly volatile and uncertain markets, the Board would like to exercise prudence by not proposing any dividends for this financial year.

## OUTLOOK FOR FY2010

In the forthcoming year, we must prepare ourselves to face tough economic conditions as the World Trade Organization (WTO) expects the world trade to shrink by 9%. Thus, it is essential for us to be resilient to overcome challenges since the road ahead is fraught with dangers and uncertainties. The recent green shoots theory may not materialize, and worst still the global economy can be derailed further by another unexpected major crisis.

Going forward, the Group is cautiously optimistic on the business prospects. This current global crisis has given us the opportunity to consolidate our investments and streamline our operations to achieve a higher level of efficiency. The immediate priority is to retain existing customers as well as to enlarge our customer base through geographical expansion and new service offerings. I am fully confident that our experienced management and staff will rise to overcome these challenges.

## ACKNOWLEDGEMENT

I would like to thank our customers, vendors, staff and management for their unfailing support in this difficult business environment. I am also grateful that our staff has shown great character, dedication and commitment to ensure the Group remains profitable for the year despite the ongoing global crisis.

**KHUA HOCK SU**
Chairman

# 集团主席致词

“展望未来，本集团对商业前景是抱着谨慎乐观的态度。在这全球经济危机当前已使我们有机会巩固我们的投资和精简我们的业务，以实现更高水平的效率。当务之急是保持现有客户以及扩大我们的客户群，通过区域扩张和开拓新的服务。我完全相信，我们经验丰富的管理人员和工作人员有能力克服这些挑战。”

## 集团业绩回顾

目前的全球金融危机被视为是近年来最严重的经济衰退。这次金融海啸对全球经济带来了严重的冲击尤其是金融服务业。明显的体现为主要业务的失败，消费者的财富严重受损以及交易量显著减少。本集团的业务也没有在这史无前例的危机中幸免。

尽管全球经济紧急放缓,我很高兴的宣布本集团的业务还是在这一个财政年度取得了值得表扬的成绩。在保持市场份额的同时，集团取得了一亿三千七百万新币的业务收入相对于去年的收入则为一亿三千九百四十万新币。尽管处于金融危机中，资产和投资价值都下降，但这一财政年的净利润还是达到八百八十万新币。如果没有损害重估价值，本集团的核心操作业务的业绩是超越上一个财政年度。

管理层利用这个机会在新加坡 18 Gul Drive 建造了一个新的化工品仓库. 本集团也取得长期租赁此化工品仓库的主要客户。

此外，本集团参与一家合资公司20%的股份，在韩国釜山新港口的保税区内建立一个分拨设施。整个施工预计将在2010年第二季度完工。这一投资将加强我们在釜山的货运代理和转运业务。它增强了我们的能力来支持本集团在北亚市场，如中国和日本的业务成长。

随着成功赎回在三年前发行的三千万美金的债券，本集团仍然拥有强大的财政实力来保持一个稳健的资产负债表，现金和现金等价物价值三千三百九十万新币以及0.37倍（扣除现金）的低负债率。

## 不分红的提议

在这种极不稳定和不确定的市场中，董事会有必要谨慎行事，所以本财政年度不建议任何股息分配。

## 2010财政年的展望

在即将来临的一年里，我们必须作好准备面对严峻的经济形势，由于世界贸易组织（WTO）已预计世界贸易将减少9 %。 因此，至关紧要的是我们要克服经济的挑战，因为公司的前景面对严峻考验和不确定因素。最近绿笋理论可能无法实现，最严重的仍然是全球经济出轨甚至突发另一个重大的危机。

展望未来，本集团对商业前景是抱着谨慎乐观的态度。在这全球经济危机当前已使我们有机会巩固我们的投资和精简我们的业务，以实现更高水平的效率。当务之急是保持现有客户以及扩大我们的客户群，通过区域扩张和开拓新的服务。我完全相信，我们经验丰富的管理人员和工作人员有能力克服这些挑战。

## 感谢

我要感谢我们的客户，供应商，工作人员和管理人员在这个困难的商业环境下的鼎力支持。我还要感谢我们的员工表现出极大的性格，奉献和承诺，在如此全球经济性危机的大环境下以确保本集团仍然有利润。

**柯福赐**
集团主席

THE COMMISSIONING OF THE NEW CHEMICAL LOGISTICS HUB IN MARCH 2008 HAD STRENGTHENED LTH'S MARKET POSITION AS ONE OF THE LEADING CHEMICAL LOGISTICS SERVICE PROVIDERS TO CAPTURE A BIGGER SHARE OF THE GROWING CHEMICAL LOGISTICS PIE IN SINGAPORE AND MALAYSIA.

## INTERNATIONAL FREIGHT FORWARDING

This has been a very challenging year for the company. The slowdown in global economy has had a significant impact on the volume of our freight forwarding business. The freight revenue has declined by 11.8% as compared to FY2008 due to weak domestic and overseas demands. However, the profit after tax increased by 47.5% to $5.9 million as compared to FY2008. The better performance was due to improved freight handling margins resulting from better rates obtained from the carriers and better margins from shipment of project cargoes. Our good reputation, strong track record and excellent relationship with shipping lines and shippers have put us in a better position to ride the economic storm than our competitors.

The integration between the freight forwarding and chemical logistics operations, leveraging the strength of Freight Links international network and cutting edge IT systems to offer a range of competitive and innovative freight products specifically designed for the chemical industry e.g., DG LCL service has been a great success. The success of this new freight service can be seen from the increase in the number of chemical based customers using this service. The Group is able to offer seamless total supply chain services to major multinational chemical customers tapping on the unparallel resources and technical knowhow of both business units.

Our joint venture office in Dubai has also been highly successful. It turned profitable within the first year of operations. Moving forward, we will look into opening more offices in the Middle East region.

## CHEMICAL LOGISTICS

Revenue of chemical storage and logistics business grew by 11.4% to $34.9 million as compared to FY2008. The commissioning of the new chemical logistics hub in March 2008 had strengthened our market position as one of the leading chemical logistics service providers. This new facility has enabled us to capture a larger market share of the growing chemical logistics pie in Singapore and Malaysia. A total 38 new chemical customers were added in FY2009 including the major multinationals chemical companies. In order to construct our new chemical warehouse at 18 Gul Drive, we have to write off $2.0 million of fixed assets. Excluding this write off, the profit after tax for this division would have been $1.1 million compared to a loss after tax of $0.2 million in FY2008.

## BEYOND LOGISTICS, THERE'S A DEEP COMMITMENT.

Embedded in every aspect of our operations is a deep commitment to bring added value to our customers. When we say we will go the distance for them, we mean it.


Once again, LTH achieved the Responsible Care Gold Award for Distribution Code last year. The Gold Award was an improvement over the merit awards attained in the previous years. The panel of judges for this award comprises representatives from the industry as well as statutory agencies of the Ministry of Manpower, National Environment Agency (NEA) and the Singapore Civil Defence Force (SCDF). The achievement of this prestigious award was a result of great team effort from the transport and warehouse teams including the support from the top management.

LTH also successfully passed the NEA and SCDF's CERT (on-site Company Emergency Response Team) audits in FY2009. As a result, LTH attained further approval to store 11 ISO tanks carrying petroleum and flammable material. This is another first in Singapore, giving our chemical customers more options and flexibility to fulfill their supply chain needs.

With the opening of LTH chemical hub, we were also able to consolidate the products stored in various leased warehouses into one location thereby reducing our operating costs and improving our profitability.

Going forward, LTH will expand beyond Singapore and Malaysia; taking full advantage of its well established brand name, strong technical knowhow in chemical logistics, highly developed IT systems and huge customer base. We will also embark into a new ISO Tank cleaning and repair business in Malaysia making use of state-of-the-art ISO Tank cleaning equipment from Germany that is able to clean 3 times faster than conventional cleaning equipment used by other industry players.

### WAREHOUSE PROPERTY & LOGISTICS

The warehousing & logistics business improved by 16.4% to $19.2 million in FY2009. The increase was mainly due to new warehousing capacity added in 2008 and strong demand in warehouse storage.

Our continuous emphasis on using the most advanced technology to upgrade and improve our services has paid off handsomely. The logistics team was able to make a major breakthrough in FY2009 by winning a significant 3-year contract from a major MNC in March 2009. The new customer will be amongst the top 3

customers of the logistics division. With the addition of the new contract, we expect capacity utilization in our warehouses to remain high despite the economic crisis.

In addition to targeting MNCs, the logistics team has also started to introduce our Type III Zero-GST bonded warehouses to SMEs that may not realize that they can temporary suspend the payment of 7% GST for imported goods with our bonded warehouses.

The capacity of the Group's warehouse space has been boosted by the completion of our seven-storey warehousing complex located at No 30 Tuas Avenue 10. This newly completed warehouse has a total gross floor area of approximately 330,000 square feet.

Going forward, the logistics division plans to leverage on the vast resources of our joint venture partner in Jiangyin to offer highly effective and cost competitive logistics solutions to our customers doing business in China.


## OTHER SERVICES

The other businesses consist of integrated marketing services, relocation and document storage services saw the turnover increased by 21.2% or $1.4 million.

FLEx Integrated Marketing (FLEx) which engaged in exhibition design and construction, events and interior services ended this financial year on a high note with numerous distinguished achievements. FLEx Dubai was awarded the management of the highly distinguished Singapore Encore, an international and cultural event of great distinction, organized by the Singapore International Foundation (SIF). As the appointed marketing agency of Lamborghini, FLEx Singapore is justifiably proud that Lamborghini has again overtaken Ferrari, its arch rival, in sales in 2008. Market observers attribute the success of Lamborghini largely to the fact that the brand is now more recognised. FLEx Singapore also won numerous contracts at the notable Communic & Broadcast Asia 2009. Other key accomplishments FLEx had in this financial year also included the extremely successful IT Show, COMEX and Asia Pacific Food Expo.

# GROUP STRUCTURE

## FREIGHT LINKS EXPRESS HOLDINGS LIMITED

### INTERNATIONAL FREIGHT FORWARDING

- 100% Freight Links Express Pte Ltd
- 100% Crystal Freight Services Pte Ltd
- 49% Freight Links Express (Thailand) Co. Ltd.
  - 100% Freight Links Express International Limited
- 51% Freight Links M&S (H.K.) Limited
- 100% Freight Links Express (M) Sdn Bhd
- 100% Freight Links Express (Penang) Sdn Bhd

### WAREHOUSING PROPERTY & LOGISTICS

- 100% Freight Links Logistics Pte Ltd
- 100% Freight Links Express Logisticpark Pte Ltd
- 100% Crystal Freight Services Distripark Pte Ltd.
- 100% Freight Links Express Logisticentre Pte Ltd
- 100% Freight Links Express Districentre Pte Ltd
- 100% Freight Links Express Distripark Pte Ltd
- 100% Freight Links Fabpark Pte Ltd
- 100% Freight Links Express Air Systems Pte Ltd
- 100% Freight Links E-Logistics Technopark Pte Ltd
- 75.02% Freight Links Express Holdings (Australia) Limited
- 49% Freight Links (Jiangsu) Co., Ltd

### CHEMICAL LOGISTICS

- 51% LTH Logistics (Singapore) Pte Ltd
  - 100% LTH Distripark Pte Ltd
  - 29% Lee Thong Hung Trading & Transport Sdn Bhd
- 36% Lee Thong Hung Trading & Transport Sdn Bhd

### OTHER SERVICES

- 100% Freight Links Express Archivers Pte Ltd
- 93.7% FLEx Integrated Marketing Pte Ltd
  - 49% FLEx Integrated Group LLC
- 80% United Relocations (S) Pte Ltd
  - 49% United Relocations (Thailand) Co., Ltd
- 100% Singapore Enterprises Pte Ltd

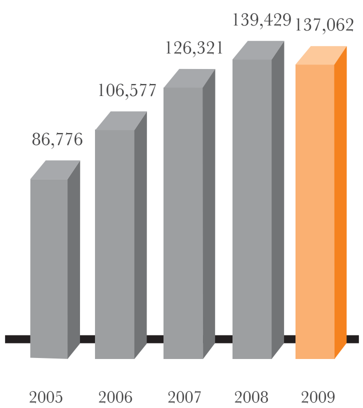
### ASSOCIATES

- 25% Equity MFL Logistics LLC
- 25% Equity O&G Eng Kong Container (Xiamen) Co., Ltd
- 20% Equity Freight Management Holdings Bhd.
- 20% Equity Busan Cross Dock Co., Ltd
- Convertible preference shares China GSD Logistics Pte Ltd
- Convertible loans Fudao Petrochemicals Group Pte Ltd

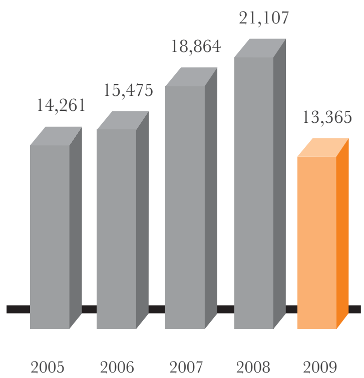
# GROUP FINANCIAL HIGHLIGHTS

| | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 |
|---|---|---|---|---|---|
| **OPERATING RESULTS** | | | | | |
| Revenue ($'000) | 86,776 | 106,577 | 126,321 | 139,429 | 137,062 |
| EBITDA ($'000) | 14,261 | 15,475 | 18,864 | 21,107 | 13,365 |
| Pre-tax profit/(loss) ($'000) | 9,225 | 13,296 | 16,900 | 18,632 | 9,985 |
| Net profit ($'000) | 9,499 | 10,729 | 12,537 | 17,538 | 8,784 |
| EBITDA margin (%) | 16.43 | 14.52 | 14.93 | 15.14 | 9.75 |
| Pre-tax margin (%) | 10.63 | 12.48 | 13.38 | 13.36 | 7.29 |
| Net margin (%) | 10.95 | 10.07 | 9.92 | 12.58 | 6.41 |
| Cash and cash equivalents | 10,050 | 37,816 | 24,348 | 43,266 | 33,863 |
| **FINANCIAL POSITION** | | | | | |
| Total assets ($'000) | 144,704 | 204,404 | 218,414 | 276,460 | 280,681 |
| Total debt ($'000) | 27,439 | 76,615 | 79,104 | 90,219 | 81,613 |
| Debt/Assets (%) | 18.96 | 37.48 | 36.22 | 32.63 | 29.08 |
| Shareholders' equity ($'000) | 64,110 | 79,099 | 89,374 | 126,649 | 129,758 |
| Return on Assets (%) | 6.56 | 5.25 | 5.74 | 6.34 | 3.13 |
| Return on Equity (%) | 14.82 | 13.56 | 14.03 | 13.85 | 6.77 |
| Net debt : equity (times) | 0.27 | 0.49 | 0.61 | 0.37 | 0.37 |
| **PER SHARE DATA** | | | | | |
| Earnings (cents) - Basic | 0.73 | 0.60 | 0.70 | 0.88 | 0.42 |
| Earnings (cents) - Diluted | 0.73 | 0.60 | 0.59 | 0.74 | 0.42 |
| Dividend (cents) | 0.20 | 0.20 | 0.25 | 0.25 | - |
| Net tangible assets (cents) | 3.51 | 4.36 | 4.93 | 5.98 | 6.10 |

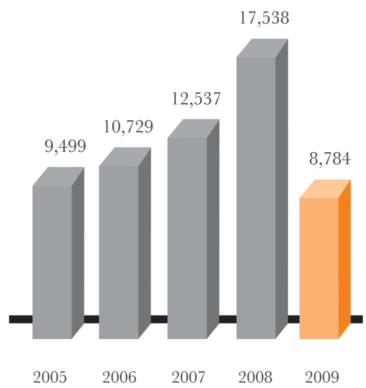
**REVENUE ($'000)**



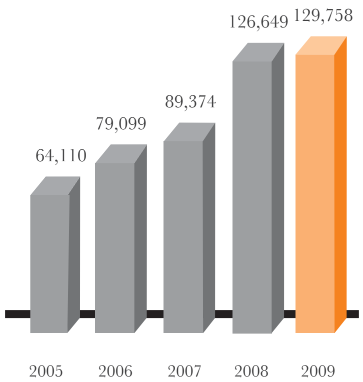

**EBITDA ($'000)**



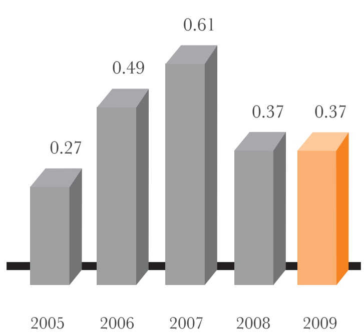

**NET PROFIT ($'000)**



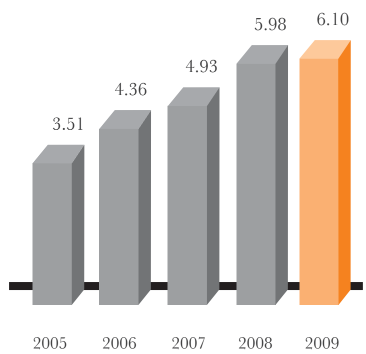

**SHAREHOLDERS' EQUITY ($'000)**




**NET DEBT : EQUITY (TIMES)**




**NET TANGIBLE ASSETS PER SHARE (CENTS)**



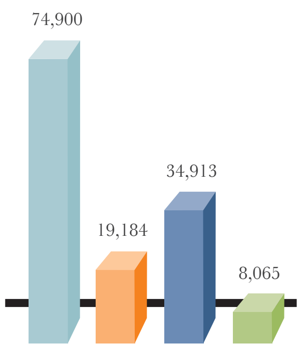
**BEYOND LOGISTICS, THERE'S A STRONG BOND.**

We think and operate as partners not just to businesses and institutions from various sectors but also to 120 freight forwarding agents around the world. Ours is a network that's built on trust and is tested by time.

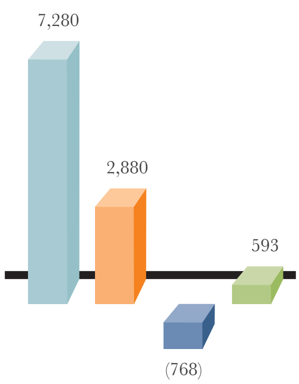
## SEGMENTAL RESULTS

| | FY2005 $'000 | FY2006 $'000 | FY2007 $'000 | FY2008 $'000 | FY2009 $'000 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Freight forwarding | 55,814 | 60,865 | 78,476 | 84,930 | 74,900 |
| Warehousing and logistics | 14,483 | 15,062 | 14,786 | 16,491 | 19,184 |
| Chemical Storage and logistics | 10,624 | 24,714 | 26,777 | 31,353 | 34,913 |
| Others | 5,855 | 5,936 | 6,282 | 6,655 | 8,065 |
| | 86,776 | 106,577 | 126,321 | 139,429 | 137,062 |
| **PRE-TAX PROFIT/(LOSS)** | | | | | |
| Freight forwarding | 2,559 | 4,239 | 3,682 | 4,427 | 7,280 |
| Warehousing and logistics | 7,869 | 4,691 | 11,313 | 15,511 | 2,880 |
| Chemical Storage and logistics | 137 | 220 | 1,050 | 51 | (768) |
| Others | (1,340) | 4,146 | 855 | (1,357) | 593 |
| | 9,225 | 13,296 | 16,900 | 18,632 | 9,985 |
| **ASSETS EMPLOYED** | | | | | |
| Freight forwarding | 10,742 | 12,478 | 18,627 | 18,992 | 17,976 |
| Warehousing and logistics | 93,874 | 85,074 | 101,309 | 147,157 | 138,383 |
| Chemical Storage and logistics | 21,465 | 22,575 | 23,135 | 25,207 | 31,147 |
| Others | 18,623 | 84,277 | 75,343 | 85,104 | 93,175 |
| | 144,704 | 204,404 | 218,414 | 276,460 | 280,681 |

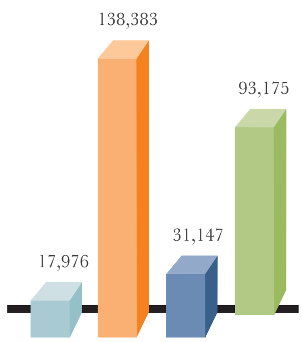
**REVENUE 2009 ($'000)**




**PRE-TAX PROFIT/(LOSS) 2009 ($'000)**




**ASSETS EMPLOYED 2009 ($'000)**




Freight Forwarding | Warehousing and Logistics | Chemical Storage and Logistics | Others

**KHUA HOCK SU**
*Non-Executive Chairman*

Mr Khua was appointed as Chairman of the Board on 5 November 2003. He is also a member of the Audit Committee and Remuneration Committee.

Mr Khua is currently the Group Chairman of Lian Hup Group, which was founded in 1952. With over 50 years of experience in business, he has been instrumental in the strategic direction and development of the Group, which has diverse interests in steel trading, investment, real estate development and logistics services.

Mr Khua is the permanent honorary president of Public Free Clinic Society (新加坡大众医院永久名誉院长), an honorary president of Nanyang Kuah Si Association (新加坡南洋柯氏公会名誉会长), and a vice-president of The Singapore Buddhist Lodge (新加坡佛教居士林副林长).

**ERIC KHUA KIAN KEONG**
*Executive Director & CEO*

Mr Khua was appointed as Chief Executive Officer on 5 November 2003. He is a member of the Nominating Committee. Mr Khua is also the Chairman of Freight Links Express Holdings (Australia) Limited, a subsidiary listed on Australian Stock Exchange. He is an alternate director of Freight Management Holdings Berhad, an associated company listed on Bursa Malaysia.

He obtained his Bachelor of Science in Electrical Engineering and graduated cum laude from University of the Pacific, USA in 1987.

He is the vice-president of Singapore Metal and Machinery Association (新加坡五金机械公会副会长), Nanyang Kuah Si Association (新加坡南洋柯氏公会副会长), Anxi Charity Federation (安溪县慈善总会副会长), and Anxi Fenglai Guitou Charity Federation (安溪县蓬莱魁头慈善会副会长).

*(L-R): Khua Hock Su, Derek Loh Eu Tse, Eric Khua Kian Keong, Henry Chua Tiong Hock, Sebastian Tan Cher Liang, Thomas Woo Sai Meng*

He is an executive committee member of Singapore Ann Kway Association (新加坡安溪会馆) and in-charge of its youth group; a committee member of SCCCI-Young Entrepreneur Network (新加坡中华总商会青年企业家联系网). He also serves as vice-president of Pei Tong Primary School advisory committee (新加坡培同小学) and as an advisor to Hong Lai Si Temple (新加坡蓬莱寺).

## HENRY CHUA TIONG HOCK

*Executive Director & CCDO*

Mr Chua is an Executive Director since 22 December 1999. He was also appointed as Chief Corporate Development Officer on 5 January 2006. He is concurrently a director of Australian-listed subsidiary Freight Links Express Holdings (Australia) Limited and Freight Management Holdings Berhad, an associated company listed on Bursa Malaysia as well as a number of other subsidiaries in the Freight Links Group.

He has wide-ranging experience in logistics, operations management and corporate development with various MNCs and local companies.

Mr Chua obtained his Bachelor of Arts degree from the University of Singapore. He also holds a Graduate Diploma in Business Administration from the National University of Singapore and a Graduate Diploma in Personnel Management from the Singapore Institute of Personnel Management.

## THOMAS WOO SAI MENG

*Executive Director & CFO*

Mr Woo was appointed as Executive Director on 28 September 2001 having served as CFO since 22 May 1997. He is also a director of a number of subsidiaries within the Freight Links Group.

He has held various senior appointments with a number of private sector organizations across a wide spectrum of industries such as banking & finance, management consulting, manufacturing and international trading.

Mr Woo graduated with a Bachelor of Economics degree from the University of New England, Australia, and also obtained a Master of Business Administration from the University of Queensland, Australia. He is a Fellow member of CPA Australia and the Institute of Certified Public Accountants of Singapore.

## SEBASTIAN TAN CHER LIANG

*Independent Non-Executive Director*

Mr Tan was appointed as Non-Executive Director on 5 November 2003. He chairs the Audit Committee and is a member of the Remuneration Committee and Nominating Committee.

Mr Tan is the Managing Director and Finance Director of Boardroom Limited. He has served on the Boards of Boardroom Corporate & Advisory Services Pte Ltd and Boardroom Business Solutions Pte Ltd since 1992 and 1994 respectively. Prior to 1992, he was with Ernst & Young.

He is also a Director of D.S. Lee Foundation and Children's Charities Association, and a Trustee of the Kwan Im Thong Hood Cho Temple.

Mr Tan is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants, U.K. He was conferred the Public Service Medal (PBM) in 1996.

## DEREK LOH EU TSE

*Independent Non-Executive Director*

Mr Loh was appointed as Non-Executive Director on 5 November 2003. He chairs the Remuneration and Nominating Committees and is a member of the Audit Committee.

Mr Loh graduated with honours from Cambridge University and practices law as an Executive Director of TSMP Law Corporation. He is an Advocate and Solicitor of the Supreme Court.

He is also an Independent Director of Dragon Group International Limited, Friven & Co. Ltd and an Alternate Director of Centillion Environment & Recycling Ltd.

# SENIOR EXECUTIVES

*(L-R): Lawrence Sim Kay Sin, Low Chia Wing, Lee Seng Hock, Doris Soh Lay Keow, Edward Yeo Lock Guan, Yap Soo San, Simon Sim Geok Beng, Lim Song Wang, (Seated) Lim Boon Kwong, Alex Ng Boon Chuan, Philip Lim Kok Tong, (Not in picture) John Tan Soon Hoe.*

## CORPORATE

### LIM BOON KWONG

*Chief Operating Officer*

**Freight Links Express Holdings Limited**

Mr Lim Boon Kwong joined Freight Links Express Holdings Limited as Chief Operating Officer in January 2006 with more than 16 years experience in the logistics and shipping industries. Boon Kwong held various senior positions during his stint with his previous companies, including Regional CFO, Asia Pacific & Middle East while concurrently holding the positions of General Manager of the Singapore and Malaysia operations.

Mr Lim graduated with a Bachelor of Accountancy degree from National University of Singapore.

### SIMON SIM GEOK BENG

*Senior Vice President (Finance)*

**Freight Links Express Holdings Limited**

Mr Simon Sim is the Senior Vice President (Finance) of Freight Links Express Holdings Limited and is responsible for accounting, taxation and financial management of the Group. He has more than 22 years of experience in finance, taxation and accounting. Prior to joining the Group in June 2000, Simon had related experience in various industries ranging from audit, insurance, airfreight, logistics, manufacturing and trading.

Mr Sim is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Association of Chartered Certified Accountants, U.K. He holds a Bachelor of Science (Economics) in Management Studies from the University of London.

### YAP SOO SAN

*Senior Vice President (Corporate)*

**Freight Links Express Holdings Limited**

Mr Yap Soo San is the Senior Vice President (Corporate) of Freight Links Express Holdings Limited. He is responsible for corporate developments and investor relations. He has more than 19 years of experience in the areas of supply chain management, education, information technology and exhibition design & construction.

Mr Yap holds a Bachelor of Business Administration from National University of Singapore as well as Master of Business Administration (Banking & Finance) from Nanyang Technological University.

### LAWRENCE SIM KAY SIN

*Senior Vice President (Greater China)*

**Freight Links Express Holdings Limited**

Mr Lawrence Sim was initially engaged as the new General Manager for the LTH Group of Companies effectively from December 2006. In July 2008, Lawrence has subsequently being designated to Senior Vice President (for Greater China) with Freight Links Express Holdings Limited, Lawrence brought along with him more than 26 years of experience in operations, sales, marketing and business development from various industries. He also held senior management appointments with various corporations prior to joining LTH. While employed under a MNC corporation from 2004 to 2006, Lawrence spearheaded and successfully established multiple key strategic logistics centers in Vietnam where essential services include freight management, warehousing, transportation, distributions and customization.

### JOHN LIM SUI SEN

*Vice President (Credit Control)*

**Freight Links Express Holdings Limited**

Mr John Lim is the Vice President (Credit Control) of Freight Links Express Holdings Limited and is responsible for credit control and management. Prior to joining the Group in January 2004, John had more than 8 years of experience in the area of credit management with a leading express and logistics company.

Mr Lim holds a Bachelor of Business (in the field of Accountancy) from Royal Melbourne Institute of Technology.

## INTERNATIONAL FREIGHT FORWARDING

### ALEX NG BOON CHUAN
*Director/Executive Vice President*
**Freight Links Express Pte Ltd**

Mr Alex Ng is the Executive Vice President of Freight Links Express Pte Ltd and is responsible for the overall freight forwarding operations of the company. His knowledge and experience is drawn from the long-standing career he has established in Freight Links Express since joining in August 1984. He has more than 25 years of experience in sales and marketing, agency and market development.

### LEE SENG HOCK
*Senior Vice President (Operations)*
**Freight Links Express Pte Ltd**

Mr Lee Seng Hock is the Senior Vice President (Operations) of Freight Links Express Pte Ltd and is overall responsible for freight and operations of the company. He joined the Company in October 1982 and has more than 27 years of experience in freight operations.

### ADRIAN CHIA SENG CHYE
*Vice President (Sales & Marketing)*
**Freight Links Express Pte Ltd**

Mr Adrian Chia is the Vice President (Sales & Marketing) of Freight Links Express Pte Ltd and is responsible for the sales and marketing activities of the company. Adrian joined the company in September 1988 and has more than 20 years of experience in sales and marketing.

### JAMES LEONG WENG YU
*Vice President (Consolidation)*
**Freight Links Express Pte Ltd**

Mr James Leong is the Vice President (Consolidation) of Freight Links Express Pte Ltd and is responsible for the freight consolidation activities of the company. James joined Freight Links Express in November 1986 and has more than 23 years of experience in freight consolidation, operations, marketing and claims administration. He has a total of more than 34 years of experience in the freight forwarding industry.

### DORIS SOH LAY KEOW
*Country Manager*
**Crystal Freight Services Pte Ltd**

Ms Doris Soh joined Crystal Freight Services Pte Ltd in May 2005. In the early years of her career, she worked in shipping companies. She has more than 20 years of experience in both shipping and freight cum logistics.

Bringing along her rich experience in shipping, she also had operation experience in an international freight forwarding company managing a MNC 3PL (Chemical Specialty) and ISO tank operations for about 7 years.

Ms Doris graduated in Transport & Logistics Management from RMIT. She is a Chartered Member of CILT. She received a public service award from President Nathan in year 2005 and was conferred PBM.

## LOGISTICS DIVISION

### PHILIP LIM KOK TONG
*Executive Vice President*
**Freight Links Logistics Pte Ltd**

Mr Philip Lim is the Executive Vice President of Logistics Division and is responsible for business development, operations and logistics services of the Group. He joined the Group in August 1994 and was promoted to his current position in January 2000. Philip has more than 35 years of experience in liner shipping, freight forwarding, corporate marketing, logistics and supply chain management. Prior to joining the Group, he was the Deputy Managing Director of a leading shipping and logistics company.

### VINCENT SEE CHIN HOK
*Vice President*
**Freight Links Logistics Pte Ltd**

Mr Vincent See is the Vice President of Freight Links Logistics Pte Ltd and is responsible for marketing, business account development, operations and logistics services. Vincent joined the Group in January 1997 and has more than 30 years of experience in shipping, transportation, customer service, marketing, warehousing and distribution management.

Mr See holds a Master of Business Administration from the Macquarie University, Australia and a Bachelor of Business from the former Royal Melbourne Institute of Technology.

## PROPERTY DIVISION

### EDWARD YEO LOCK GUAN

*Senior Vice President*
**Warehousing Property**
**Freight Links Express Archivers Pte Ltd**

Mr Edward Yeo is the Senior Vice President of Property Division and Freight Links Express Archivers Pte Ltd. He is responsible for the overall Property and Archivers business development and Group's facilities management. Edward joined the Group in October 1994 and has more than 29 years of experience in logistics, distribution, warehouse and project management in related industries.

## CHEMICAL LOGISTICS DIVISION

### LIM SONG WANG

*Managing Director*
**LTH Logistics Group of Companies**

Mr Lim Song Wang is the Managing Director for LTH Group of Companies, which includes LTH Logistics (S) Pte Ltd, LTH Distripark Pte Ltd and Lee Thong Hung Trading & Transport Sdn Bhd. He is the founder of LTH Logistics since its inception in 1979. He has more than 30 years of experience in logistics, road transportation and warehousing. His leadership and vision had propelled LTH logistics to become one of the lead logistics players in the chemical industry.

## INTEGRATED MARKETING SERVICES

### LOW CHIA WING

*Senior Vice President*
**Flex Integrated Marketing Pte Ltd**

Mr Low Chia Wing is the Senior Vice President of Flex Integrated Marketing Pte Ltd and is responsible for the daily operations of the company which provide marketing services in areas of exhibitions, events, interiors, advertising and public relations.

Mr Low has more than 15 years of experience in the exhibitions industry which includes events, marketing and project management. Prior to joining the Group in June 1997, Mr Low was the Senior Manager in support services and purchasing with an international exhibition services and facility rental group.

## INTERNATIONAL RELOCATION SERVICES

### JOHN TAN SOON HOE

*General Manager*
**United Relocations (S) Pte Ltd**

Mr John Tan is the General Manager of United Relocations (S) Pte Ltd and oversees the daily operations, services and sales of the company which provides relocation services primarily to the expatriate community. His experiences commensurate this position he has held since March 1998.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**CHAIRMAN**
Khua Hock Su

**EXECUTIVE**
Eric Khua Kian Keong
Henry Chua Tiong Hock
Thomas Woo Sai Meng

**INDEPENDENT NON-EXECUTIVE**
Sebastian Tan Cher Liang, PBM
Derek Loh Eu Tse

## AUDIT COMMITTEE

Sebastian Tan Cher Liang, Chairman
Khua Hock Su
Derek Loh Eu Tse

## NOMINATING COMMITTEE

Derek Loh Eu Tse, Chairman
Sebastian Tan Cher Liang
Eric Khua Kian Keong

## REMUNERATION COMMITTEE

Derek Loh Eu Tse, Chairman
Sebastian Tan Cher Liang
Khua Hock Su

## COMPANY SECRETARY

Dorothy Ho
Lynette Tan

## SHARE REGISTRAR

**TRICOR BARBINDER SHARE REGISTRATION SERVICES**
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424
Tel: 6236 3333
Fax: 6236 4399

## REGISTERED OFFICE

51 Penjuru Road #04-00
Freight Links Express Logisticentre
Singapore 609143
Tel: 6262 6988
Fax: 6262 6928

## AUDITORS

**KPMG LLP**
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Phuoc Tran , Partner-in-charge
(appointed since FY2007)

## PRINCIPAL BANKERS

**UNITED OVERSEAS BANK LIMITED**
80 Raffles Place
UOB Plaza
Singapore 048624

**OVERSEA-CHINESE BANKING CORPORATION LIMITED**
65 Chulia Street
OCBC Centre
Singapore 049513

**STANDARD CHARTERED BANK**
6 Battery Road #05-00
Singapore 049909

# Financial Report 2009

The Directors and management are committed to ensuring and maintaining high standards of corporate governance in line with the Code of Corporate Governance (the Code) issued by the Committee on Corporate Governance.

Where applicable, the Board has established various self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practised. This statement describes the corporate governance policies and practices of the Company that were in place for the financial year ended 30 April 2009.

## BOARD MATTERS

### BOARD'S CONDUCT OF ITS AFFAIRS

Presently, the Board comprises six members, one non-executive Chairman, two independent non-executive directors and three executive directors. The Board holds at least four regular meetings in a financial year and additional meetings are convened as and when circumstances warrant. The Board members for the financial year ended on 30 April 2009 are as follows:

| Name of Director | Nature of Appointment |
|---|---|
| Khua Hock Su | Non-executive, Non-independent |
| Eric Khua Kian Keong | Executive, Non-independent |
| Henry Chua Tiong Hock | Executive, Non-independent |
| Thomas Woo Sai Meng | Executive, Non-independent |
| Sebastian Tan Cher Liang | Non-executive, Independent |
| Derek Loh Eu Tse | Non-executive, Independent |

The Board comprises directors who as a group, has core competencies and diversity of experience to enable them to lead and control the Company effectively. Such competencies and experiences include industry knowledge, strategic planning, business management, finance and accounting, and human resources. Profiles of directors are found on page 14 of this Annual Report.

The Board directs and supervises the management of the business and corporate affairs of the Group with a view to enhancing long-term shareholder value. Apart from its statutory responsibilities, the key roles of the Board are to:

- review and approve the Group's strategic plans, key operational initiatives, major investments and funding decisions;
- ensure the implementation of appropriate control systems to manage the Group's business and financial risks;
- review the Group's financial performance and approve the quarterly, half-year and full-year financial results for release; and
- evaluate the performance and compensation of key office holders.

For maximum effectiveness, the Board has delegated some of its functions to the Audit Committee, the Nominating Committee and the Remuneration Committee.

To enhance effectiveness of the Board, a newly appointed director receives a thorough briefing by existing directors of the Group's businesses and recent financial performance.

The Directors keep themselves current on the latest regulations and practices of corporate governance.

### BOARD COMPOSITION AND BALANCE

As shown above, half the Board is made up of non-executive directors. Of the three non-executive directors, two of them, being one third of the Board, are independent, thus providing for independent element on the Board capable of exercising objective judgment on corporate affairs of the Group.

The composition of the Board and independence of each director is reviewed annually by the Nominating Committee.

**ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Mr Khua Hock Su is the Non-Executive Chairman of the Company. He bears primary responsibility for the workings of the Board while his son, Mr Eric Khua Kian Keong, the Chief Executive Officer, is the most senior executive in the Company who has executive responsibility for the management of the Company and the Group.

The Board has established various committees with power and authority to perform key functions beyond the authority of, or without undue influence from, the Chairman and/or the Chief Executive Officer. The Board is of the view that there is an appropriate balance of power and authority at the top of the Company and no single director has considerable concentration of power.

**BOARD MEMBERSHIP**

The Nominating Committee (NC) comprises three Directors two of whom, including the Chairman, are non-executive and independent.

The members of the NC as at the date of this Report are as follows:

| | |
|---|---|
| Mr Derek Loh Eu Tse | Chairman (Non-executive, Independent) |
| Mr Sebastian Tan Cher Liang | Member (Non-executive, Independent) |
| Mr Eric Khua Kian Keong | Member (Executive, Non-independent) |

Its principal function is to review the nominations for appointments or re-appointments of members of the Board of Directors and the members of the various Board committees for the purpose of proposing such nominations to the Board for its approval. The Board on the recommendation of the NC appoints new directors. Such new directors must submit themselves for re-election at the next Annual General Meeting (AGM) of the Company. Article 94 of the Company's Articles of Association requires one third of the Board with the exception of any Director appointed to fill casual vacancy pursuant to Article 76, to retire by rotation at every AGM. Article 76 provides that any director so appointed shall hold the office until the next AGM, but shall be eligible for re-election. The NC has recommended the nomination of the directors retiring by rotation under the Articles at the forthcoming AGM, for re-election.

The NC is also tasked with the responsibility of evaluating the effectiveness of the Board as a whole. The NC is also charged with determining annually whether or not a director is independent.

**BOARD PERFORMANCE**

The Board recognises that, as a principle of good corporate governance, there should be regular reviews and evaluations of the Board in order to have continual improvements.

The NC evaluates the Board's performance as a whole. The assessment is based on criteria such as relationship with the Company, experience in being a Director and various competencies and knowledge and wealth of experience. The NC together with the Chairman of the Board evaluates the effectiveness of the Board in monitoring management's performance against the goals that have been set by the Board.

**ACCESS TO INFORMATION**

Management is aware that it has an obligation to supply the Board with complete, adequate and timely information, not just before a meeting but on an ongoing basis. Access to the Company's management, including the Company Secretary, is therefore freely available to the Board members who can make further independent enquiries or clarifications as they see fit.

## PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee (RC) comprises three Non-executive Directors, two of whom, including the Chairman of the RC, are independent. The members of the RC as at the date of this Report are as follows:

| | |
|---|---|
| Mr Derek Loh Eu Tse | Chairman (Non-executive, Independent) |
| Mr Sebastian Tan Cher Liang | Member (Non-executive, Independent) |
| Mr Khua Hock Su | Member (Non-executive, Non-independent) |

The RC will recommend to the Board a framework of remuneration for fixing the remuneration packages of individual directors. Members of this Committee are knowledgeable in the field of executive compensation. If necessary, further expertise from outside sources will be made available. The Committee is aware of the need to minimise the risk of any potential conflict of interest and will ensure that no director should be involved in deciding his own remuneration.

## LEVEL AND MIX OF REMUNERATION

The Remuneration Committee will also propose in its framework of remuneration, the various levels and mix of components considered to be appropriate to attract, retain and motivate directors.

**Disclosure on Remuneration**

| | Mix of Remuneration by % | | | |
|---|---|---|---|---|
| | **Salary** | **Bonus** | **Directors' fees** | **Total** |
| **Directors** | | | | |
| **$250,000 to $500,000** | | | | |
| Eric Khua Kian Keong | 74.0 | 10.6 | 15.4 | 100 |
| Henry Chua Tiong Hock | 63.5 | 10.1 | 26.4 | 100 |
| Thomas Woo Sai Meng | 59.0 | 10.3 | 30.7 | 100 |
| **Below $250,000** | | | | |
| Khua Hock Su | – | – | 100 | 100 |
| Sebastian Tan Cher Liang | – | – | 100 | 100 |
| Derek Loh Eu Tse | – | – | 100 | 100 |
| **Senior Executives** | | | | |
| **Below $250,000** | | | | |
| Lim Boon Kwong | 91.6 | 8.4 | – | 100 |
| Philip Lim Kok Tong | 93.6 | 5.1 | 1.3 | 100 |
| Alex Ng Boon Chuan | 88.5 | 10.5 | 1.0 | 100 |
| Lim Song Wang | 98.2 | – | 1.8 | 100 |
| Lawrence Sim Kay Sin | 90.2 | 9.8 | – | 100 |
| Simon Sim Geok Beng | 92.2 | 7.8 | – | 100 |
| Yap Soo San | 94.1 | 5.9 | – | 100 |
| Edward Yeo Lock Guan | 92.6 | 7.4 | – | 100 |
| Low Chia Wing | 100.0 | – | – | 100 |
| John Tan Soon Hoe | 92.6 | 7.4 | – | 100 |
| Lee Seng Hock | 89.4 | 10.6 | – | 100 |
| Vice Presidents (4 Executives) | 94.3 | 5.7 | – | 100 |

Note: Salary and bonuses are inclusive of employer's Central Provident Fund contributions. Transport allowance and benefits-in-kind are included in salary.

No stock options were granted to any employee during the financial year ended 30 April 2009. Details of the Company's FLEH Share Option Scheme can be found on page 28 of the Directors' Report. None of the senior employees of the Company or its subsidiaries was an immediate family member of any Director.

**ACCOUNTABILITY**

The Board recognises that it is accountable to shareholders for the Group's performance. At the end of each quarter, a review of the Group's financial performance and commentary on the competitive conditions within the industry in which the Company operates is provided to shareholders with the results announcements. Announcements are also released from time to time in compliance with the Listing Manual to keep shareholders informed of material developments within the Group.

Management provides monthly reports on the Group's financial performance to the Executive Directors and other regular reports in matters relating to sales & marketing, operations and finance.

**AUDIT COMMITTEE (AC)**

The AC comprises three members, all are Non-executive Directors, two of whom, including its Chairman, are independent non-executive directors. The members of the AC at the date of this report are as follows:

| | |
|---|---|
| Mr Sebastian Tan Cher Liang | Chairman (Non-executive, Independent) |
| Mr Khua Hock Su | Member (Non-executive, Non-independent) |
| Mr Derek Loh Eu Tse | Member (Non-executive, Independent) |

The AC is charged with the task of assisting the Board in the execution of its corporate governance responsibilities; ensuring that internal control systems have been maintained by management; reviewing interested party transactions; reviewing and approving the quarterly, half-year and full year financial statements; reviewing the assistance given to auditors; reviewing with internal and external auditors on any significant findings; and making recommendations to the Board on all the above matters.

The AC has incorporated an informal "whistle blowing policy" into the Company's internal control procedures to provide a channel for staff to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of such a policy is to ensure independent investigation of such matters and for appropriate follow-up action.

The AC has reviewed the extent of non-audit services provided by the external auditors and is satisfied that their independence has not been compromised.

**INTERNAL CONTROLS**

The Company has in place a system of controls to provide reasonable assurance that assets are safeguarded, operational controls are adequate, business risks are suitably protected and financial controls are properly maintained. The Internal Auditor is familiar with these controls and works closely with management and the Audit Committee to identify any inadequacies and weaknesses in the systems that require attention.

In addition, the external auditors also provide feedback to the Audit Committee in highlighting matters that require management attention. The Company carries out regular internal review of financial, operational and compliance controls and the Board is generally satisfied with the internal controls currently in place.

**INTERNAL AUDIT**

The Company has appointed an independent professional firm, Alfred PF Shee & Co. to be the internal auditors. The internal auditors report directly to the Chairman of the AC. The scope of work covers ascertaining the risk profile of the Group and reviewing the adequacy and effectiveness of the existing internal control system in respect of major risk areas.

**COMMUNICATION WITH SHAREHOLDERS**

The Board recognises the need to keep shareholders informed of material developments in the Company. This is done through appropriate press releases and announcements published on SGXNET and the company's website whenever required by the Listing Manual. When immediate disclosure is not practicable, the relevant announcement is made as soon as possible to ensure that all stakeholders and the public have equal access to the information.

In addition the Company has revamped its website for disseminating information to and improving communication with shareholders.

## GREATER SHAREHOLDER PARTICIPATION

At AGMs, shareholders are given opportunities to air their views and to ask the Board and management questions relating to the business affairs of the Group.

Resolutions to be passed at AGMs are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion. A balanced assessment of the relevant issues is provided or explained to shareholders, if necessary, to enable them to make informed judgments about the resolutions. Shareholders can also exercise their right to vote in absentia by the use of proxies.

The Board is satisfied that shareholders have been given the opportunity to participate effectively and to vote in AGMs.

## DIRECTORS ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance of the Directors at Board and Committee meetings for the financial year ended 30 April 2009, as well as the frequency of such meetings is disclosed below.

| | Board No. of Meetings | | Audit Committee No. of Meetings | | Remuneration Committee No. of Meetings | | Nominating Committee No. of Meetings | |
|---|---|---|---|---|---|---|---|---|
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Khua Hock Su | 4 | 4 | 4 | 4 | 1 | 1 | – | – |
| Eric Khua Kian Keong | 4 | 4 | – | – | – | – | 1 | 1 |
| Henry Chua Tiong Hock | 4 | 3 | – | – | – | – | – | – |
| Thomas Woo Sai Meng | 4 | 4 | – | – | – | – | – | – |
| Sebastian Tan Cher Liang | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Derek Loh Eu Tse | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |

# DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 April 2009.

**DIRECTORS**

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

Khua Hock Su
Eric Khua Kian Keong
Henry Chua Tiong Hock
Thomas Woo Sai Meng
Sebastian Tan Cher Liang
Derek Loh Eu Tse

**DIRECTORS' INTERESTS**

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations are as follows:

| Name of director and corporation in which interests are held | Holdings at beginning of the year | Holdings at end of the year |
|---|---|---|
| **Khua Hock Su** | | |
| The Company | | |
| – ordinary shares | | |
| – deemed interests | 1,040,891,591 | 1,045,291,591 |
| Vibrant Capital Pte Ltd | | |
| – ordinary shares | | |
| – deemed interests | 49,000 | 49,000 |
| **Eric Khua Kian Keong** | | |
| The Company | | |
| – ordinary shares | | |
| – interests held | 2,612,000 | 5,747,000 |
| – deemed interests | 1,040,891,591 | 1,045,291,591 |
| Vibrant Capital Pte Ltd | | |
| – ordinary shares | | |
| – interests held | 51,000 | 51,000 |
| – deemed interests | 49,000 | 49,000 |
| **Henry Chua Tiong Hock** | | |
| The Company | | |
| – ordinary shares | | |
| – interests held | 3,106,500 | 3,106,500 |

| Name of director and corporation in which interests are held | Holdings at beginning of the year | Holdings at end of the year |
|---|---|---|
| **Thomas Woo Sai Meng** | | |
| The Company | | |
| – ordinary shares | | |
| – interests held | 160,698 | 241,047 |
| Freight Links Express Holdings (Australia) Limited | | |
| – ordinary shares of A$0.50 each | | |
| – interests held | 4,000 | 4,000 |

By virtue of Section 7 of the Act, Eric Khua Kian Keong and Khua Hock Su are deemed to have interests in the other subsidiaries of the Company at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 May 2009.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, 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.

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in note 27 to the financial statements, since the end of the last 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.

**SHARE OPTIONS**

**FLEH SHARE OPTION SCHEME**

The FLEH Share Option Scheme (the Scheme) of the Company was approved and adopted by its members at the Extraordinary General Meeting held on 28 June 2004. The Scheme is administered by the Company's Remuneration Committee.

The Remuneration Committee comprises the following members, all of whom are non-executive directors:

Derek Loh Eu Tse (Chairman)
Sebastian Tan Cher Liang
Khua Hock Su

The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Remuneration Committee:

(i) in relation to the Group:

    (1) all the directors of the Company and its subsidiaries; and

    (2) all confirmed full-time employees of the Group who are not less than 21 years old;

**SHARE OPTIONS (CONT'D)**

**FLEH SHARE OPTION SCHEME (CONT'D)**

(ii) in relation to the immediate holding company:

(1) all the directors of the immediate holding company and its subsidiaries; and

(2) all confirmed full-time employees of the immediate holding company and its subsidiaries who are not less than 21 years old;

(iii) in relation to the associated companies:

(1) all the directors of the associated companies; and

(2) all confirmed full-time employees of associated companies who are not less than 21 years old;

who, in the opinion of the Remuneration Committee, have contributed to the success and the development of the Group.

Persons who are Controlling Shareholder or his associates shall not participate in the Scheme unless:

(i) clear justification has been provided to shareholders for their participation;

(ii) their participation and the actual number and terms of any option to be granted to them have been specifically approved by independent shareholders of the Company in a general meeting in separate resolutions for each such Controlling Shareholder; and

(iii) all conditions for their participation in the Scheme as may be required by the regulations of the SGX-ST from time to time are satisfied.

Controlling Shareholder and his associate refer to Eric Khua Kian Keong, the Chief Executive Officer of the Company and Khua Hock Su, the non-Executive Chairman.

The Remuneration Committee shall have absolute discretion to decide whether a person who is participating in this Scheme shall be eligible to participate in any other share option scheme implemented by the Company or any other Company within the Group.

Other information regarding the Scheme is set out below:

(i) The options are exercisable to subscribe for new ordinary shares in the capital of the Company;

(ii) The options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by an option holder giving notice in writing to the Company and accompanied by the remittance for the aggregate subscription cost; and

(iii) The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

**SHARE OPTIONS (CONT'D)**

**FLEH SHARE OPTION SCHEME (CONT'D)**

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

**AUDIT COMMITTEE**

The members of the Audit Committee during the year and at the date of this report are:

- Sebastian Tan Cher Liang (Chairman), non-executive director
- Khua Hock Su, non-executive director
- Derek Loh Eu Tse, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

**AUDITORS**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Eric Khua Kian Keong**
Director

**Thomas Woo Sai Meng**
Director

31 July 2009

# STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 34 to 82 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

**Eric Khua Kian Keong**
Director

**Thomas Woo Sai Meng**
Director

31 July 2009

# INDEPENDENT AUDITORS' REPORT

(to Members of the Company Freight Links Express Holdings Limited)

We have audited the accompanying financial statements of Freight Links Express Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and of the Company as at 30 April 2009, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 82.

***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, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls 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.

***Auditors' 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 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.

***Opinion***

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2009 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**
Public Accountants and
Certified Public Accountants

**Singapore**
31 July 2009

# BALANCE SHEETS
As at 30 April 2009

| | Note | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 3 | 99,735 | 97,326 | 515 | 606 |
| Intangible assets | 4 | 982 | 982 | – | – |
| Investment properties | 5 | 24,000 | 9,000 | – | – |
| Subsidiaries | 6 | – | – | 19,030 | 17,775 |
| Associates | 7 | 51,862 | 48,525 | 41,166 | 38,738 |
| Club membership | | 50 | 53 | 22 | 22 |
| Other investments | 8 | – | 4,183 | – | 4,183 |
| Other receivables | 9 | 16,687 | 7,009 | 65,602 | 83,777 |
| Deferred tax assets | 10 | 396 | 896 | – | – |
| | | 193,712 | 167,974 | 126,335 | 145,101 |
| **Current assets** | | | | | |
| Trade and other receivables | 9 | 52,575 | 45,301 | 27,790 | 10,524 |
| Other investments | 8 | 531 | 1,698 | – | – |
| Cash and cash equivalents | 12 | 33,863 | 43,266 | 9,456 | 12,521 |
| | | 86,969 | 90,265 | 37,246 | 23,045 |
| Non-current assets held for sale | 11 | – | 18,221 | – | – |
| | | 86,969 | 108,486 | 37,246 | 23,045 |
| **Total assets** | | 280,681 | 276,460 | 163,581 | 168,146 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 13 | 74,216 | 73,705 | 74,216 | 73,705 |
| Other reserves | 14 | 8,415 | 9,324 | 7,082 | 7,167 |
| Accumulated profits | 14 | 47,127 | 43,620 | 19,155 | 20,757 |
| | | 129,758 | 126,649 | 100,453 | 101,629 |
| **Minority interests** | | 11,406 | 11,204 | – | – |
| **Total equity** | | 141,164 | 137,853 | 100,453 | 101,629 |
| **Non-current liabilities** | | | | | |
| Financial liabilities | 16 | 58,243 | 33,488 | 16,902 | 109 |
| Other payables | 17 | 8,961 | 9,647 | 30,013 | 20,564 |
| Deferred tax liabilities | 10 | – | – | 4 | 4 |
| | | 67,204 | 43,135 | 46,919 | 20,677 |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 46,911 | 34,026 | 10,374 | 994 |
| Financial liabilities | 16 | 23,370 | 58,934 | 4,707 | 43,037 |
| Current tax payable | | 2,032 | 2,512 | 1,128 | 1,809 |
| | | 72,313 | 95,472 | 16,209 | 45,840 |
| **Total liabilities** | | 139,517 | 138,607 | 63,128 | 66,517 |
| **Total equity and liabilities** | | 280,681 | 276,460 | 163,581 | 168,146 |

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

# CONSOLIDATED INCOME STATEMENT

Year ended 30 April 2009

| | Note | 2009 $'000 | 2008 $'000 |
|---|---|---|---|
| Revenue | 18 | 137,062 | 139,429 |
| Other income | | 3,277 | 15,991 |
| Accretion of deferred revenue | | 2,989 | 2,989 |
| Freight and related costs | | (71,184) | (83,388) |
| Rental expenses on operating leases | | (14,728) | (13,143) |
| Warehouse upkeep and related costs | | (4,432) | (4,309) |
| Exhibition design and build costs | | (4,737) | (4,165) |
| Staff costs | | (21,767) | (21,764) |
| Depreciation of property, plant and equipment | 3 | (5,455) | (5,097) |
| Other operating expenses | | (8,855) | (5,842) |
| | | 12,170 | 20,701 |
| Finance income | | 1,823 | 1,371 |
| Finance expense | | (5,006) | (4,608) |
| **Net finance costs** | 19 | (3,183) | (3,237) |
| Share of profit of associates, net of tax | | 998 | 1,168 |
| **Profit before income tax** | | 9,985 | 18,632 |
| Income tax expense | 20 | (1,222) | (855) |
| **Profit for the year** | 21 | 8,763 | 17,777 |
| **Attributable to:** | | | |
| Equity holders of the Company | | 8,784 | 17,538 |
| Minority interests | | (21) | 239 |
| **Profit for the year** | | 8,763 | 17,777 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 22 | 0.42 | 0.88 |
| Diluted earnings per share (cents) | 22 | 0.42 | 0.74 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 April 2009

| | Share capital $'000 | Capital reserve $'000 | Foreign currency translation reserve $'000 | Accumulated profits $'000 | Total attributable to equity holders of the Company $'000 | Minority interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 1 May 2007 | 47,969 | 8,456 | 2,211 | 30,738 | 89,374 | 6,179 | 95,553 |
| Translation differences relating to financial statements of foreign subsidiaries | – | – | (54) | – | (54) | (105) | (159) |
| Net gains recognised directly in equity | – | – | (54) | – | (54) | (105) | (159) |
| Net profit for the year | – | – | – | 17,538 | 17,538 | 239 | 17,777 |
| Total recognised income and expense for the year | – | – | (54) | 17,538 | 17,484 | 134 | 17,618 |
| Exercise of warrants | 1,289 | (1,289) | – | – | – | – | – |
| Issue of new shares | 24,447 | – | – | – | 24,447 | – | 24,447 |
| 2007 final one-tier dividend paid of 0.25 cent per share | – | – | – | (4,656) | (4,656) | (96) | (4,752) |
| Issue of shares to minority interests of subsidiaries | – | – | – | – | – | 4,987 | 4,987 |
| At 30 April 2008 | 73,705 | 7,167 | 2,157 | 43,620 | 126,649 | 11,204 | 137,853 |
| Translation differences relating to financial statements of foreign subsidiaries | – | – | (824) | – | (824) | 238 | (586) |
| Net gains recognised directly in equity | – | – | (824) | – | (824) | 238 | (586) |
| Net profit for the year | – | – | – | 8,784 | 8,784 | (21) | 8,763 |
| Total recognised income and expense for the year | – | – | (824) | 8,784 | 7,960 | 217 | 8,177 |
| Exercise of warrants | 85 | (85) | – | – | – | – | – |
| Issue of new shares | 426 | – | – | – | 426 | – | 426 |
| 2008 final one-tier dividend paid of 0.25 cent per share | – | – | – | (5,277) | (5,277) | (74) | (5,351) |
| Issue of shares to minority interests of subsidiaries | – | – | – | – | – | 59 | 59 |
| At 30 April 2009 | 74,216 | 7,082 | 1,333 | 47,127 | 129,758 | 11,406 | 141,164 |

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

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 April 2009

| | Note | 2009<br>$'000 | 2008<br>$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 9,985 | 18,632 |
| Adjustments for: | | | |
| Depreciation | 3 | 5,455 | 5,097 |
| Gain on disposal of property, plant and equipment | | (263) | (45) |
| Property, plant and equipment written off | | 2,003 | – |
| Loss on financial assets at fair value through profit or loss (net) | | | |
| - marketable securities | | 1,180 | 1,203 |
| - derivative contracts | | 3,041 | 2,569 |
| Gain on waiver of loan due to a minority shareholder of a subsidiary | | (99) | – |
| Share of profit of associates | | (998) | (1,168) |
| Accretion of deferred revenue | | (2,989) | (2,989) |
| Dividend income from financial assets at fair value through profit or loss | | (10) | – |
| Impairment loss on warehouse properties recognised/(written back) | | 357 | (8,731) |
| Loss/(Gain) on fair value of investment properties | | 2,000 | (5,000) |
| Finance costs | 19 | 5,006 | 4,608 |
| Finance income | 19 | (1,823) | (1,371) |
| Interest income on: | | | |
| - convertible loans to associates | | (2,735) | (3,898) |
| - redeemable cumulative convertible preference shares in an associate | | (1,522) | (793) |
| Foreign exchange gain | | (4,163) | (959) |
| | | 14,425 | 7,155 |
| Changes in working capital: | | | |
| Trade and other receivables | | 11,866 | (3,124) |
| Trade and other payables | | 2,965 | 6,771 |
| Foreign currency translation | | (892) | 181 |
| Cash generated from operations | | 28,364 | 10,983 |
| | | | |
| Income taxes refunded | | 848 | 1,063 |
| Income taxes paid | | (1,002) | (1,058) |
| **Cash flows from operating activities** | | 28,210 | 10,988 |
| | | | |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 1,297 | 112 |
| Purchase of property, plant and equipment | | (8,122) | (30,087) |
| Additional subscription of redeemable cumulative preference shares in an associate | | – | (3,560) |
| Acquisition of shares in associates | | (51) | (566) |
| Prepayment of proposed investment in an associate and loan to the associate (proposed investment) | | (27,759) | – |
| Redemption of convertible loan to an associate | | 2,625 | 3,946 |
| Repayment of proposed investment | | 5,152 | – |
| Dividends received | | | |
| - financial assets at fair value through profit or loss | | 10 | – |
| - an associated company | | 343 | 282 |
| Purchase of other investments | | (13) | (3,072) |
| Proceeds from sale of other investments | | – | 1,386 |
| Loan to an associate | | (723) | – |
| Finance income received | | 1,066 | 1,055 |
| Receipt of interest income on loan to associate | | 32 | – |
| Receipt of interest income on convertible loans to associates | | 6,516 | 3,372 |
| **Cash flows from investing activities** | | (19,627) | (27,132) |

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

# CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

Year ended 30 April 2009

| | Note | 2009<br>$'000 | 2008<br>$'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Net proceeds from issue of shares to minority interests of subsidiaries | | 116 | 4,496 |
| Proceeds from issue of new shares | | – | 18,000 |
| Proceeds from exercise of warrants | | 426 | 6,447 |
| Proceeds from borrowings | | 36,070 | 28,364 |
| Proceeds from loan from a related party | | 3,000 | – |
| Proceeds from loan from a director | | 942 | – |
| Proceeds from finance lease facilities | | 280 | – |
| Repayment of borrowings | | (47,585) | (13,637) |
| Payment of finance lease liabilities | | (1,627) | (1,319) |
| Dividend paid to shareholders | | (5,277) | (4,656) |
| Dividend paid to minority interests | | (74) | (96) |
| Finance costs | | (2,041) | (1,530) |
| **Cash flows from financing activities** | | (15,770) | 36,069 |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | (7,187) | 19,925 |
| Cash and cash equivalents at beginning of year | | 42,106 | 22,641 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (1,112) | (460) |
| **Cash and cash equivalents at end of year** | 12 | 33,807 | 42,106 |

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 July 2009.

## 1 DOMICILE AND ACTIVITIES

Freight Links Express Holdings Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 51 Penjuru Road #04-00 Freight Links Express Logisticentre, Singapore 609143.

The principal activities of the Group and Company are those relating to freight forwarding, chemical logistics, warehousing and logistics, leasing of industrial buildings, heavy vehicles parking lot operator, exhibition and event project management and investment holding.

The immediate and ultimate holding company during the financial year was Vibrant Capital Pte Ltd, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for investment properties and certain financial assets and liabilities which are measured at fair value. Non-current assets and disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – measurement of recoverable amounts of property, plant and equipment
- Note 4 – measurement of recoverable amounts of goodwill
- Note 6 – impairment assessment on investments in subsidiaries
- Note 7 – impairment assessment on convertible loans to and redeemable cumulative preference shares in associates
- Note 8 – valuation of financial derivatives
- Note 9 – measurement of allowance for doubtful receivables

The accounting policies set out below have been applied consistently by the Group to all periods presented in these financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 CONSOLIDATION

***Business combinations***

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

***Associates***

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

***Accounting for subsidiaries and associates by the Company***

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 FOREIGN CURRENCIES

***Foreign currency transactions***

Transactions in foreign currencies are translated at the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments (note 2.7).

***Foreign operations***

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 May 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 May 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

### 2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land and construction work-in-progress are not depreciated. Depreciation of construction work-in-progress will commence when it is ready for its intended use. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

| | |
|---|---|
| Freehold properties | 50 years |
| Leasehold properties | 20 to 60 years |
| Motor vehicles, trucks and prime movers | 5 to 15 years |
| Office equipment and machinery | 5 to 30 years |
| Furniture, fixtures and fittings | 3 to 10 years |

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### 2.5 INTANGIBLE ASSETS

***Goodwill***

Goodwill and negative goodwill arise on the acquisition of subsidiaries and associates.

*Acquisitions occurring between 1 May 2001 and 1 May 2005*

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill was stated at cost from the date of initial recognition and amortised over its estimated useful life of 10 years. On 1 May 2005, the Group discontinued amortisation of this goodwill. This remaining goodwill balance is subject to testing for impairment, as described in note 2.9.

Negative goodwill was derecognised by crediting accumulated profit on 1 May 2005.

*Acquisitions on or after 1 May 2005*

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 2.9. Negative goodwill is recognised immediately in the income statement.

*Acquisition of minority interest*

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are measured initially at costs, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

### 2.7 FINANCIAL INSTRUMENTS

*Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

*Available-for-sale financial assets*

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 2.3), are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

*Financial assets at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is acquired principally for the purpose of selling in the short-term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 FINANCIAL INSTRUMENTS (CONT'D)

*Other*

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

***Derivative financial instruments and hedging activities***

The Group holds derivative financial instruments to hedge its interest rate and foreign currency risk exposures. Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the income statement.

The Group has investments in associates in the form of redeemable cumulative convertible preference shares and convertible loans with embedded options to convert them into ordinary equity shares. The redeemable cumulative convertible preference shares and convertible loans are classified as loans and receivables and stated in the Group's balance sheet at amortised cost using the effective interest method. The embedded options are classified as derivative financial assets and changes in the fair values of the embedded options are taken to the income statement.

***Impairment of financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the income statement.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 FINANCIAL INSTRUMENTS (CONT'D)

***Intra-group financial guarantees***

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

***Share capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

### 2.8 LEASES

***When entities within the Group are lessees of a finance lease***

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

***When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

***When entities within the Group are lessors of an operating lease***

Assets leased out under operating leases are included in leasehold properties and investment properties. Leasehold properties are stated at cost less accumulated depreciation and impairment losses. Investment properties are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### 2.9 IMPAIRMENT – NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 IMPAIRMENT – NON-FINANCIAL ASSETS (CONT'D)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.10 EMPLOYEE BENEFITS

***Defined contribution plans***

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 2.11 REVENUE RECOGNITION

***Rendering of services***

Revenue from outward freight forwarding is recognised upon shipment. Revenue from inward freight forwarding is recognised when goods are delivered. Revenue from logistic services is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

***Rental income***

Rental income receivable under operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received.

***Dividend income***

Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 FINANCE INCOME AND EXPENSES

Finance income comprises interest income on bank deposits, loans to associates and other receivables that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprises interest expense on borrowings that is recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

### 2.13 INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

## 3 PROPERTY, PLANT AND EQUIPMENT

| | Note | Freehold properties $'000 | Leasehold properties $'000 | Motor vehicles, trucks and prime movers $'000 | Office equipment and machinery $'000 | Furniture, fixtures and fittings $'000 | Construction work-in-progress $'000 | Vessel $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 May 2007 | | 805 | 72,372 | 7,645 | 16,469 | 3,971 | 33,331 | – | 134,593 |
| Additions | | 25 | 35 | 2,529 | 1,151 | 2,132 | 19,868 | 6,630 | 32,370 |
| Disposals | | – | – | (158) | (57) | (32) | – | – | (247) |
| Reclassified to non-current assets held for sale | 11 | (143) | (1,576) | – | (265) | (69) | – | – | (2,053) |
| Translation differences | | (53) | (48) | (167) | (55) | (23) | – | – | (346) |
| Reclassifications | | – | 14,208 | – | – | – | (14,208) | – | – |
| At 30 April 2008 | | 634 | 84,991 | 9,849 | 17,243 | 5,979 | 38,991 | 6,630 | 164,317 |
| Additions | | 43 | 5 | 793 | 1,061 | 448 | 14,664 | – | 17,014 |
| Disposals/write-offs | | – | (6,000) | (691) | (1,759) | (1,137) | (23) | (7,344) | (16,954) |
| Translation differences | | (20) | – | (196) | (21) | 6 | – | 714 | 483 |
| Reclassifications | | – | 42,668 | – | 31 | (31) | (42,668) | – | – |
| At 30 April 2009 | | 657 | 121,664 | 9,755 | 16,555 | 5,265 | 10,964 | – | 164,860 |

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold properties $'000 | Leasehold properties $'000 | Motor vehicles, trucks and prime movers $'000 | Office equipment and machinery $'000 | Furniture, fixtures and fittings $'000 | Construction work-in-progress $'000 | Vessel $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| At 1 May 2007 | 62 | 33,852 | 2,042 | 12,898 | 3,029 | 19,944 | – | 71,827 |
| Depreciation charge for the year | 38 | 2,718 | 1,109 | 705 | 470 | – | 57 | 5,097 |
| Impairment losses written back | – | (7,347) | – | – | – | (1,384) | – | (8,731) |
| Disposals | – | – | (127) | (53) | – | – | – | (180) |
| Translation differences | (13) | (18) | (103) | (40) | (16) | – | (1) | (191) |
| Reclassified to non-current assets held for sale | (29) | (573) | – | (181) | (48) | – | – | (831) |
| At 30 April 2008 | 58 | 28,632 | 2,921 | 13,329 | 3,435 | 18,560 | 56 | 66,991 |
| Depreciation charge for the year | 36 | 2,763 | 1,159 | 895 | 669 | – | (67) | 5,455 |
| Impairment losses recognised | – | 357 | – | – | – | – | – | 357 |
| Disposals/write-offs | – | (4,000) | (657) | (1,756) | (1,133) | – | – | (7,546) |
| Translation differences | (5) | – | (130) | (14) | 6 | – | 11 | (132) |
| Reclassifications | – | 18,560 | – | (2) | 2 | (18,560) | – | – |
| At 30 April 2009 | 89 | 46,312 | 3,293 | 12,452 | 2,979 | – | – | 65,125 |
| **Carrying amount** | | | | | | | | |
| At 1 May 2007 | 743 | 38,520 | 5,603 | 3,571 | 942 | 13,387 | – | 62,766 |
| At 30 April 2008 | 576 | 56,359 | 6,928 | 3,914 | 2,544 | 20,431 | 6,574 | 97,326 |
| At 30 April 2009 | 568 | 75,352 | 6,462 | 4,103 | 2,286 | 10,964 | – | 99,735 |

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Motor vehicles $'000 | Office equipment $'000 | Furniture, fixtures and fittings $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **Cost** | | | | |
| At 1 May 2007 | 757 | 211 | 35 | 1,003 |
| Additions | – | 6 | 2 | 8 |
| Disposals | – | (5) | – | (5) |
| At 30 April 2008 | 757 | 212 | 37 | 1,006 |
| Additions | – | 8 | – | 8 |
| At 30 April 2009 | 757 | 220 | 37 | 1,014 |
| **Accumulated depreciation** | | | | |
| At 1 May 2007 | 138 | 126 | 32 | 296 |
| Depreciation for the year | 75 | 30 | 1 | 106 |
| Disposals | – | (2) | – | (2) |
| At 30 April 2008 | 213 | 154 | 33 | 400 |
| Depreciation for the year | 75 | 22 | 2 | 99 |
| At 30 April 2009 | 288 | 176 | 35 | 499 |
| **Carrying amount** | | | | |
| At 1 May 2007 | 619 | 85 | 3 | 707 |
| At 30 April 2008 | 544 | 58 | 4 | 606 |
| At 30 April 2009 | 469 | 44 | 2 | 515 |

Cost of construction work-in-progress comprises:

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| Development costs | 10,662 | 33,319 |
| Leasehold land rental | 34 | 1,261 |
| Property taxes, interest and other overheads | 268 | 4,411 |
| | 10,964 | 38,991 |

During the year, interest expense of approximately $11,000 (2008: $217,000) was capitalised by the Group as cost of construction work-in-progress. The capitalisation rate was based on the cost of borrowings of 1.88% (2008: 3.04%).

***Impairment***

The Group has substantial investments in property, plant and equipment in its warehousing and logistics business and chemical storage and logistics business. Due to the uncertain economic outlook, an impairment assessment of the Group's property, plant and equipment was performed. For impairment assessment purpose, each of these properties and the related plant and machinery is a separate cash-generating unit (CGU). The Group has a total of 4 CGUs in warehousing and logistics business and 4 CGUs in chemical and storage business.

The carrying value of property, plant and equipment of the CGU is made up of substantially the carrying value of the CGU's properties.

## 3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

***Impairment (Cont'd)***

For all CGUs, the recoverable amount for properties is fair value less costs to sell. The fair value of properties is determined based on open market values appraised by independent professional valuers, Colliers International Consultancy Valuation (Singapore) Pte Ltd and Chesterton International Property Consultants Pte Ltd, close to the balance sheet date.

The recoverable amount for the related plant and machinery is determined using value in use calculation. The value in use is based on discounted cash flow projections over a period of 5 years using the approved budget for 2010.

For the warehousing and logistics business, no growth in sales is assumed for the remaining 4 years and no terminal value was considered. For the chemical storage and logistics business, revenue for 2010 is projected to grow by 8.5% and 3.5% for the remaining 4 years. The terminal value was based on a price-earnings multiple of 5 applied to the projected earnings at the end of the projection period.

The cash flow projections took into account the Group's historical experience of tenancy lease renewal and assessment of the future market trend in the businesses. A pre-tax discount rate of 12% was applied in determining the recoverable amount.

Based on management's assessment, an impairment loss of $357,000 relating to 3 CGUs was recognised in the current year's income statement and recorded under "other operating expenses". In previous year, the Group wrote back impairment losses amounted to $8,731,000.

***Assets under finance leases***

The Group leases motor vehicles, trucks and prime movers under a number of finance lease agreements. At 30 April 2009, the net carrying amount of leased plant and equipment was $5,414,000 (2008: $5,542,000).

During the year, the Group acquired property, plant and equipment with an aggregate cost of $17,014,000 (2008: $32,370,000), of which $585,000 (2008: $2,283,000) was acquired under finance leases.

The following property, plant and equipment have been pledged as security to secure bank loans and other credit facilities extended to certain subsidiaries as set out in note 16:

| | **Group** | |
|---|---|---|
| | **2009** | **2008** |
| | **$'000** | **$'000** |
| **Net Book Value** | | |
| Leasehold properties | 75,352 | 53,667 |
| Office equipment and machinery | – | 1,759 |
| Construction work-in-progress | 10,964 | 18,500 |
| | 86,316 | 73,926 |

## 4 INTANGIBLE ASSETS

| | Goodwill on consolidation $'000 |
|---|---|
| **Group** | |
| **Cost** | |
| At 1 May 2007, 30 April 2008 and 30 April 2009 | 1,127 |
| **Accumulated amortisation and impairment losses** | |
| At 1 May 2007, 30 April 2008 and 30 April 2009 | 145 |
| **Carrying amount** | |
| At 1 May 2007, 30 April 2008 and 30 April 2009 | 982 |

***Impairment tests for goodwill***

The goodwill relates to the Group's chemical storage and logistics business in Singapore and Malaysia.

The recoverable amount of the CGU was determined based on its value in use. Details of the basis and key assumptions are set out in note 3 to financial statements.

The values assigned to the key assumptions represent management's assessment of future trends in the chemical logistics industry and are based on both external sources and internal sources (historical data). The recoverable amount was computed to be higher than the carrying amount and accordingly, no impairment loss has been recognised.

## 5 INVESTMENT PROPERTIES

| | | Group | |
|---|---|---|---|
| | Note | 2009 $'000 | 2008 $'000 |
| At 1 May | | 9,000 | 21,000 |
| (Loss)/Gain on fair value recognised in income statement | | (2,000) | 5,000 |
| Reclassified from/(to) non-current assets held for sale | 11 | 17,000 | (17,000) |
| At 30 April | | 24,000 | 9,000 |

Investment properties were revalued by Colliers International Consultancy Valuation (Singapore) Pte Ltd, a firm of independent professional valuers, at open market values on an existing use basis close to the balance sheet date.

At the balance sheet date, investment properties comprise industrial properties that are leased to external customers. The leases contain initial non-cancellable periods of 3 to 10 years. Subsequent renewal is negotiated with the lessees.

The carrying amount of investment property of the Group under operating leases at 30 April 2009 is $24,000,000 (2008: $9,000,000). Property rental income earned by the Group from its investment properties during the year, all of which are leased out under operating leases, amounted to $2,260,000 (2008: $2,472,000).

The investment properties are pledged to secure bank loans and other credit facilities extended to certain subsidiaries as set out in note 16.

## 6 SUBSIDIARIES

| | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|
| Equity investments at cost | | |
| - quoted | 10,790 | 10,790 |
| - unquoted | 16,848 | 16,848 |
| | 27,638 | 27,638 |
| Impairment losses | (8,608) | (9,863) |
| | 19,030 | 17,775 |

Details of significant subsidiaries of the Group are as follows:

| Name of subsidiary | Country of incorporation | Effective equity held by the Group 2009 % | Effective equity held by the Group 2008 % |
|---|---|---|---|
| Freight Links Express Pte Ltd | Singapore | 100 | 100 |
| Freight Links Logistics Pte Ltd | Singapore | 100 | 100 |
| Freight Links Express Distripark Pte Ltd | Singapore | 100 | 100 |
| Crystal Freight Services Pte Ltd | Singapore | 100 | 100 |
| Freight Links Express Logisticentre Pte Ltd | Singapore | 100 | 100 |
| Freight Links Express Districentre Pte Ltd | Singapore | 100 | 100 |
| Crystal Freight Services Distripark Pte Ltd | Singapore | 100 | 100 |
| Freight Links E-logistics Technopark Pte Ltd | Singapore | 100 | 100 |
| Freight Links Fabpark Pte Ltd | Singapore | 100 | 100 |
| Freight Links Express Holdings (Australia) Limited | Australia | 75.53 | 75.53 |
| Freight Links Express Air Systems Pte Ltd | Singapore | 100 | 100 |
| Freight Links Express Logisticpark Pte Ltd | Singapore | 100 | 100 |
| LTH Logistics (Singapore) Pte Ltd | Singapore | 51 | 51 |
| Freight Links Express (Thailand) Co., Ltd | Thailand | 49 | 49 |
| Freight Links (Jiangsu) Co., Ltd | People's Republic of China | 49 | 49 |

KPMG LLP Singapore are the auditors of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for Freight Links Express Holdings (Australia) Limited and Freight Links (Jiangsu) Co., Ltd which are audited by PricewaterhouseCoopers, Australia and BDO Shanghai Zhonghua, China respectively.

Although the Group owns less than half of the voting rights of Freight Links Express (Thailand) Co., Ltd, it is able to govern the financial and operating policies and control the composition of its board of directors. Consequently, the Group consolidates its investment in the company as a subsidiary of the Group.

The recoverable amounts of the investments in these subsidiaries were determined based on the estimated net selling price of the subsidiaries. At the balance sheet date, the Company reassessed the recoverable amounts of its investments in subsidiaries based on available financial information and wrote back impairment loss of approximately $1,255,000 (2008: charge of $2,886,000) to the Company's income statement.

## 7 ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $'000 | $'000 | $'000 | $'000 |
| Convertible loans to an associate | 27,824 | 27,488 | 27,824 | 27,488 |
| Redeemable cumulative convertible preference shares in an associate | 15,257 | 12,906 | 12,924 | 10,800 |
| Investment in associates | 8,781 | 8,131 | 418 | 450 |
| | 51,862 | 48,525 | 41,166 | 38,738 |

***Convertible loans to an associate***

| | Group and Company | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| At 1 May | 27,488 | 31,288 |
| Redemption | (2,625) | (3,946) |
| Interest income | 11 | 388 |
| Unrealised exchange gain/(loss) taken to income statement | 2,950 | (242) |
| At 30 April | 27,824 | 27,488 |

(a) Convertible loans to an associate were extended to the following entity:

| Name of associate | Country of incorporation |
|---|---|
| Fudao Petrochemicals Group Pte Ltd (Fudao)* | Singapore |

* Company not audited by KPMG LLP Singapore or member firms of KPMG International

The above company is regarded as associated company as the Company has representation on the board of directors and significant influence over the financial and operating policies of the company.

(b) The convertible loans to an associated company which is denominated in Chinese renminbi, are secured over the shares and assets of the associated company.

(c) The convertible loans bear a contractual interest rate of 10% (2008: 10% to 15%) per annum. The effective interest rates vary from 10% to 12% (2008: 5% to 11%) per annum.

(d) Unless converted into new fully paid-up ordinary shares in the capital of Fudao, the convertible loan shall be repaid in cash, with all accrued and unpaid interest to the Company. The loan is convertible into equity shares in Fudao if specific performance criteria are met and upon conversion, the Company shall hold between 27% to 50% of the issued share capital of Fudao. At balance sheet date, the specific performance criteria for conversion have not been met.

(e) The fair value of the convertible loans as at balance sheet date is approximately $27,824,000 (2008: $27,488,000).

## 7 ASSOCIATES (CONT'D)

***Redeemable cumulative convertible preference shares in an associate***

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $'000 | $'000 | $'000 | $'000 |
| At 1 May | 12,906 | 10,529 | 10,800 | 10,529 |
| Additions | – | 2,972 | – | 866 |
| Interest income | 1,522 | 793 | 1,522 | 793 |
| Unrealised exchange gain/(loss) taken to income statement | 602 | (1,388) | 602 | (1,388) |
| Exchange gain recognised in equity for RCCPS held by foreign subsidiary | 227 | – | – | – |
| At 30 April | 15,257 | 12,906 | 12,924 | 10,800 |

(a) The associated company is:

| Name of associate | Country of incorporation |
|---|---|
| China GSD Logistics Pte Ltd (GSD)* | Singapore |

* Company not audited by KPMG LLP Singapore or member firms of KPMG International

The above company is regarded as an associated company as the Company has representation on the board of directors and significant influence over the financial and operating policies of this company.

(b) Terms and conditions of the redeemable cumulative convertible preference shares (RCCPS):

(i) Each RCCPS shall confer on the Company the right to be paid in priority to any other distributions in respect of any other classes of shares, preference dividends on a cumulative basis, of an amount equal to 7% (2008: 7%) per annum of the issue price payable on each RCCPS in each year the RCCPS are in issue;

(ii) In the event of liquidation of GSD, the Company has priority in the repayment of capital together with any arrears of any declared but unpaid dividend on a cumulative basis. In addition, the Company is entitled to participate in the distribution of the surplus assets on liquidation of GSD equally with the holders of ordinary shares;

(iii) Each RCCPS is convertible at the sole discretion of the Company into 1 ordinary share in the capital of GSD. The Company has the right to convert the RCCPS any time after (a) receipt by the company of Eligibility-to-List letter from an exchange or (b) 3 November 2006, if GSD is not listed on an exchange by 3 November 2006. As at the balance sheet date, the Company has yet to exercise its rights to convert the RCCPS and retains its rights to do so.

(iv) The RCCPS are secured over the shares of GSD; and

(v) Upon conversion, the Company shall hold 39.04% of the issued share capital of GSD.

(c) The effective interest rate of the RCCPS as at balance sheet date is 7% to 43% (2008: 7% to 43%) per annum.

(d) The RCCPS is denominated in United States dollar.

(e) The fair value of the RCCPS as at the balance sheet date is approximately $15,257,000 (2008: $13,326,000).

## 7 ASSOCIATES (CONT'D)

***Investments in associates***

Details of significant associates are as follows:

| Name of associate | Country of incorporation | Effective equity held by the Group 2009 % | 2008 % |
|---|---|---|---|
| Freight Management Holdings Bhd (FMHB)* | Malaysia | 20 | 20 |

* Audited by BDO Binder

***Summarised financial information of associates***

The summarised financial statements of Fudao and GSD are included in the aggregate financial information set out below. The results of these associates are not equity accounted as the Company does not hold equity interest in them.

The summarised financial information relating to associates is not adjusted for the percentage of ownership held by the Group. The financial information of the associates based on unadjusted financial statements for 12 months period not more than 3 months from the Company's financial year end are as follows:

| | Group | |
|---|---|---|
| | 2009 $'000 | 2008 $'000 |
| **Assets and liabilities** | | |
| Total assets | 185,047 | 191,633 |
| Total liabilities | 114,359 | 112,490 |
| **Results** | | |
| Revenue | 134,740 | 118,395 |
| Loss after tax | (4,306) | (1,168) |

The Group revaluates whether there is any objective evidence that the convertible loans to and preference shares in associates are impaired, and determines the amount of impairment loss, if any, as a result of the associates' inability to make the repayments. The Group determines the estimates based on historical repayments, financial performance and the quality of the assets of the associates. If the financial conditions of the associates were to deteriorate, impairment may need to be recognised.

## 8 OTHER INVESTMENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non-current investments** | | | | |
| Financial derivatives | – | 4,183 | – | 4,183 |
| **Current investments** | | | | |
| Financial assets at fair value through profit or loss | 531 | 1,698 | – | – |

## 8 OTHER INVESTMENTS (CONT'D)

As at 30 April, financial derivatives comprised the following:

| | Note | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|---|
| Fair value of interest rate swaps | | (156) | (1,298) | – | (991) |
| Fair value of forward foreign exchange contract | | – | (905) | – | (905) |
| Fair value of embedded options | | – | 4,183 | – | 4,183 |
| | | (156) | 1,980 | – | 2,287 |
| Analysed as: | | | | | |
| Current liabilities | 16 | (156) | (1,896) | – | (1,896) |
| Non-current liabilities | 16 | – | (307) | – | – |
| Non-current assets | | – | 4,183 | – | 4,183 |
| | | (156) | 1,980 | – | 2,287 |

***Interest rate swaps***

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| At 1 May | (1,298) | 246 | (991) | 288 |
| Fair value gain/(loss) included in income statement | 1,142 | (1,544) | 991 | (1,279) |
| At 30 April | (156) | (1,298) | – | (991) |

***Forward foreign exchange contract***

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| At 1 May | (905) | – | (905) | – |
| Realised exchange gain recognised in income statement | 905 | – | 905 | – |
| Fair value loss included in income statement | – | (905) | – | (905) |
| At 30 April | – | (905) | – | (905) |

The Group has entered into interest rate swaps and forward foreign exchange contract to hedge the Group's exposure to interest rate and foreign currency risks on its borrowings. The interest rate swaps entitle the Group to receive interest at floating/fixed rates on notional principal amounts and oblige the Group to pay interest at fixed/floating rates on the same notional principal amounts. The forward foreign exchange contract has matured during the year as Group's US$ borrowings that it hedged against had been fully repaid during the year. The interest rate swaps and forward foreign exchange contract did not qualify for hedge accounting.

## 8 OTHER INVESTMENTS (CONT'D)

***Embedded options***

| | Group and Company 2009 $'000 | Group and Company 2008 $'000 |
|---|---|---|
| At 1 May | 4,183 | 4,620 |
| Fair value upon initial recognition | – | 588 |
| Impairment loss recognised in income statement | (4,183) | (1,025) |
| At 30 April | – | 4,183 |

The Group carries financial derivatives at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these derivatives financial instruments would affect profit.

## 9 TRADE AND OTHER RECEIVABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non-current assets** | | | | | |
| Advances to subsidiaries | (a) | – | – | 180,991 | 201,127 |
| Impairment losses | | – | – | (115,964) | (117,350) |
| Net receivables | | – | – | 65,027 | 83,777 |
| Receivables from sale of warehouse | (b) | 6,642 | 6,522 | – | – |
| Loan to an associate | (c) | 575 | – | 575 | – |
| Loan to a related party | (d) | 9,083 | – | – | – |
| Prepayments | | 387 | 487 | – | – |
| | | 16,687 | 7,009 | 65,602 | 83,777 |
| **Current assets** | | | | | |
| Trade receivables | | | | | |
| - subsidiaries | | – | – | 1,011 | 856 |
| - third parties | | 20,055 | 24,374 | – | – |
| | | 20,055 | 24,374 | 1,011 | 856 |
| Impairment losses | | (729) | (1,818) | – | – |
| Net trade receivables | | 19,326 | 22,556 | 1,011 | 856 |
| Non-trade amounts due from subsidiary | (e) | – | – | 23,726 | – |
| Interest receivables | | 234 | 3,846 | 197 | 3,846 |
| Loans to associates | (c) | 1,622 | 1,360 | 1,622 | 1,360 |
| Amounts due from related parties | (f) | 5 | 2,221 | 5 | – |
| Deposits | | 570 | 8,268 | 2 | 329 |
| Prepayment of proposed investment in a subsidiary and loan to the subsidiary (proposed investment) | (g) | 24,958 | – | – | – |
| Prepayments | | 2,807 | 4,422 | 30 | 2,490 |
| Tax recoverable | | 937 | 1,202 | 696 | 1,169 |
| Other receivables | | 2,116 | 1,426 | 501 | 474 |
| | | 52,575 | 45,301 | 27,790 | 10,524 |

## 9 TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Outstanding balances with subsidiaries are unsecured with no fixed terms of repayment and is not expected to be repaid within the next twelve months. Interest is charged at 1% above market swap rate determined at the beginning of each month on the net receivables. The average effective interest rate at balance sheet date was 1.88% (2008: 3.04%) per annum.

(b) Receivables from the sale of warehouse relate to amounts due from a third party for the sale of warehouse complexes in prior years. In accordance with the sale and purchase agreement signed between the Group and the third party, the final payment of $6,840,000 is due in December 2010.

(c) Included in loans to associates is an amount of $723,000, which is unsecured, bears interest at 14.9% (2008: Nil%) per annum. It is repayable in monthly instalments of between $10,000 to $17,000, with the final instalment due on 30 June 2014.

Another loan of $1,474,000 to an associate bears interest at 2.5% (2008: 2.5%) per annum above the prevailing SIBOR rate determined on a half yearly basis, has no fixed repayment terms and is repayable on demand.

d) Loan to a related party is unsecured, interest free and is not expected to be repaid within the next twelve months from the balance sheet date. The carrying amount approximates its fair value as the implicit interest is insignificant.

(e) Non-trade amounts due from subsidiary are unsecured, bear interest at 11% (2008: Nil%) per annum and have no fixed terms of repayment except for an amount of $11,189,000 which is interest free.

(f) Amounts due from related parties are unsecured, interest free and have no fixed terms of repayment.

(g) Pursuant to the terms of the sale and purchase agreement entered between the Company's subsidiary, Freight Links Capital Pte Ltd, and the vendors of Citic Logistics Co., Ltd (Citic Logistics) for the proposed acquisition of 60% of the registered capital in Citic Logistics, the Group has prepaid $17.1 million for the proposed acquisition. In addition, the Group extended a loan of $7.8 million to Citic Logistics which is unsecured, bears interest at 11% (2008: Nil%) per annum and repayable on demand. The proposed acquisition of Citic Logistics is subject to the fulfilment of certain conditions under the agreement which have not been completed as at balance sheet date and the date of the Directors' report.

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed and sell in a variety of end markets. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

The maximum exposure to credit risk for loans and trade receivables at the balance sheet date (by business activities) is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $'000 | $'000 | $'000 | $'000 |
| Freight forwarding | 8,552 | 10,563 | 1,397 | 1,427 |
| Warehousing and logistics | 12,181 | 5,173 | 51,761 | 60,046 |
| Chemical storage and logistics | 14,379 | 7,464 | 28,256 | 9,725 |
| Others | 3,386 | 2,937 | 10,552 | 14,795 |
| | 38,498 | 26,137 | 91,966 | 85,993 |

## 9 TRADE AND OTHER RECEIVABLES (CONT'D)

***Impairment losses***

The aging of loans and trade receivables at the reporting date is:

| | 2009 Gross $'000 | 2009 Impairment Losses $'000 | 2008 Gross $'000 | 2008 Impairment Losses $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Not past due | 30,458 | – | 14,745 | – |
| Past due 0 – 30 days | 4,330 | – | 6,104 | (18) |
| Past due 31 – 120 days | 3,231 | (199) | 4,187 | (202) |
| More than 120 days | 1,208 | (530) | 2,919 | (1,598) |
| | 39,227 | (729) | 27,955 | (1,818) |
| **Company** | | | | |
| Not past due | 205,420 | (115,964) | 201,254 | (117,350) |
| Past due 0 – 30 days | 45 | – | 52 | – |
| Past due 31 – 120 days | 138 | – | 122 | – |
| More than 120 days | 2,327 | – | 1,915 | – |
| | 207,930 | (115,964) | 203,343 | (117,350) |

The change in impairment loss in respect of trade and other receivables during the year is as follows:

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| At 1 May | 1,818 | 2,128 | 117,350 | 122,726 |
| Impairment loss recognised | 47 | 1,666 | – | – |
| Impairment loss utilised | (1,089) | (1,857) | – | – |
| Impairment loss written back | (47) | (119) | (1,386) | (5,376) |
| At 30 April | 729 | 1,818 | 115,964 | 117,350 |

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the customers to make required payments. The Group determines the estimates based on the ageing of trade receivables, credit-worthiness, and historical write-off experience. Management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's loans and trade receivables. If the financial conditions of the customers were to deteriorate, actual write-offs would be higher than estimated.

## 10 DEFERRED TAX

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) are as follows:

| | At 1 May 2007 $'000 | Recognised in income statement $'000 | Exchange differences $'000 | At 30 April 2008 $'000 | Recognised in income statement $'000 | Exchange differences $'000 | At 30 April 2009 $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Deferred tax liabilities** | | | | | | | |
| Other items | 52 | – | – | 52 | – | – | 52 |
| Tax value of losses carried forward | 26 | 4 | (7) | 23 | – | – | 23 |
| Total | 78 | 4 | (7) | 75 | – | – | 75 |
| **Deferred tax assets** | | | | | | | |
| Property, plant and equipment | (188) | 129 | 1 | (58) | 305 | (5) | 242 |
| Provisions | (14) | 15 | – | 1 | – | – | 1 |
| Deferred revenue | (1,113) | 199 | – | (914) | 200 | – | (714) |
| Total | (1,315) | 343 | 1 | (971) | 505 | (5) | (471) |

Deferred tax liabilities of the Company are attributable to the following:

| | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|
| **Deferred tax liabilities** | | |
| Other items | 4 | 4 |

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

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| Deferred tax liabilities | – | – | (4) | (4) |
| Deferred tax assets | 396 | 896 | – | – |

Deferred tax assets have not been recognised in respect of the following items:

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| Investment allowances | 2,816 | 2,805 |
| Capital allowances | 1,036 | 33,768 |
| Tax losses | 4,403 | 9,983 |
| | 8,255 | 46,556 |

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The investment allowances, capital allowances and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items in accordance with the accounting policy stated in note 2.13.

## 11 NON-CURRENT ASSETS HELD FOR SALE

| | Note | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|---|
| At beginning of the year | | 18,221 | – |
| Sale completed during the year | | (1,221) | – |
| Reclassified (to)/from investment property | 5 | (17,000) | 17,000 |
| Reclassified from property, plant and equipment | | – | 1,221 |
| At end of the year | | – | 18,221 |

Comprising:

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| - Investment property | – | 17,000 |
| - Property, plant and equipment | – | 1,221 |
| | – | 18,221 |

In the previous year, the investment property at 30/32 Tuas Avenue 8 Singapore was presented as held for sale in view of the put and call option agreement entered into by a wholly-owned subsidiary, Freight Links Fabpark Pte Ltd (Freight Links Fabpark) with the trustee of a private estate investment trust (trustee) for the sale of its leasehold interest together with the building on the property. The sale was expected to be completed by December 2008 upon obtaining relevant approval from the Jurong Town Corporation for the sale of the property and satisfying other conditions in relation to the sale.

During the year, the trustee notified the subsidiary that it would not complete the purchase of the investment property. The Group has since commenced legal proceedings against the trustee in the High Court of Singapore for rescinding the put and call option agreement. Court hearing is expected to be in September 2009. The property has been reclassified under investment properties as at the balance sheet date.

## 12 CASH AND CASH EQUIVALENTS

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 12,912 | 17,864 | 1,665 | 9,221 |
| Deposits with banks | 20,951 | 25,402 | 7,791 | 3,300 |
| Cash and cash equivalents | 33,863 | 43,266 | 9,456 | 12,521 |
| Bank overdrafts (note 16) | (56) | (1,160) | | |
| Cash and cash equivalents in the cash flow statement | 33,807 | 42,106 | | |

Included in cash and cash equivalents are amounts of $1,126,000 (2008: $5,731,000) held in countries under foreign exchange controls.

The weighted average effective interest rate per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group ranges from 0.18% to 8.03% (2008: 0.92% to 6.89%). Interest rates reprice at intervals of three months.

## 13 SHARE CAPITAL

| | Group and Company 2009 No. of shares ('000) | Group and Company 2008 No. of shares ('000) |
|---|---|---|
| **Fully paid ordinary shares, with no par value:** | | |
| At 1 May | 2,102,986 | 1,794,046 |
| Exercise of warrants | 8,507 | 128,940 |
| Placement of new shares | – | 180,000 |
| At 30 April | 2,111,493 | 2,102,986 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

***Capital management***

The Board defines "capital" to include share capital, reserves and minority interest. The Board's policy is to maintain a sound capital base so as to sustain the future development and expansion of the Group's business in order to maintain investor and creditor confidence in the Group. The Board of Directors monitors the level of dividend payment taking into consideration the Group's business expansion requirements.

The Board of Directors also seeks to maintain a balance level of borrowings with a view to optimise financial return to shareholders. Based on historical results attained in past 5 years, the Group targets to achieve a return on shareholders' equity (ROE) of between 14% and 18%. In 2009, the Group achieved a ROE of 6.2% (2008: 13.8%).

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total borrowings, net of cash and cash equivalents, divided by total shareholders' equity excluding minority interest. The Group's strategy is to maintain a net debt to equity ratio of under 1.0. The net debt to equity ratio was 0.37 for the year ended 30 April 2009 (2008: 0.37).

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements, except for certain financial convenants (including those relating to consolidated net assets) as stipulated by its bankers in respect of term loans drawn down.

## 14 RESERVES

| | Group 2009 $'000 | Group 2008 $'000 | Company 2009 $'000 | Company 2008 $'000 |
|---|---|---|---|---|
| Foreign currency translation reserve | 1,333 | 2,157 | – | – |
| Capital reserve | 7,082 | 7,167 | 7,082 | 7,167 |
| Accumulated profits | 47,127 | 43,620 | 19,155 | 20,757 |
| | 55,542 | 52,944 | 26,237 | 27,924 |

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Capital reserve arises from the issue and exercise of warrants.

The accumulated profits of the Group include an amount of $2,478,000 (2008: $1,480,000) attributable to associates.

## 15 SHARE OPTIONS

### FLEH SHARE OPTION SCHEME

The FLEH Share Option Scheme (the Scheme) was approved by members of the Company at an Extraordinary General Meeting held on 28 June 2004.

The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Remuneration Committee:

(i) in relation to the Group:

  (a) all the directors of the Company and its subsidiaries; and

  (b) all confirmed full-time employees of the Group who are not less than 21 years old;

(ii) in relation to the immediate holding company:

  (a) all directors of the immediate holding company and its subsidiaries; and

  (b) all confirmed full-time employees of the immediate holding company and its subsidiaries who are not less than 21 years old;

(iii) in relation to the associated companies:

  (a) all directors of associated companies; and

  (b) all confirmed full-time employees of associated companies who are not less than 21 years old;

who, in the opinion of the Remuneration Committee, have contributed to the success and the development of the Group.

Persons who are Controlling Shareholder or his associates shall not participate in the Scheme unless:

(i) clear justification have been provided to shareholders for their participation;

(ii) their participation and the actual number and terms of any option to be granted to them have been specifically approved by independent shareholders of the Company in a general meeting in separate resolutions for each such Controlling Shareholder; and

(iii) all conditions for their participation in the Scheme as may be required by the regulations of the SGX-ST from time to time are satisfied.

Controlling Shareholder and his associate refer to Eric Khua Kian Keong, the Chief Executive Officer of the Company and Khua Hock Su, the Non-Executive Chairman.

The Remuneration Committee shall have absolute discretion to decide whether a person who is participating in this Scheme shall be eligible to participate in any other share option scheme implemented by the Company or any other Company within the Group.

## 15 SHARE OPTIONS (CONT'D)

### FLEH SHARE OPTION SCHEME (CONT'D)

Other information regarding the Scheme is set out below:

(i) The options are exercisable for new ordinary shares in the capital of the Company;

(ii) The options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by an option holder giving notice in writing to the Company and accompanied by the remittance for the aggregate subscription cost; and

(iii) The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company.

No share option has been issued under the Scheme.

## 16 FINANCIAL LIABILITIES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non-current liabilities** | | | | | |
| Term loans | | 56,392 | 30,828 | 16,842 | – |
| Finance lease liabilities | | 1,851 | 2,353 | 60 | 109 |
| Financial derivatives | 8 | – | 307 | – | – |
| | | 58,243 | 33,488 | 16,902 | 109 |
| **Current liabilities** | | | | | |
| Bank overdrafts | 12 | 56 | 1,160 | – | – |
| Short-term loan | | 13,300 | 1,800 | 1,500 | – |
| Term loans | | 8,732 | 14,643 | 3,158 | 750 |
| Floating rate notes (FRN) | | – | 27,211 | – | 29,576 |
| Finance lease liabilities | | 1,126 | 1,458 | 49 | 49 |
| Financial derivatives | 8 | 156 | 1,896 | – | 1,896 |
| Transferable loan facility (TLF) | | – | 10,766 | – | 10,766 |
| | | 23,370 | 58,934 | 4,707 | 43,037 |
| | | 81,613 | 92,422 | 21,609 | 43,146 |
| Total loans and borrowings | | 81,457 | 90,219 | 21,609 | 41,250 |
| Total derivatives | 8 | 156 | 2,203 | – | 1,896 |
| Total financial liabilities | | 81,613 | 92,422 | 21,609 | 43,146 |

The bank overdrafts and term loans of the subsidiaries of $55,894,000 (2008: $48,226,000) are guaranteed by the Company and are secured by legal mortgages over the leasehold properties and investment properties of the Group as disclosed in notes 3 and 5 respectively. In addition, fixed and floating charges are secured over the assets of those subsidiaries with significant overdraft facilities.

The FRN and TLF were fully repaid in April 2009.

## 16 FINANCIAL LIABILITIES (CONT'D)

***Finance lease liabilities***

At 30 April, the Group and the Company have obligations under finance leases that are payable as follows:

| | Principal 2009 $'000 | Interest 2009 $'000 | Payments 2009 $'000 | Principal 2008 $'000 | Interest 2008 $'000 | Payments 2008 $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Repayable within 1 year | 1,126 | 191 | 1,317 | 1,458 | 166 | 1,624 |
| Repayable after 1 year but within 5 years | 1,851 | 279 | 2,130 | 2,353 | 191 | 2,544 |
| Total | 2,977 | 470 | 3,447 | 3,811 | 357 | 4,168 |
| **Company** | | | | | | |
| Repayable within 1 year | 49 | 7 | 56 | 49 | 6 | 55 |
| Repayable after 1 year but within 5 years | 60 | 7 | 67 | 109 | 14 | 123 |
| Total | 109 | 14 | 123 | 158 | 20 | 178 |

## 17 TRADE AND OTHER PAYABLES

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2009 $'000 | 2008 $'000 | 2009 $'000 | 2008 $'000 |
| **Non-current liabilities** | | | | | |
| Non-trade amounts due to subsidiaries | (a) | – | – | 27,709 | 20,564 |
| Loan from a related company | (b) | 2,304 | – | 2,304 | – |
| Deferred revenue | | 6,657 | 9,647 | – | – |
| | | 8,961 | 9,647 | 30,013 | 20,564 |
| **Current liabilities** | | | | | |
| Trade payables | | 11,807 | 16,770 | – | – |
| Deposits and advances | | 6,287 | 2,315 | – | – |
| Deferred revenue | (c) | 2,989 | 3,090 | – | – |
| Construction cost payable | | 8,250 | 2,779 | – | – |
| Loan from a related company | (b) | 696 | – | 696 | – |
| Payable for proposed investment | | 7,791 | – | 7,791 | – |
| Other payables | | 1,571 | 734 | 950 | – |
| Accrued operating expenses | (d) | 7,520 | 8,338 | 937 | 994 |
| | | 46,911 | 34,026 | 10,374 | 994 |
| Total trade and other payables | | 55,872 | 43,673 | 40,387 | 21,558 |

(a) The non-trade amounts due to subsidiaries are unsecured, repayable on demand but are not expected to be repaid within the next twelve months from balance sheet date. Interest is charged at 1% above market swap rate determined at the beginning of each month on the net receivables or payables. The average effective interest rate at balance sheet date was 1.88% (2008: 3.04%) per annum.

(b) Loan from a related company of $3,000,000 is unsecured, bears interest at 5.0% per annum and is repayable over monthly instalments of $69,000 each, including accrued interests, with the final instalment of $68,000 due on 4 April 2013.

## 17 TRADE AND OTHER PAYABLES (CONT'D)

(c) Deferred revenue relates to the excess of sales proceeds over the fair values of the warehouse complexes disposed through sale and leaseback transactions. As the sale and leaseback transactions resulted in operating leases, the excess of the selling prices over fair values was deferred and accreted over the period for which the warehouse complexes are expected to be used. The deferred revenue is accreted on a straight-line basis over the respective lease periods of the warehouse complexes. Accretion of deferred revenue of $2,989,000 (2008: $2,989,000) has been recognised in the current financial year.

(d) Included in the accrued operating expenses is an amount of $1,776,000 (2008 : $nil) being the agreed settlement consideration pursuant to a settlement agreement signed between a subsidiary and a third party dated 30 April 2009, in respect of the obligation arising from the construction of a warehouse property in prior years plus legal costs.

## 18 REVENUE

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| Freight forwarding | 74,900 | 84,930 |
| Warehouse and logistics | 19,184 | 16,491 |
| Chemical storage and logistics | 34,913 | 31,353 |
| Other services rendered | 8,065 | 6,655 |
| Total revenue | 137,062 | 139,429 |

## 19 FINANCE INCOME AND EXPENSE

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| Interest income: | | |
| - other receivables | 925 | 273 |
| - bank deposits | 728 | 988 |
| - loan to an associate | 170 | 110 |
| Finance income | 1,823 | 1,371 |
| Interest expense: | | |
| - term loans | (1,654) | (1,203) |
| - bank overdrafts | (29) | (74) |
| - finance lease liabilities | (261) | (239) |
| - floating rate notes and transferable loan facility | (2,596) | (2,584) |
| - others | (466) | (508) |
| Finance expense | (5,006) | (4,608) |
| Net finance costs | (3,183) | (3,237) |

## 20 INCOME TAX

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| **Current tax expense** | | |
| Current year | 1,181 | 1,389 |
| Adjustment for prior periods | (464) | (881) |
| | 717 | 508 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 311 | 230 |
| Reduction in tax rates | 47 | – |
| Adjustment for prior periods | 147 | 117 |
| | 505 | 347 |
| Income tax expense | 1,222 | 855 |

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| ***Reconciliation of effective tax rate*** | | |
| Profit before income tax | 9,985 | 18,632 |
| Tax calculated using Singapore tax rate of 17% (2008: 18%) | 1,697 | 3,354 |
| Effect of different tax rates in other countries | 213 | 160 |
| Income not subject to tax | (2,245) | (3,721) |
| Expenses not deductible for tax purposes | 1,827 | 969 |
| Utilisation of previously unrecognised tax losses | (474) | (30) |
| Deferred income tax assets not recognised | 104 | 1,044 |
| (Over)/Underprovided in prior years | (317) | (764) |
| Others | 417 | (157) |
| | 1,222 | 855 |

## 21 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| (Loss)/Gain on fair value of: | | |
| - embedded option of investment in an associate | (4,183) | (1,025) |
| - interest rate swaps | 1,142 | (1,544) |
| - investment properties | (2,000) | 5,000 |
| - marketable securities | (1,180) | (1,203) |
| Interest income on: | | |
| - convertible loans to associates | 2,735 | 3,898 |
| - redeemable cumulative convertible preference shares in an associate | 1,522 | 793 |
| Gain on disposal of property, plant and equipment | 263 | 45 |
| Impairment loss on leasehold properties (recognised)/written back | (357) | 8,731 |
| Foreign exchange gain | 4,163 | 959 |
| Allowance for doubtful receivables written back | 10 | 119 |
| Write-back of accruals no longer required | 223 | 108 |
| Non-audit fees paid to other auditors | – | (10) |
| Contributions to defined contribution plans included in staff costs | (1,821) | (1,796) |
| Property, plant and equipment written off | (2,003) | – |

## 22 EARNINGS PER SHARE

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| Basic earnings per share is computed based on: | | |
| Net profit attributable to ordinary shareholders | 8,784 | 17,538 |
| | **No. of shares ('000)** | **No. of shares ('000)** |
| Issued ordinary shares at beginning of the year | 2,102,986 | 1,793,791 |
| Effect of ordinary shares issued | – | 93,699 |
| Effect of warrants exercised | 5,418 | 108,351 |
| Weighted average number of ordinary shares at end of the year | 2,108,404 | 1,995,841 |
| | **$'000** | **$'000** |
| Diluted earnings per share is based on: | | |
| Net profit attributable to ordinary shareholders | 8,784 | 17,538 |

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants and contingently issuable shares, with the potential ordinary shares weighted for the period outstanding.

## 22 EARNINGS PER SHARE (CONT'D)

The effect of the exercise of warrants and issue of contingently issuable shares on the weighted average number of ordinary shares in issue is as follows:

| | Group | |
|---|---|---|
| | 2009 No. of shares ('000) | 2008 No. of shares ('000) |
| Weighted average number of: | | |
| Ordinary shares used in the calculation of basic earnings per share | 2,108,404 | 1,995,841 |
| Potential ordinary shares issuable under warrants | – | 380,460 |
| Weighted average number of ordinary issued and potential shares assuming full conversion | 2,108,404 | 2,376,301 |

## 23 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format - business segments - is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments (other than investment properties) and related revenue, loans and expenses, corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

***Business segments***

The Group comprises the following main business segments:

- Freight forwarding
- Warehousing and logistics
- Chemical storage and logistics

Other activities of the Group comprise mainly investment holding, international and local relocation services, record management and document storage, international project management in exhibition and event, all of which do not constitute a separately reportable segment.

***Geographical segments***

The freight forwarding, warehousing and logistics, and chemical storage and logistics segments are managed on a worldwide basis, but operate in seven principal geographical areas.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

## 23 SEGMENT REPORTING (CONT'D)

***Business segments***

| | Freight forwarding $'000 | Ware-housing and logistics $'000 | Chemical storage and logistics $'000 | Other operations $'000 | Eliminations $'000 | Total operations $'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| **2009** | | | | | | |
| External revenue | 74,900 | 19,184 | 34,913 | 8,065 | – | 137,062 |
| Inter-segment revenue | 2,392 | 5,895 | – | 8 | (8,295) | – |
| Total revenue | 77,292 | 25,079 | 34,913 | 8,073 | (8,295) | 137,062 |
| **Results** | | | | | | |
| Segment results | 7,272 | 464 | (307) | (713) | | 6,716 |
| Unallocated corporate costs | | | | | | (1,792) |
| Accretion of deferred revenue | – | 2,989 | – | – | – | 2,989 |
| Results from operating activities | | | | | | 7,913 |
| Interest income from associates | – | – | – | 4,257 | – | 4,257 |
| Net finance income/(costs) | 8 | (573) | (461) | (2,157) | – | (3,183) |
| Share of profit of associates | | | | | | 998 |
| Profit before income tax | | | | | | 9,985 |
| Income tax expense | | | | | | (1,222) |
| Profit for the year | | | | | | 8,763 |
| **2008** | | | | | | |
| External revenue | 84,930 | 16,491 | 31,353 | 6,655 | – | 139,429 |
| Inter-segment revenue | 471 | 3,458 | – | 1 | (3,930) | – |
| Total revenue | 85,401 | 19,949 | 31,353 | 6,656 | (3,930) | 139,429 |
| **Results** | | | | | | |
| Segment results | 4,357 | 12,410 | 631 | (1,210) | | 16,188 |
| Unallocated corporate costs | | | | | | (3,167) |
| Accretion of deferred revenue | – | 2,989 | – | – | – | 2,989 |
| Results from operating activities | | | | | | 16,010 |
| Interest income from associates | – | – | – | 4,691 | – | 4,691 |
| Net finance income/(costs) | 70 | 112 | (580) | (2,839) | – | (3,237) |
| Share of profit of associates | | | | | | 1,168 |
| Profit before income tax | | | | | | 18,632 |
| Income tax expense | | | | | | (855) |
| Profit for the year | | | | | | 17,777 |

## 23 SEGMENT REPORTING (CONT'D)

| | Freight forwarding $'000 | Ware-housing and logistics $'000 | Chemical storage and logistics $'000 | Other operations $'000 | Eliminations $'000 | Total operations $'000 |
|---|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | | |
| **2009** | | | | | | |
| Segment assets | 17,875 | 135,435 | 31,141 | 28,402 | 982 | 213,835 |
| Tax recoverable | | | | | | 937 |
| Investment in club membership | | | | | | 50 |
| Associates | | | | | | 51,862 |
| Other investments | | | | | | 531 |
| Deferred income tax assets | | | | | | 396 |
| Unallocated assets | | | | | | 13,070 |
| Total assets | | | | | | 280,681 |
| Segment liabilities | 7,298 | 18,232 | 15,626 | 2,038 | – | 43,194 |
| Unallocated liabilities | | | | | | 12,678 |
| Financial liabilities | | | | | | 81,613 |
| Income tax liabilities | | | | | | 2,032 |
| Total liabilities | | | | | | 139,517 |
| **2008** | | | | | | |
| Segment assets | 18,889 | 144,224 | 24,124 | 10,212 | 828 | 198,277 |
| Tax recoverable | | | | | | 1,202 |
| Investment in club membership | | | | | | 53 |
| Associates | | | | | | 48,525 |
| Other investments | | | | | | 5,881 |
| Deferred income tax assets | | | | | | 896 |
| Unallocated assets | | | | | | 21,626 |
| Total assets | | | | | | 276,460 |
| Segment liabilities | 9,888 | 24,516 | 6,702 | 1,573 | – | 42,679 |
| Unallocated liabilities | | | | | | 994 |
| Financial liabilities | | | | | | 92,422 |
| Income tax liabilities | | | | | | 2,512 |
| Total liabilities | | | | | | 138,607 |
| **Other segment information** | | | | | | |
| **2009** | | | | | | |
| Capital expenditure | 115 | 4,764 | 11,853 | 282 | – | 17,014 |
| Depreciation | 253 | 3,104 | 1,871 | 227 | – | 5,455 |
| Impairment loss on leasehold properties recognised /(written back) | – | 569 | (212) | – | – | 357 |
| **2008** | | | | | | |
| Capital expenditure | 180 | 30,177 | 1,897 | 116 | – | 32,370 |
| Depreciation | 227 | 2,696 | 2,008 | 166 | – | 5,097 |
| Impairment loss on leasehold properties written back | – | (8,078) | (653) | – | – | (8,731) |

## 23 SEGMENT REPORTING (CONT'D)

***Geographical segments***

| | Singapore $'000 | ASEAN (excluding Singapore) $'000 | Asia $'000 | America $'000 | Oceania $'000 | Europe $'000 | Middle East $'000 | Others $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **2009** | | | | | | | | | |
| Revenue from external customers | 50,050 | 24,071 | 27,446 | 5,471 | 6,792 | 10,925 | 7,353 | 4,954 | 137,062 |
| Segment assets | 244,499 | 10,094 | 14,799 | – | 9,901 | – | 1,388 | – | 280,681 |
| Capital expenditure | 15,987 | 700 | 83 | – | – | – | 244 | – | 17,014 |
| **2008** | | | | | | | | | |
| Revenue from external customers | 46,473 | 23,435 | 26,875 | 3,954 | 8,074 | 12,670 | 7,036 | 10,912 | 139,429 |
| Segment assets | 235,455 | 11,588 | 17,478 | – | 11,756 | – | 183 | – | 276,460 |
| Capital expenditure | 24,730 | 772 | 6,866 | – | – | – | 2 | – | 32,370 |

## 24 FINANCIAL RISK MANAGEMENT

***Overview***

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

***Credit risk***

The Group has a credit policy in place whereby new customers are subject to credit evaluations based on available financial information and past experiences. The Group established credit limits for customers and monitors their balances on an ongoing basis.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

***Liquidity risk***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows for a period of 60 days.

The Group funds its operations through a mix of internal funds and bank borrowings, and reviews regularly its liquidity reserves comprising free cash flows from its operations and undrawn facilities from banks.

The Group has been maintaining a cash pooling system where excess liquidity is equalised internally through intercompany accounts. Depending on specifics of each funding requirement, funding for its operating subsidiaries may be sourced directly from the Group's bankers or indirectly through the Company.

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Liquidity risk (Cont'd)***

The following are the expected contractual undiscounted cash inflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

| | Carrying amount | Cash flows | | | |
|---|---|---|---|---|---|
| | | Contractual cash flows | Within 1 year | Within 1 to 5 years | More than 5 years |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | |
| **2009** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short-term loan | 13,300 | (13,332) | (13,332) | – | – |
| Finance lease liabilities | 2,977 | (3,447) | (1,317) | (2,130) | – |
| Term loans | 65,124 | (71,530) | (11,293) | (41,112) | (19,125) |
| Bank overdrafts | 56 | (56) | (56) | – | – |
| Trade and other payables* | 46,226 | (46,542) | (44,055) | (2,487) | – |
| | 127,683 | (134,907) | (70,053) | (45,729) | (19,125) |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | | | | | |
| - inflow | – | 77 | 77 | – | – |
| - outflow | 156 | (257) | (257) | – | – |
| | 156 | (180) | (180) | – | – |
| **2008** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| US$ floating rate notes and transferable loan facility | 37,977 | (37,977) | (37,977) | – | – |
| Short-term loan | 1,800 | (1,814) | (1,814) | – | – |
| Finance lease liabilities | 3,811 | (4,168) | (1,624) | (2,544) | – |
| Term loans | 45,471 | (47,560) | (15,598) | (14,685) | (17,277) |
| Bank overdrafts | 1,160 | (1,160) | (1,160) | – | – |
| Trade and other payables* | 30,936 | (30,936) | (30,936) | – | – |
| | 121,155 | (123,615) | (89,109) | (17,229) | (17,277) |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | | | | | |
| - inflow | – | 1,616 | 1,496 | 120 | – |
| - outflow | 1,298 | (1,802) | (1,545) | (257) | – |
| Forward foreign exchange contracts | | | | | |
| - inflow | – | 20,400 | 20,400 | – | – |
| - outflow | 905 | (21,075) | (21,075) | – | – |
| | 2,203 | (861) | (724) | (137) | – |

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Liquidity risk (Cont'd)***

| | Carrying amount | Cash flows | | | |
|---|---|---|---|---|---|
| | | Contractual cash flows | Within 1 year | Within 1 to 5 years | More than 5 years |
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Company** | | | | | |
| **2009** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short-term loan | 1,500 | (1,502) | (1,502) | – | – |
| Term loans | 20,000 | (21,847) | (3,893) | (17,954) | – |
| Finance lease liabilities | 109 | (123) | (56) | (67) | – |
| Trade and other payables* | 40,387 | (40,703) | (10,507) | (30,196) | – |
| | 61,996 | (64,175) | (15,958) | (48,217) | – |
| **2008** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| US$ floating rate notes and transferable loan facility | 40,342 | (40,342) | (40,342) | – | – |
| Term loans | 750 | (763) | (763) | – | – |
| Finance lease liabilities | 158 | (178) | (55) | (123) | – |
| Trade and other payables* | 21,558 | (21,558) | (994) | (20,564) | – |
| | 62,808 | (62,841) | (42,154) | (20,687) | – |
| **Derivative financial liabilities** | | | | | |
| Interest rate swap contracts | | | | | |
| - inflow | – | 1,211 | 1,211 | – | – |
| - outflow | 991 | (1,032) | (1,032) | – | – |
| Forward foreign exchange contracts | | | | | |
| - inflow | – | 20,400 | 20,400 | – | – |
| - outflow | 905 | (21,075) | (21,075) | – | – |
| | 1,896 | (496) | (496) | – | – |

* *Excludes deferred revenue*

***Market risk***

Market risk is the risk that changes in the market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

***Interest rate risk***

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group's policy is to manage interest cost by using a mix of fixed and variable rate debts.

Certain subsidiaries of the Group use floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Interest rate risk (Cont'd)***

Interest rate swaps, which are denominated in Singapore dollar, have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. The swaps mature over the next 1 year following the maturity of the related loans. At 30 April 2009, the Group had interest rate swaps with a notional contract amount of $18,653,000 (2008: $60,173,000). The fixed interest rates on interest rate swaps vary from 2.98% to 3.02% (2008: 2.99% to 6.30%) and the main floating rate is SOR (Swap Offer Rate).

Changes in the fair value of interest rate swaps are recognised in the income statement as part of other income.

***Terms and debt repayment schedule***

Terms and conditions of outstanding loans and borrowings are as follows:

| | Nominal interest rate % | Year of maturity | 2009 Face value $'000 | 2009 Carrying amount $'000 | 2008 Face value $'000 | 2008 Carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| US$ floating rate notes and transferable loan facility | 6.59 | 2009 | – | – | 37,977 | 37,977 |
| Short-term loan | 2.24 – 3.03 | 2009 | 13,300 | 13,300 | 1,800 | 1,800 |
| Term loans | 2.30 – 6.25 | 2009 – 2018 | 65,124 | 65,124 | 45,471 | 45,471 |
| Finance lease liabilities | 2.30 – 5.00 | 2009 – 2014 | 2,977 | 2,977 | 3,811 | 3,811 |
| Bank overdrafts | 5.00 – 8.75 | – | 56 | 56 | 1,160 | 1,160 |
| | | | 81,457 | 81,457 | 90,219 | 90,219 |
| **Company** | | | | | | |
| US$ floating rate notes and transferable loan facility | 6.59 | 2009 | – | – | 40,342 | 40,342 |
| Short-term loan | 2.60 | 2009 | 1,500 | 1,500 | – | – |
| Term loans | 3.59 – 5.00 | 2012 – 2013 | 20,000 | 20,000 | 750 | 750 |
| Finance lease liabilities | 2.30 | 2011 | 109 | 109 | 158 | 158 |
| | | | 21,609 | 21,609 | 41,250 | 41,250 |

*Sensitivity analysis*

For variable rate financial assets and liabilities, a change of 100bp in interest rate at the reporting date would increase/(decrease) profit by the amounts shown. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | Profit 100 bp increase $'000 | Profit 100 bp decrease $'000 |
|---|---|---|
| **Group** | | |
| **30 April 2009** | | |
| Variable rate instruments | 126 | (126) |
| **30 April 2008** | | |
| Variable rate instruments | (7) | 7 |

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Foreign currency risk***

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of Group entities. The Group operates internationally and is exposed to foreign currency risks arising from various currency exposures. The Group's exposure to foreign currency receivables is significantly matched by its exposure to foreign currency payables, both predominantly denominated in US dollar.

In respect of other monetary assets and liabilities held in currencies other than the functional currencies of Group entities, the Group uses forward foreign exchange contracts and reviews the balances periodically to ensure the net exposure is kept to an acceptable level. As at 30 April 2009, the Group has outstanding forward foreign exchange contracts with notional amounts of approximately $Nil (2008: $20,400,000).

The Group's and Company's exposure to US dollar are as follows:

| | 30 April 2009<br>$'000 | 30 April 2008<br>$'000 |
|---|---|---|
| **Group** | | |
| Trade and other receivables | 3,451 | 4,529 |
| Cash and cash equivalents | 1,912 | 1,147 |
| Financial liabilities | – | (37,977) |
| Trade and other payables | (10,896) | (5,331) |
| | (5,533) | (37,632) |
| **Company** | | |
| Trade and other receivables | 1,474 | 1,360 |
| Cash and cash equivalents | 62 | 75 |
| Financial liabilities | – | (40,342) |
| Trade and other payables | (7,791) | – |
| | (6,255) | (38,907) |

*Sensitivity analysis*

A 10% strengthening of Singapore dollar against the following currency at the reporting date would increase profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Group<br>Profit<br>$'000 | Company<br>Profit<br>$'000 |
|---|---|---|
| **30 April 2009** | | |
| US dollar | 459 | 519 |
| **30 April 2008** | | |
| US dollar | 3,086 | 3,190 |

A 10% weakening of Singapore dollar against the above currency would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

***Equity price risk***

The Group has no significant exposure to equity price risk.

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Estimation of fair values***

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Company.

*Investments in equity securities*

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted bid prices at the reporting date.

*Derivatives*

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

*Other financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the balance sheet at 30 April are represented in the following table:

## 24 FINANCIAL RISK MANAGEMENT (CONT'D)

***Estimation of fair values (Cont'd)***

| | Note | 2009 Carrying amount $'000 | 2009 Fair value $'000 | 2008 Carrying amount $'000 | 2008 Fair value $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Financial assets** | | | | | |
| Other receivables | 9 | 6,642 | 6,164 | 6,522 | 6,329 |
| **Financial liabilities** | | | | | |
| Term loans | 16 | (65,124) | (65,124) | (45,471) | (45,471) |
| Floating rate notes | 16 | – | – | (27,211) | (27,211) |
| Transferable loan facility | 16 | – | – | (10,766) | (10,766) |
| | | (65,124) | (65,124) | (83,448) | (83,448) |
| Total | | (58,482) | (58,960) | (76,926) | (77,119) |
| Unrecognised loss | | | 478 | | 193 |
| **Company** | | | | | |
| **Financial liabilities** | | | | | |
| Term loans | 16 | (20,000) | (20,000) | (750) | (750) |
| Floating rate notes | 16 | – | – | (29,576) | (29,576) |
| Transferable loan facility | 16 | – | – | (10,766) | (10,766) |
| Total | | (20,000) | (20,000) | (41,092) | (41,092) |
| Unrecognised loss | | | – | | – |

## 25 COMMITMENTS

***Capital commitments***

| | Group 2009 $'000 | Group 2008 $'000 |
|---|---|---|
| Expenditure contracted for | 6,797 | 3,108 |

The capital commitments relate to outstanding contracts in respect of the uncompleted warehouse at 18 Gul Drive.

***Operating lease commitments***

The Group leases a number of leasehold properties under operating leases. The leases typically run for an initial period of 1 to 10 years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

## 25 COMMITMENTS (CONT'D)

***Operating lease commitments (Cont'd)***

At 30 April 2009, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **$'000** | **$'000** |
| Within 1 year | 11,343 | 12,208 |
| After 1 year but within 5 years | 23,650 | 33,104 |
| After 5 years | 41,132 | 26,846 |
| | 76,125 | 72,158 |

The Group leases out its properties. Non-cancellable operating lease rentals are receivable as follows:

| | Group | |
|---|---|---|
| | **2009** | **2008** |
| | **$'000** | **$'000** |
| Within 1 year | 9,195 | 9,069 |
| After 1 year but within 5 years | 11,475 | 14,858 |
| After 5 years | 2,389 | 4,023 |
| | 23,059 | 27,950 |

The company has no significant capital and operating lease commitments at balance sheet date.

## 26 CONTINGENT LIABILITIES (UNSECURED)

Intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to $59,270,000 (2008: $48,231,000) to secure banking facilities provided to certain subsidiaries. The financial guarantees will expire when the loans have been paid and discharged and/or when the banking facilities are no longer available to the subsidiaries. These financial guarantee contracts are accounted for as insurance contracts.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the subsidiaries, the guarantees were given on behalf of.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

In addition, the Company has undertaken to provide financial support to certain of its subsidiaries for the next twelve months. The net liabilities of these entities which are included in the consolidated financial statements as at 30 April 2009 amounted to $121,521,000 (2008: $124,834,000).

## 27 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

***Key management personnel compensation***

Key management personnel of the Group and Company is defined as persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including directors and officers of the Group and Company.

## 27 RELATED PARTIES (CONT'D)

Key management personnel compensation comprised:

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| Short-term employee benefits | 3,075 | 3,007 |
| Defined contribution plans | 141 | 138 |
| | 3,216 | 3,145 |

***Other related party transactions***

During the year, other than those disclosed elsewhere in the financial statements, there were the following significant related party transactions carried out in the normal course of business on terms agreed between the parties.

| | Group | |
|---|---|---|
| | 2009 | 2008 |
| | $'000 | $'000 |
| Professional fees paid to TSMP Law Corporation | 455 | 206 |
| Loan from a director | 942 | – |
| Disposal of vessel to a minority shareholder of a subsidiary | 7,344 | – |

Mr Derek Loh Eu Tse is a director of Freight Links Express Holdings Limited and is a shareholder and director of TSMP Law Corporation.

## 28 SUBSEQUENT EVENTS

On 10 June 2009, the Company issued 20 million new ordinary shares for value of $900,000 as part of the settlement considerations pursuant to a settlement agreement dated 30 April 2009 as disclosed in note 17 (d).

## 29 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

| | |
|---|---|
| FRS 1 (revised 2008) | *Presentation of Financial Statements* |
| FRS 23 (revised 2007) | *Borrowing Costs* |
| Amendments to FRS 32 | *Financial Instruments: Presentations and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* |
| Amendments to FRS 39 | *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* |
| Amendments to FRS 101 | *First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* |
| Amendments to FRS 102 | *Share-based Payment – Vesting Conditions and Cancellations* |
| FRS 103 (revised 2008) | *Business Combinations and FRS 27 (amended 2008) Consolidated and Separate Financial Statements* |
| FRS 108 | *Operating Segments* |
| Improvements to FRSs 2008 | |
| INT FRS 113 | *Customer Loyalty Programmes* |
| INT FRS 115 | *Agreements for the Construction of Real Estate* |
| INT FRS 116 | *Hedges of a Net Investment in a Foreign Operation* |

## 29 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 1 (revised 2008) will become effective for the Group's financial statements for the year ending 30 April 2010. The revised standard requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 1 (revised 2008) does not have any impact on the Group's financial position or results.

FRS 23 (revised 2007) will become effective for the Group's financial statements for the year ending 30 April 2010. FRS 23 (revised 2007) removes the option to expense borrowing costs and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group's current policy to capitalise borrowing costs is consistent with the requirement in the revised FRS 23.

The amendments to FRS 101 and FRS 27 on the cost of an investment in a subsidiary, jointly controlled entity or associate will become effective for the Group's financial statements for the year ending 30 April 2010. The amendments remove the definition of "cost method" currently set out in FRS 27, and instead require an entity to recognise all dividend from a subsidiary, jointly controlled entity or associate as income in its separate financial statements when its right to receive the dividend is established. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

The amendments to FRS 102 on vesting conditions and cancellations will become effective for the Group's financial statements for the year ending 30 April 2010. The amendments clarify the definition of vesting conditions and provide the accounting treatment for non-vesting conditions and cancellations. The application of these amendments is not expected to have any significant impact on the Group's financial statements.

FRS 108 will become effective for the Group's financial statements for the year ending 30 April 2010. FRS 108, which replaces FRS 14 *Segment Reporting*, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Improvements to FRSs 2008 will become effective for the Group's financial statements for the year ending 30 April 2010, except for the amendment to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* which will become effective for the year ending 30 April 2011. Improvements to FRSs 2008 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Group is in the process of assessing the impact of these amendments.

INT FRS 116 will become effective for the Group's financial statements for the year ending 30 April 2010. INT FRS 116 provides guidance on identifying foreign currency risks and hedging instruments that qualify for hedge accounting in the hedge of a net investment in a foreign operation. It also explains how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The application of this Interpretation is not expected to have any significant impact on the Group's financial statements.

Other than changes in disclosures relating to FRS 1 and FRS108, the initial application of these standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of accounting standards issued after the balance sheet date.

## 1 DIRECTORS' REMUNERATION

Company's directors receiving remuneration from the Group

| | Number of directors 2009 | Number of directors 2008 |
|---|---|---|
| **Remuneration of:** | | |
| $250,000 to below $500,000 | 3 | 3 |
| Below $250,000 | 3 | 3 |
| | 6 | 6 |

## 2 GROUP PROPERTIES

***Major properties held for development***

| Location | Description | Intended use | Stage of completion | Expected date of completion | Site area (sq m) | Approximate lettable/ strata area (sq m) | Group's effective interest % |
|---|---|---|---|---|---|---|---|
| 18 Gul Drive | Chemical warehouse cum office complex | Chemical | Approximately 63% | December 2009 | 8,589 | 12,018 | 51 |

***Major properties held for investment***

| Location | Description | Existing use | Tenure of land | Term of lease |
|---|---|---|---|---|
| 218 Pandan Loop | Warehouse cum office complex | Commercial | Leasehold | 30 years with effect from 16 September 1989 with extension of lease for a further 30 years |
| 30/32 Tuas Avenue 8 | Warehouse cum office complex | Commercial | Leasehold | 30 years with effect from 1 September 1996 with extension of lease for a further 30 years |

# SHAREHOLDERS' INFORMATION
As at 22 July 2009

| | |
|---|---|
| Issued and fully paid | 2,131,492,885 ordinary shares |
| Class of Shares | Ordinary Shares |
| Voting Rights | One vote per share |

**DISTRIBUTION OF SHAREHOLDINGS**

| Size of Shareholdings | No. of Holders | % of Holders | No. of Shares | % of Shares |
|---|---|---|---|---|
| 1 - 999 | 401 | 2.74 | 102,755 | 0.00 |
| 1,000 - 10,000 | 7,263 | 49.56 | 45,220,936 | 2.12 |
| 10,001 - 1,000,000 | 6,918 | 47.20 | 513,909,174 | 24.11 |
| 1,000,001 - and above | 73 | 0.50 | 1,572,260,020 | 73.77 |
| **Grand Total** | **14,655** | **100.00** | **2,131,492,885** | **100.00** |

**PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC**

The percentage of shareholding held by the public is approximately 50.69%. Accordingly, Rule 723 of the Listing Manual has been complied with.

**TWENTY LARGEST SHAREHOLDERS**

| S/N | Name of Shareholders | No. of Shares | % of Holdings |
|---|---|---|---|
| 1 | Vibrant Capital Pte Ltd | 508,791,591 | 23.87 |
| 2 | Mayban Nominees (Singapore) Pte Ltd | 192,020,010 | 9.01 |
| 3 | CIMB Bank Nominees (S) Sdn Bhd | 176,500,000 | 8.28 |
| 4 | Hong Leong Finance Nominees Pte Ltd | 173,068,000 | 8.12 |
| 5 | DBS Nominees Pte Ltd | 122,953,070 | 5.77 |
| 6 | Citibank Nominees Singapore Pte Ltd | 93,290,000 | 4.38 |
| 7 | United Overseas Bank Nominees (Private) Limited | 71,341,803 | 3.35 |
| 8 | OCBC Nominees Singapore Private Ltd | 30,232,020 | 1.42 |
| 9 | OCBC Securities Private Ltd | 22,059,000 | 1.03 |
| 10 | Wuhan Construction Pte Ltd | 20,000,000 | 0.94 |
| 11 | UOB Kay Hian Pte Ltd | 14,060,548 | 0.66 |
| 12 | CIMB-GK Securities Pte. Ltd. | 12,198,030 | 0.57 |
| 13 | YHI Holdings Pte Ltd | 6,750,766 | 0.32 |
| 14 | Kim Eng Securities Pte. Ltd. | 6,636,080 | 0.31 |
| 15 | DBS Vickers Securities (Singapore) Pte Ltd | 6,016,000 | 0.28 |
| 16 | Khua Kian Keong | 5,747,000 | 0.27 |
| 17 | Phillip Securities Pte Ltd | 5,682,890 | 0.27 |
| 18 | Teo Ghim Whatt | 4,540,000 | 0.21 |
| 19 | UOB Nominees (2006) Pte Ltd | 4,186,662 | 0.20 |
| 20 | ABN Amro Nominees Singapore Pte Ltd | 4,000,000 | 0.19 |
| | **Total:** | **1,480,073,470** | **69.45** |

As at 22 July 2009

## SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders

| | | Number of Shares | |
|---|---|---|---|
| **Name of Substantial Shareholders** | **Note** | **Direct Interest** | **Deemed Interest** |
| Vibrant Capital Pte. Ltd. | - | 1,045,291,591 | Nil |
| Eric Khua Kian Keong | 1 | 5,747,000 | 1,045,291,591 |
| Lian Hup Holdings Pte. Ltd. | 2 | Nil | 1,045,291,591 |
| Khua Hock Su | 3 | Nil | 1,045,291,591 |
| Vincent Khua Kian Ann | 3 | Nil | 1,045,291,591 |
| Khua Kian Hua | 3 | Nil | 1,045,291,591 |
| Kaplan Funds Management Pty. Limited | - | Nil | 180,000,000 |
| Kaplan Partners Pty. Limited | - | Nil | 180,000,000 |

Notes :

1. Mr Eric Khua Kian Keong is deemed to be interested in 1,045,291,591 shares held by Vibrant Capital Pte. Ltd. ("Vibrant") by virtue of his controlling interest in Vibrant.

2. Lian Hup Holdings Pte. Ltd. ("Lian Hup") is deemed to be interested in 1,045,291,591 shares held by Vibrant by virtue of its shareholding interest in Vibrant.

3. Messrs Khua Hock Su, Vincent Khua Kian Ann and Khua Kian Hua are deemed to be interested in 1,045,291,591 shares held by Vibrant by virtue of their respective shareholding interests in Lian Hup.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Freight Links Express Holdings Limited will be held at 51 Penjuru Road #04-00, Freight Links Express Logisticentre, Singapore 609143, on Friday 28 August 2009 at 9:30 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 30 April 2009 together with the Auditors' Report thereon. (**Resolution 1**)

2. To approve the payment of Directors' Fees of S$200,000. (**Resolution 2**)

3. To re-elect Mr Eric Khua Kian Keong as a Director retiring under Article 94 of the Articles of Association of the Company. (**Resolution 3**)

4. To re-elect Mr Thomas Woo Sai Meng as a Director retiring under Article 94 of the Articles of Association of the Company. (**Resolution 4**)

5. To re-appoint KPMG LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. (**Resolution 5**)

**AS SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass the following resolutions, with or without amendments, as Ordinary Resolutions:

6.1 **ORDINARY RESOLUTION: Authority to allot and issue shares up to 100% of the total number of issued shares in the capital of the Company**

"That authority be and is hereby given to the Directors to:

(a) (i) issue shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise), and including any capitalization pursuant to Article 115 of the Company's Articles of Association of any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution; 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:

(aa) the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares; and

(bb) adjustments to the Instruments and any Shares to be issued pursuant to such adjustments to the Instruments,

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

(b) (notwithstanding that the authority conferred by this resolution ("Resolution") may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided that:

(i) 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 but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), must be not more than 50% of the total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares 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 but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) must be not more than 20% of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) at the time of passing of this Resolution after adjusting for:

(aa) new Shares arising from the conversion or exercise of convertible securities or share options outstanding or subsisting at the time of passing of this Resolution; and

(bb) any subsequent bonus issue or consolidation or sub-division of Shares;

(iii) the 50% limit in sub-paragraph (i) above may be increased to 100% for the Company to undertake pro rata renounceable rights issues;

(iv) 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

(v) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall 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."
**(Resolution 6)**

6.2 **ORDINARY RESOLUTION: Authority to allot and issue shares other than on a pro rata basis to shareholders at a discount of not more than 20%**

"That conditional upon the passing of Resolution 6 above, but without limiting the effect of the authority in Resolution 6 above, authority be and is hereby given to the Directors to issue new ordinary shares in the capital of the Company other than on a pro rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion, provided that such price may represent a discount exceeding 10% but not more than 20% (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST." **(Resolution 7)**

6.3 **ORDINARY RESOLUTION: Authority to allot and issue shares under the FLEH Share Option Scheme**

"That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the FLEH Share Option Scheme ("the Scheme"), in accordance with the terms and conditions and subject to the limit set out in the Scheme." **(Resolution 8)**

7. To transact any other business that can be transacted at an Annual General Meeting and due notice of which has been given.

By Order of the Board

**Dorothy Ho / Lynette Tan**
Company Secretary

Singapore
13 August 2009

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint one or two proxies to attend and vote instead of him and proxies need not be members of the Company.

2. The instrument appointing a Proxy must be deposited at the Company's Registered Office at 51 Penjuru Road #04-00, Freight Links Express Logisticentre, Singapore 609143, not less than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

Ordinary Resolution 6 proposed in item 6.1 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, to issue shares and convertible securities in the capital of the Company, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the Resolution, for such purposes as the Directors may consider to be in the interests of the Company. The number of shares and convertible securities that the Directors may issue would not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution. The said 50% limit may be increased to 100% for pro rata renounceable rights issues. Issues other than on a pro rata basis to shareholders would not exceed 20% of the total number of issued shares (excluding treasury shares).

Ordinary Resolution 7 proposed in item 6.2 above, if passed, will empower the Directors of the Company to issue new shares in the capital of the Company, other than on a pro rata basis to shareholders at a price which shall represent a discount exceeding 10% but not more than 20% (or such other discount as may be permitted by the SGX-ST from time to time) to the price per share determined in accordance with the requirements of the SGX-ST, without seeking any further approval from shareholders in general meeting but within the limitation imposed by the Resolution.

Ordinary Resolution 8 proposed in item 6.3 above, if passed, will empower the Directors of the Company to allot and issue from time to time such number of shares in the capital of the Company pursuant to the exercise of the options under the Scheme. The aggregate number of shares to be allotted and issued pursuant to the exercise of options under the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company for the time being.

The respective authorities under Ordinary Resolutions 6, 7 and 8 will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting is required by the law to be held, whichever is the earlier.

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# FREIGHT LINKS EXPRESS HOLDINGS LIMITED
(Company Registration No. 198600061G)

# PROXY FORM
Annual General Meeting to be held on 28 August 2009

I/We, ______________________________

of (full address) ______________________________

being member/members of the abovenamed Company hereby appoint the Chairman of the Meeting or

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |

and/or (delete as appropriate)

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address** | | | |

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 28 August 2009 at 9:30 a.m. and at any adjournment thereof in the manner indicated below. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjourment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

| | | **To be used on a show of hands** | | **To be used in the event of a poll** | |
|---|---|---|---|---|---|
| **No.** | **Resolutions** | **For*** | **Against*** | **No. of Votes For**** | **No. of Votes Against**** |
| | **ORDINARY BUSINESS:** | | | | |
| 1 | Adoption of Directors' Report and Audited Accounts | | | | |
| 2 | Approval of Directors' Fees | | | | |
| 3 | Re-election of Mr Eric Khua Kian Keong | | | | |
| 4 | Re-election of Mr Thomas Woo Sai Meng | | | | |
| 5 | Re-appointment of Auditors | | | | |
| | **SPECIAL BUSINESS:** | | | | |
| 6 | Authority to issue and allot shares | | | | |
| 7 | Authority to issue and allot shares at not more than 20% discount | | | | |
| 8 | Authority to issue and allot shares pursuant to FLEH Share Option Scheme | | | | |

* Please indicate your vote "For" or "Against" with a " ✔ " within the box provided.
** If you wish to exercise all your votes "For" or "Against", please indicate your vote with a " ✔ " within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2009

| **Total Number of Shares in** | **No. of Shares** |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
Signature(s) of member(s)/
Common Seal of Corporate Shareholder

**Important: Please Read Notes Overleaf**

Notes:

1. 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) you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, 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 the 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.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 51 Penjuru Road #04-00, Freight Links Express Logisticentre, Singapore 609143 not less than 48 hours before the time set for the Meeting.

4. Where a Member appoints two proxies, the appointments shall be invalid unless he specifies the proportion (expressed as a percentage of the whole) of his holding to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.

6. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instruments appointing a proxy or proxies. In addition, in the case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Meeting as certified by CDP to the Company.

## CORPORATE HEAD OFFICE

**FREIGHT LINKS EXPRESS HOLDINGS LIMITED**
51 Penjuru Road #04-00 Freight Links Express Logisticentre Singapore 609143
Tel (65) 6262 6988 (30 Lines)
Fax (65) 6267 5593
URL www.freightlinks.net
E-Mail flesin@freightlinks.net

## SINGAPORE OFFICES

### INTERNATIONAL FREIGHT FORWARDING

**FREIGHT LINKS EXPRESS PTE LTD**
51 Penjuru Road #03-00
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Singapore 609143
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**CRYSTAL FREIGHT SERVICES PTE LTD**
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E-Mail crysfrt@crystalfrt.com.sg

### WAREHOUSING PROPERTY AND LOGISTICS

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Singapore 609200
Tel (65) 6267 2688
Fax (65) 6266 2833

**CRYSTAL FREIGHT SERVICES DISTRIPARK PTE LTD**
146 Gul Circle
Singapore 629604
Tel (65) 6863 4438
Fax (65) 6863 4437

**FREIGHT LINKS E-LOGISTICS TECHNOPARK PTE LTD**
30 Tuas Avenue 10
Singapore 639150
Tel (65) 6262 6988
Fax (65) 6262 6928

### INVESTMENT PROPERTIES

**FREIGHT LINKS FABPARK PTE LTD**
30/32 Tuas Avenue 8
Singapore 639246/7
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