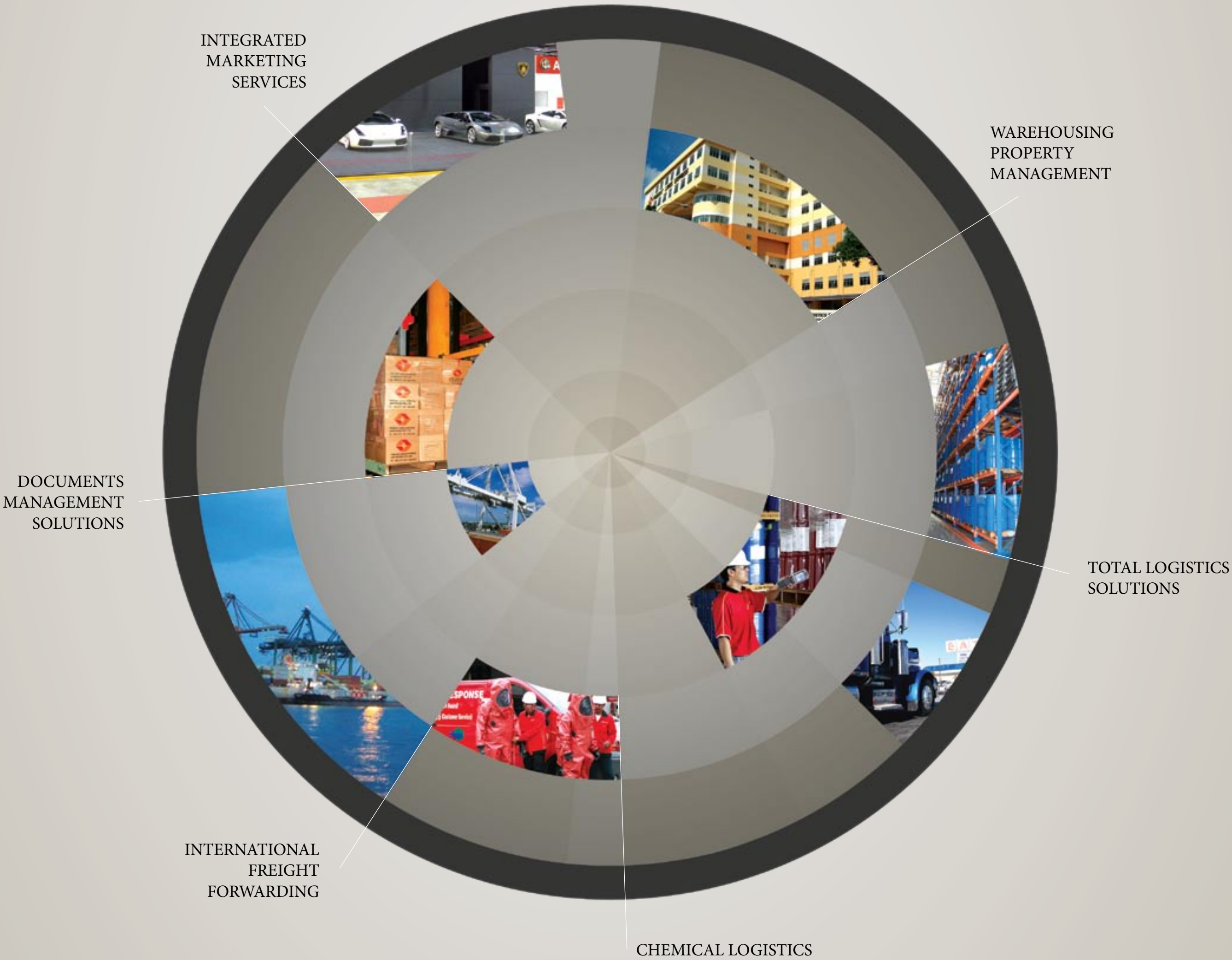
ANNUAL REPORT 2010

# WE COVER ALL GROUNDS

Freight Links Express Holdings Limited

When it comes to delivering total logistics solutions, we cover all grounds.



# Established in 1981 and listed on the Singapore Exchange in 1995, we are a leading logistics solutions provider with a strong presence in Asia.

**BROAD CAPABILITIES.**

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

We have extensive experience in storing and forwarding all types of cargo, from small parcels to massive plant machinery, exhibition displays and archival documents.

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.


**VALUE-ADDED EDGE.**

In Singapore, our warehousing facilities occupy a total gross floor area of over 2.0 million square feet.

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.

We also have a dedicated Chemical Hub with 12,000 pallet positions using the Very Narrow Aisle (VNA) storage technology. We utilise a web-based Warehouse Management System (WMS) that enables our customers to view their inventory and monitor their cargo movement online, any time.

## Contents

Our business covers a wide range of logistics disciplines.

# Our BUSINESS LINES

## 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.

## CHEMICAL LOGISTICS

With more than 200 trucks majority DG licensed, 630 trailers, 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.

## DOCUMENT 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 record management solution.

## TOTAL LOGISTICS SOLUTIONS

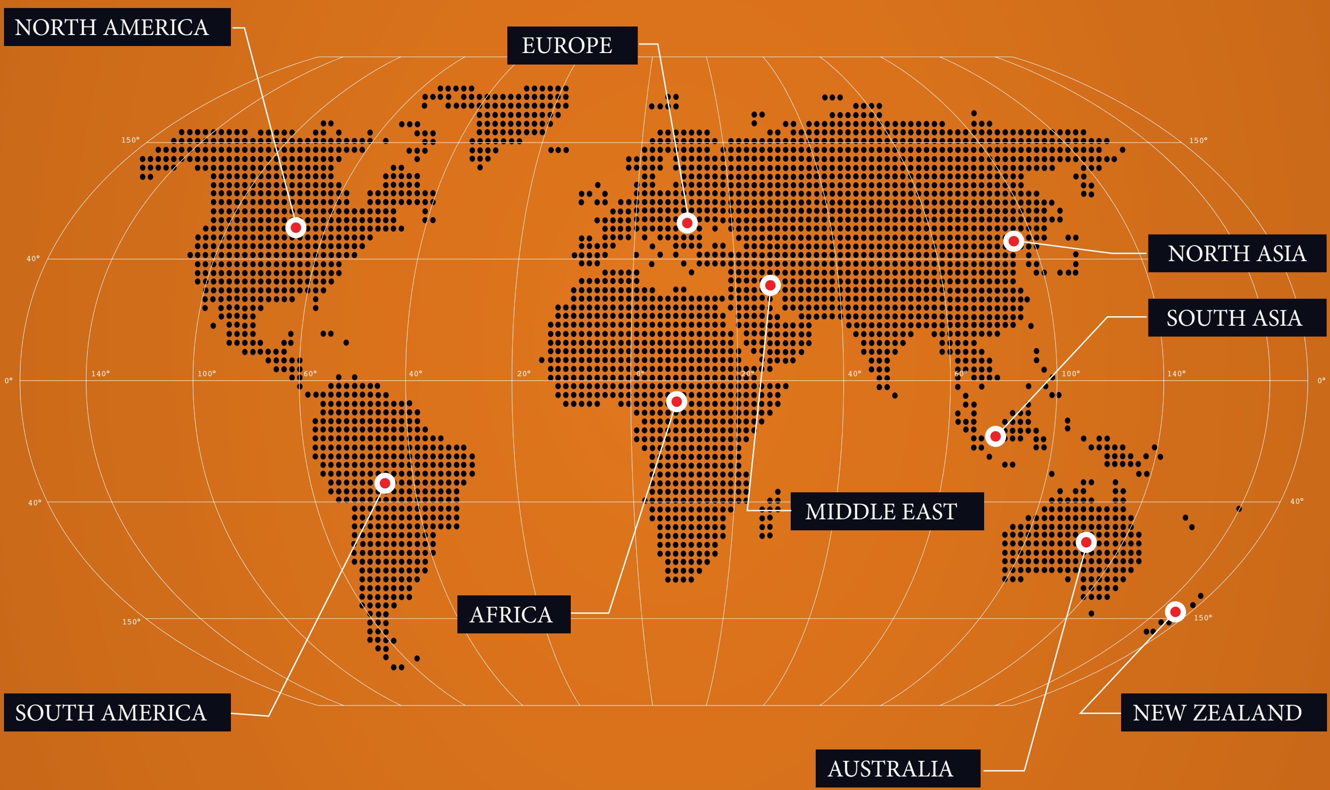
We provide vendor hub services, Zero GST warehouse and air-conditioned storage, transportation & distribution, customs brokerage, supply chain management, online inventory management, track and trace.

## 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.

With our world-class brand of service, we cover global routes in swift and efficient strides.

## Reaching over 600 destinations around the world, our cross-border network spans the ASEAN, North & South Asia, North & South America, Europe, Africa and Australia.




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.


In spite of challenges, we're cautiously aiming for opportunities in a market in recovery.


*The IT system is also continuously being enhanced to allow more customers and agents to use our internet platform to book and track orders.*

## International Freight Forwarding

The turnover from freight forwarding business declined by 19.3% or $14.5 million to $60.4 million compared to a year ago. This was due to lower freight rates charged to customers whilst maintaining volume and market share. Consequently, the profit after tax for this segment also declined by 37.1% or $2.2 million to $3.7 million compared to $5.9 million in FY2009.

In line with the global economic recovery, the revenue is showing some signs of improvement in the last quarter of FY2010. However, there are growing challenges in the shipping industry. The shipping lines have started to impose higher GRI, Peak Season Surcharge and other surcharges which may have a negative impact on the international trade that has just started to experience some recovery.

Aggressive sales and cost controls remained a key focus in FY2010. The streamlining of CFS operations outside the FTZ for local export cargoes was a good example of a prudent cost management and control measure that was recently successfully implemented.

The IT system is also continuously being enhanced to allow more customers and agents to use our internet platform to book and track orders. More "self-service" on-line information is also accessible by our customers and agents, which is ever more important in today's increasingly tight labor market.

Our joint venture office in Dubai has also been highly successful. It turned profitable within the first year of operation. Moving forward, we will continue to capitalise on opportunities and will look into opening more new offices in the Middle East market.


*"The construction of our 2-storey chemical warehouse cum office at 18 Gul Drive was completed in November 2009. This facility has contributed to our Group's rental income for the year."*

The sponsorship of SCIC event validated LTH's position as the leader in chemical logistics and confirmed that LTH's operational excellence and consistent safety record is well recognized by the Singapore chemical community and is the preferred logistics partner of the chemical industry in Singapore.

### Chemical Storage & Logistics

Our chemical logistics business segment has a successful year in growing the business and winning new MNC customers in FY2010. The chemical logistics hub is fully occupied and we have to lease additional third party's warehouses to meet our increased business. Revenue grew significantly by 19.0% or $6.7 million to $41.6 million due to added capacity from a newly completed chemical warehouse in 18 Gul Drive (T.O.P. November 2009). The segment profit after tax (after negating the effects on property valuation) rose by 143.5% to $2.2 million compared to $0.9 million in FY2009.

The ISO tank cleaning operation in Kuantan, Malaysia has recently obtained its license to operate and is fully operational. This will become a new revenue stream for the company in the new financial year.

LTH was proud to be the sole sponsor of the Singapore Chemical Industry Council's (SCIC) Responsible Care Award Dinner in 2010. This was an event attended by all the major chemical MNCs in Singapore and an excellent forum to market LTH's superior chemical supply chain capabilities and outstanding safety standards and records. The sponsorship of SCIC event validated LTH's position as the leader in chemical logistics and confirmed that LTH's operational excellence and consistent safety record is well recognized by the Singapore chemical community and is the preferred logistics partner of the chemical industry in Singapore.

LTH also won several awards in FY2010 including Supplier Excellence award, Safety Performance award from key customers.

Moving forward, LTH will continue to streamline its operations and further enhance our operational efficiencies by optimizing its space utilisation and allocation of its valuable dangerous goods (DG) warehousing facilities. LTH will also extend its supply chain and expand its range of high value added chemical logistics activities such as ISO tank washing, DG ISO tank storage and DG drumming. By constantly looking into introducing innovative solutions to MNC chemical customers and improving the competitive advantages of our customers' supply chain, LTH will be able to further anchor its position as the leading chemical logistics service provider in Singapore and Malaysia.

## Warehousing Property & Logistics

Warehousing property continues to sustain a healthy occupancy rate of over 90% of its Group's total warehouse space. As the economy improves, demand for space at our Tuas facility has also improved since its TOP in October 2008. Project development for LTH at 18 Gul Drive has obtained its TOP in November 2009. This is a design and build to lease for our customer VWR International. It is a certified dangerous goods facility meeting the stringent Code of Practice SS532. There is plan to redevelop the existing facility at 146 Gul Circle in 2010 from a conventional warehouse to a ramp up modern facility for storing of dangerous goods to meet the growing demand of the industry. Property division will continue to review the Group's properties to increase its tenure through possible redevelopment.

Warehousing and logistics business improved marginally by 1% or $0.2 million to $19.4 million. The turnover of the logistics operations decreased by 4.3% due to a key customer that ceased their regional distribution hub project in Singapore because their suppliers in China were producing products that do not meet their specifications. However, the overall revenue managed to improve slightly compared to FY2009 because our warehouse properties enjoyed higher occupancy in FY2010. The logistics team is also working closely with the freight service team and converting more logistics customers to use our freight services, and vice versa.

The JV operation in China has focused on high value customers with the aim of achieving repeated and long-term business customer relationship. As a result, we saw a 30% increase in warehouse storage business in Jiangyin in the last quarter of FY2010 as compared to the same period in FY2009. We are also working closely with our JV partner (the Port Authority of Jiangyin) and leveraging their resources to offer competitive transport and delivery services to our customers in Jiangyin.

# Freight Links Express Archivers (FLEAR) has relocated and consolidated its operations to a purpose built Records Management & Document Storage Centre at our Tuas facility in June 2009.

*Tuas Facility*


## Other Services

In our continuous efforts to rejuvenate our businesses, we have disposed off our 80% stake in a subsidiary engaged in relocation business. This is in line with our strategy to dispose of business units that are non-core and focus on business that have better potential in generating higher yield.

## Document Storage

Freight Links Express Archivers (FLEAR) has relocated and consolidated its operations to a purpose built Records Management & Document Storage Centre at our Tuas facility in June 2009. Concurrently, it has implemented the industry dedicated leading technology that has been tested and used in governments and commercial record centers worldwide.

The new system enables us to effectively and efficiently tag and track all documents on box /file/document level using barcodes. This is to minimize human error, allow customers to view stored records and place orders online. In addition, the system also enables the capturing of signatures and printing on-the-spot receipts, and has a lifetime audit trail of all stored documents. All of these are on real-time basis with the help of GPRS enabled network.

This will enable FLEAR to provide its customers with better service and be more competitive when bidding for new projects, especially government tenders.

## Integrated Marketing

FLEx Integrated Marketing (FLEx) also ended this financial year on a high note with numerous notable achievements. FLEx Dubai was awarded the Project management of Bridgestone Corporate Suite @ Yas Marina Circuit for the highly anticipated Abu Dhabi Formula 1 Grand Prix and also a full turnkey interior works for Movenpick Dubai.

As the appointed marketing agency of Lamborghini, FLEx Singapore has again assisted Lamborghini in maintaining a Strong Customer Relationship Management Program despite a difficult year. Key Highlights were the integrated marketing campaign for the Lamborghini "LP55—2 Valentino Balboni" & the much anticipated Lotus "Evora". FLEx Singapore also won numerous contracts in the successful IT Show, COMEX and at the notable IDEX & IDEF 2009 and made numerous inroads to new exhibitions, events locally & abroad.

# 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**
- *65.5%* **Freight Links (Jiangsu) Co., Ltd**

## CHEMICAL STORAGE & LOGISTICS

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

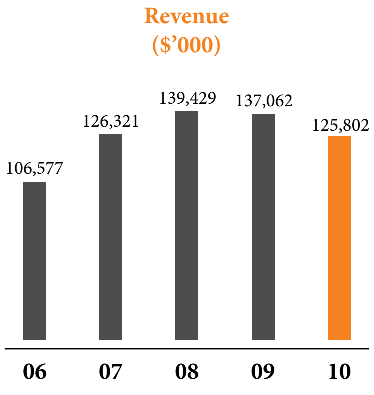
## OTHER SERVICES

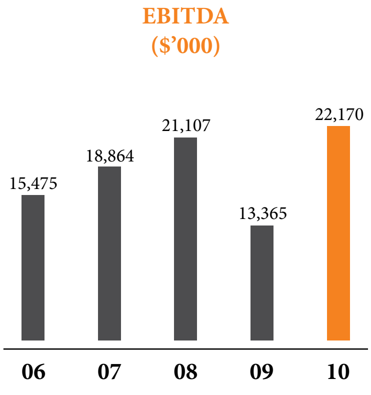
- *100%* **Freight Links Express Archivers Pte Ltd**
- *93.7%* **FLEx Integrated Marketing Pte Ltd**
  - *49%* **FLEx Integrated Group LLC**
- *100%* **Singapore Enterprises Pte Ltd**

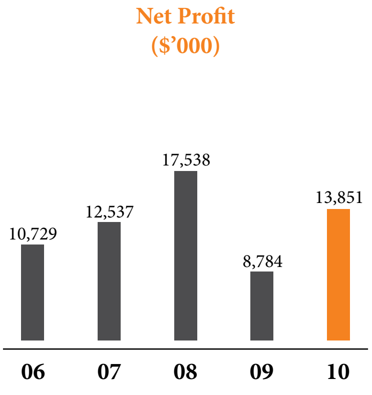
## ASSOCIATES

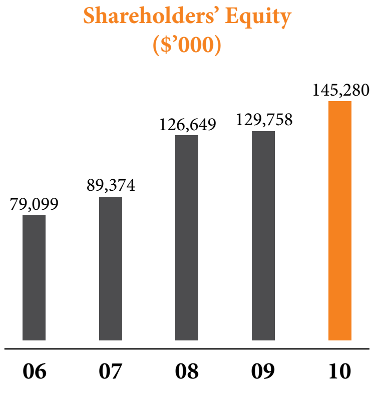
- *25% Equity* **MFL Logistics LLC**
- *25% Equity* **O&G Eng Kong Container (Xiamen) Co., Ltd**
- *20% Equity* **Freight Management Holdings Bhd.**
- *20% Equity* **Busan Cross Dock Co., Ltd**
- *Convertible preference shares* **China GSD Logistics Pte Ltd**
- *Convertible loans* **Fudao Petrochemicals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

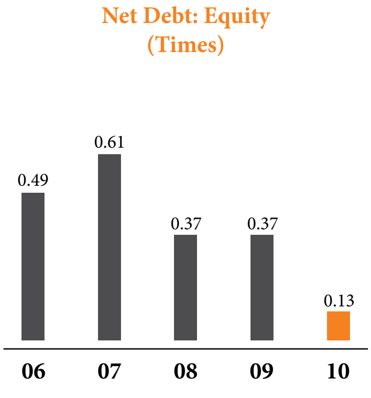
| | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 |
|---|---|---|---|---|---|
| **Operating Results** | | | | | |
| Revenue ($'000) | 106,577 | 126,321 | 139,429 | 137,062 | 125,802 |
| EBITDA ($'000) | 15,475 | 18,864 | 21,107 | 13,365 | 22,170 |
| Pre-tax profit/(loss) ($'000) | 13,296 | 16,900 | 18,632 | 9,985 | 17,306 |
| Net Profit ($'000) | 10,729 | 12,537 | 17,538 | 8,784 | 13,851 |
| EBITDA margin (%) | 14.52 | 14.93 | 15.14 | 9.75 | 17.62 |
| Pre-tax margin (%) | 12.48 | 13.38 | 13.36 | 7.29 | 13.76 |
| Net margin (%) | 10.07 | 9.92 | 12.58 | 6.41 | 11.01 |
| Cash and cash equivalents | 37,816 | 24,348 | 43,266 | 33,863 | 38,517 |
| **Financial Position** | | | | | |
| Total assets ($'000) | 204,404 | 218,414 | 276,460 | 280,681 | 248,464 |
| Total debt ($'000) | 76,615 | 79,104 | 90,219 | 81,613 | 57,503 |
| Debt/Assets (%) | 37.48 | 36.22 | 32.63 | 29.08 | 23.14 |
| Shareholders' equity ($'000) | 79,099 | 89,374 | 126,649 | 129,758 | 145,280 |
| Return of Assets (%) | 5.25 | 5.74 | 6.34 | 3.13 | 5.57 |
| Return of Equity (%) | 13.56 | 14.03 | 13.85 | 6.77 | 9.53 |
| Net debt : Equity (times) | 0.49 | 0.61 | 0.37 | 0.37 | 0.13 |
| **Per Share Data** | | | | | |
| Earnings (cents) - Basic | 0.60 | 0.70 | 0.88 | 0.42 | 0.65 |
| Earnings (cents) - Diluted | 0.60 | 0.59 | 0.74 | 0.42 | 0.65 |
| Dividend (cents) | 0.20 | 0.25 | 0.25 | – | 0.35 |
| Net tangible assets (cents) | 4.36 | 4.93 | 5.98 | 6.10 | 6.77 |

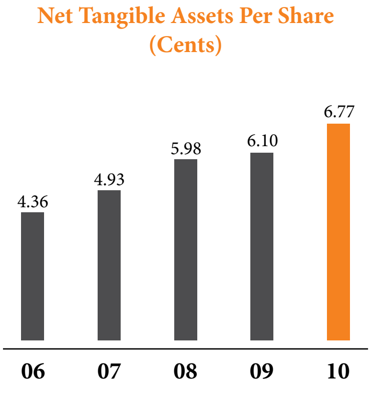


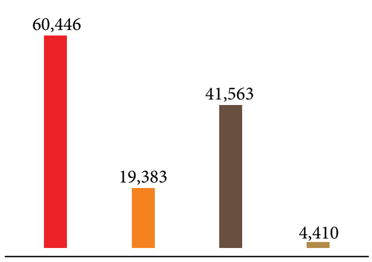



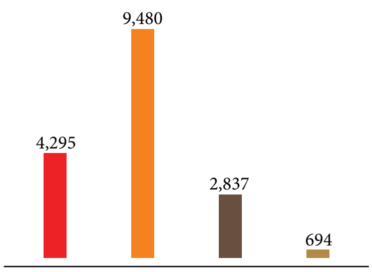
## SEGMENTAL RESULTS

| | FY2006 $'000 | FY2007 $'000 | FY2008 $'000 | FY2009 $'000 | FY2010 $'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Freight forwarding | 60,865 | 78,476 | 84,930 | 74,900 | 60,446 |
| Warehousing and logistics | 15,062 | 14,786 | 16,491 | 19,184 | 19,383 |
| Chemical storage and logistics | 24,714 | 26,777 | 31,353 | 34,913 | 41,563 |
| Others | 5,936 | 6,282 | 6,655 | 8,065 | 4,410 |
| | 106,577 | 126,321 | 139,429 | 137,062 | 125,802 |
| **Pre-tax profit/(loss)** | | | | | |
| Freight forwarding | 4,239 | 3,682 | 4,427 | 7,280 | 4,295 |
| Warehousing and logistics | 4,691 | 11,313 | 15,511 | 2,880 | 9,480 |
| Chemical storage and logistics | 220 | 1,050 | 51 | (768) | 2,837 |
| Others | 4,146 | 855 | (1,357) | 593 | 694 |
| | 13,296 | 16,900 | 18,632 | 9,985 | 17,306 |
| **Assets Employed** | | | | | |
| Freight forwarding | 12,478 | 18,627 | 18,992 | 17,976 | 18,712 |
| Warehousing and logistics | 85,074 | 101,309 | 147,157 | 138,383 | 125,532 |
| Chemical storage and logistics | 22,575 | 23,135 | 25,207 | 31,147 | 41,249 |
| Others | 84,277 | 75,343 | 85,104 | 93,175 | 62,971 |
| | 204,404 | 218,414 | 276,460 | 280,681 | 248,464 |

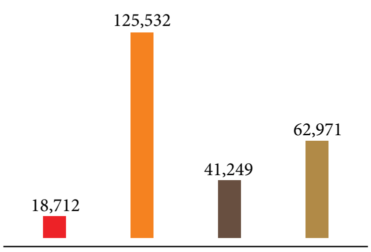
**Revenue 2010 ($'000)**



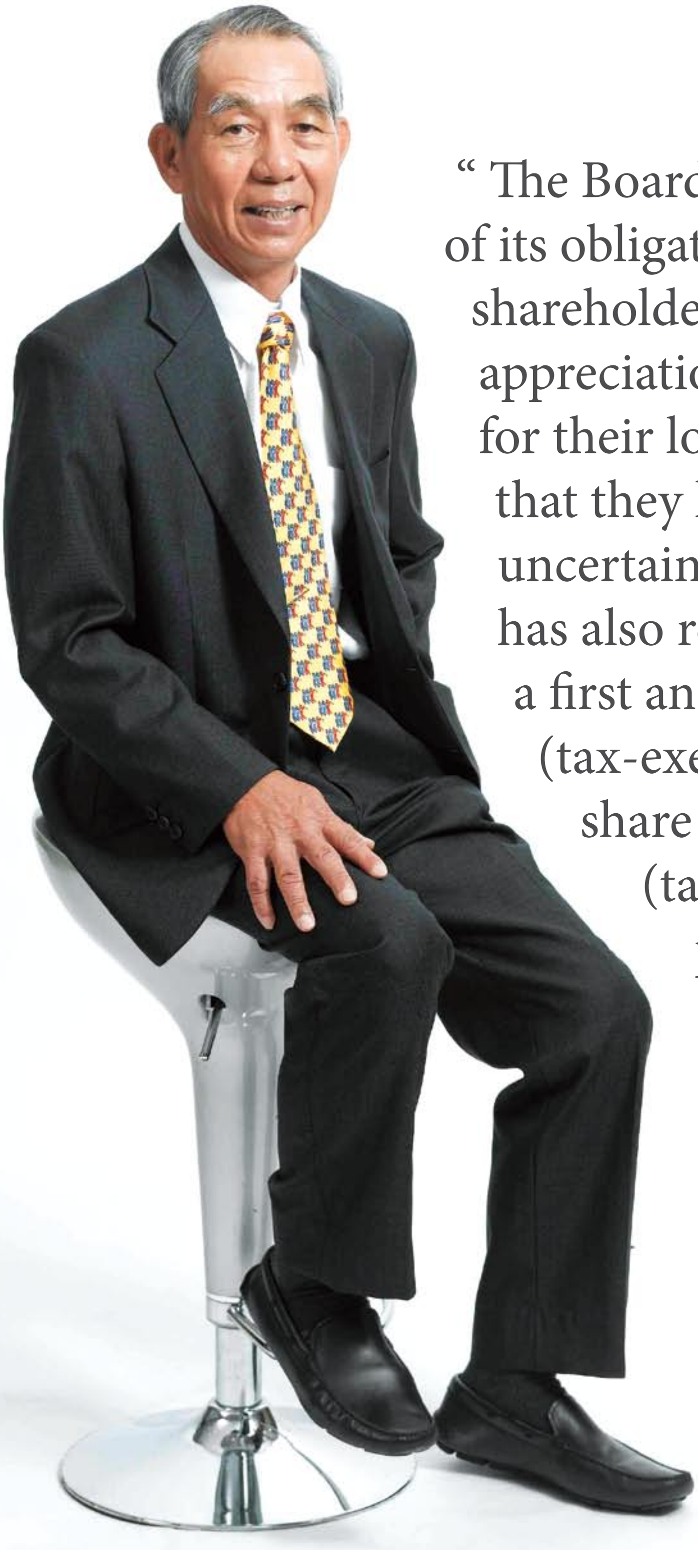

**Pre-Tax Profit/(Loss) 2010 ($'000)**




**Assets Employed 2010 ($'000)**




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



" The Board recognises that one of its obligations is to enhance shareholder value and in appreciation to the shareholders for their loyalty and support that they have lent during those uncertain times, the Board has also recommended a first and final dividend (tax-exempt) of 0.25 cent per share and a special dividend (tax-exempt) of 0.1 cent per share for the financial year just ended."

## Performance Review

2009 was a challenging year. At the start of our financial year the global economy was still in the throes of a downturn and credit crunch. The Company had to position itself carefully as well as to remain nimble. The Company was faced with the dual challenges of maintaining customer loyalty as well as enhancing shareholder's value and to protect the Company's asset base. I am pleased to say that the management acquitted itself well in the dramatic and dynamic environment that was year 2009.

As a result, the Company achieved a net profit attributable to shareholders of $13.9 million for the financial year ended 30 April 2010, an increase of 57.7% from a year ago. This result was attained notwithstanding a 8.2% decline in Group revenue. Earnings per share rose 54.8% to 0.65 cent from 0.42 cent the previous year.

For the financial year ended 30 April 2010, the Group saw lower turnover of $125.8 million from $137.1 million in FY2009. This was largely due to a global economic recovery that was and is still weak and anaemic particularly in the first half of our financial year which saw the freight forwarding and general logistics businesses being affected accordingly. The management continued its prudent approach of both careful expansion in emerging markets and consolidation of our overseas operations.

The Company's focus on North Asia saw a new branch launched when our associate company, Busan Cross Dock Co., Ltd, completed the construction of a warehouse in Busan New Port, South Korea, which was officially opened on 16 April 2010. The site has a land size of about 31,000 sq metres and a building area of 16,701 sq metres. Management hopes to tap into and expand the Company's presence in the increasingly robust North Asia region.

As part of the consolidation process and to maintain a healthy cash position as part of its overall strategy, the Group disposed of its ASX listed subsidiary, Freight Links Express Holdings (Australia) Limited for approximately A$7.3 million on 16 December 2009. Following this, on 29 April 2010, the Group disposed off its wholly-owned subsidiary, Freight Links Capital Pte Ltd, which has a controlling interest in CITIC Logistics Co., Ltd for a total consideration of HK$121.8 million. The Group has invested RMB 133.6 million convertible loan in Fudao Petrochemicals Group Pte Ltd. Cash of approximately RMB129.5 million (inclusive 10% interest of RMB51.5 million) has been returned to the Company to-date. As a result of this exercise, the Group now has cash and cash equivalents of $38.5 million and a (net of cash) gearing of 0.13 times as at 30 April 2010.

These corporate developments have strengthened the Group's financial position and will allow the Group to better meet any economic headwinds in the new financial year. It will also provide the Group with flexibility to make any beneficial acquisitions should the opportunity arise.

Further to earlier announcement on the proposed sale of property at 30/32 Tuas Avenue 8, the Board has decided not to proceed with its appeal in connection with the High Court ruling on its claim, in view of improved market condition resulting in higher property values. This property continues to yield a good lease income for the Group.

## Scrip Dividend Scheme

All members of the Board are grateful for the support that they have received from the shareholders. After careful deliberation the Board feels that shareholders should have the opportunity to participate directly in the Company's future. The Board therefore intends to propose a Scrip Dividend Scheme whereby shareholders may receive their dividends of the financial year 2010 in the form of new ordinary shares of the Company in lieu of cash. The proposed Scrip Option Scheme is intended to give shareholders the choice and to allow the shareholders to increase their participation in the future of the Company without an immediate outlay. Shareholders remain entitled to receive their dividend in cash if they so choose. Subject to the Company obtaining all necessary approvals, including shareholders' approval at an Extraordinary General Meeting to be convened, the Scheme will be applied to the dividends for the financial year ended 30 April 2010.

## Dividend

The Board did not recommend any dividend in Financial Year 2009 in view of the severe global financial crisis then. The Board recognises that one of its obligations is to enhance shareholder value and in appreciation to the shareholders for their loyalty and support that they have lent during those uncertain times, the Board has also recommended a first and final dividend (tax-exempt) of 0.25 cent per share and a special dividend (tax-exempt) of 0.1 cent per share for the financial year just ended.

## Appreciation

On behalf of the Board, I would like to thank our valued customers, partners and business associates for their unfailing support and continued trust in us. We would also like to thank Board, Management and staff for its unstinting commitment to the Group and the Company through what has been a turbulent and extremely uncertain period. The challenges faced by the Management to execute the dual strategy of targeted expansion and improving the Group's balance sheet were not small and through their efforts, and in close consultation with the Board, the Management achieved its fundamental goals effectively.

## Looking ahead

I believe that the global economy may continue to be uncertain and possibly even more challenging in the new financial year. I have asked the Management and the Board to continue working together on their current strategy to further enhance our operational efficiencies and to leverage on the Group's financial strength.

**Khua Hock Su**

Group Chairman

“董事会对各位股东在这段未知时期给予的支持与信任表示感谢，同时董事会也意识到各位股东得到应得的回报。因此，董事会提议在此财政年颁发常年股息(免税)为0.25分以及另外颁发特别股息(免税)为0.1分。”

## 业绩评估

2009年是充满挑战的一年。在本财政年度开始的时候，全球经济还处于低迷状态。公司既要仔细做好自身的定位，又要对市场有敏捷的反应。过去的一年中，公司面临着双重挑战。一方面要维持客户的忠诚度，另一方面要增加股东的利益和维护公司的资产。我很高兴地说，公司的管理层在这动荡的一年中，妥善处理取得了不错的成绩。

截至2010年4月30日，尽管整个集团财政收入下降8%，本财政年度股东可分配净利润为1390万新元，与去年比较涨幅为57.7%。每股盈利从0.42分上升至0.65分，激增54.8%。

集团营业收入有所下降，比较去年同期从1.371亿新元下降至1.258亿新元。这主要是由于全球经济尚处于恢复阶段，上半年度的经济基本还处于疲软状态，相应地影响到货代行业和一般物流行业。在此前提下，管理层积极在作对新兴市场的谨慎扩张以及海外投资项目的整合。

目前公司在北亚的重点是新的合资企业， Busan Cross Dock有限公司的成立。在釜山新港区仓库已完成建设工作，并于2010年4月16日正式开幕。新建仓库占地面积为3.1万平方米，建筑面积为1.67万平方米。公司积极扩张发展在经济旺盛的北亚地区业务。

作为海外机构整合的一部分，以及保持现金量的健康水平，集团于09年12月16日将澳大利亚交易所上市的子公司辉联配运(澳大利亚）有限公司售出，售价约为730万澳元。此外，在2010年4月29日，集团脱售辉联资本有限公司及其控股的中信物流有限公司，售价约为1.218亿港币。集团公司投资在福岛石化集团有限公司等额于1.336亿人民币的可转换债券，约有1.295亿人民币已归还公司。由此，集团现拥有的现金以及现金等值品约为3850万新元。

此企业发展营运已加强了集团公司的财务实力，并且让我们更有能力应对未来任何经济变故。同时，公司可更灵活地管理资金，在适当的时候进行一些并购活动。

对于之前提出销售位于大士道8巷30/32号产业的决议，目前市场环境的好转，其产业价值也随之增长，而且继续带来可观租赁收入，董事会已决定不抗议法庭决议。

## 发股分红计划

董事会对股东给予的支持表示万分的感激。经过仔细的审议后，董事会认为股东应该有机会直接参与公司的未来。董事会提议股东将收到以公司新增发普通股代替财政年度2010年的现金分红。本分红计划旨在让股东们在没有增加投入的前题下参与到公司的未来发展。股东继续有权选择现金的分红形式。本发股分红计划如在特别股东大会上获得通过，将会在到2010年4月30日截止的财政年度上实施。

## 股息

在2009年度，董事会为抵御全球性金融危机而未作出股息分配。董事会对各位股东在这段未知时期给予的支持与信任表示感谢，同时董事会也意识到各位股东得到应得的回报。因此，董事会提议在此财政年颁发常年股息(免税)为0.25分以及另外颁发特别股息(免税)为0.1分。

## 致谢

我谨代表董事会感谢我们的尊贵客户，合作伙伴及业务伙伴给予我们不断的支持和信任。我也要感谢董事会、管理层以及员工们同心协力合作，与集团公司一起渡过这段动荡不定的非常时期。管理层在面临挑战时与董事会紧密商议，实行扩张领域和改善集团负债的双重战略，达到既定目标。

## 展望未来

我相信全球经济仍含有不确定因素，新财政年度中具有更巨大的挑战性。董事会与管理层将会继续实施审慎的扩张及保持稳建的财务实力。

柯福赐

集团主席

### 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, and a vice-president of The Singapore Buddhist Lodge. He is an honorary committee member of Singapore Metal and Machinery Association, and an honorary president of Nanyang Kuah Si Association.

柯福赐主席目前是新加坡佛教居士林副会长，新加坡大众医院永远名誉院长，新加坡五金机械公会名誉董事及新加坡南洋柯氏公会名誉会长。

### 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. He is also 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 president of Singapore Metal and Machinery Association and vice-president of Nanyang Kuah Si Association.

He is an executive committee member of Singapore Ann Kway Association, and a committee member of SCCCI-Young Entrepreneur Network. He also serves as a vice-president at Pei Tong Primary School advisory committee.

Mr Khua is board chairman of Fujian Anxi No.8 Middle School, vice-president of Anxi Charity Federation and Anxi Fenglai Guitou Charity Federation. He was awarded "Outstanding Charitable Works Contribution" by Fujian Provincial Government, PRC.

柯建强先生目前担任新加坡五金机械公会会长，新加坡南洋柯氏公会副会长，新加坡培同小学咨询委员会副主席，新加坡安溪会馆常务委员，新加坡中华总商会青年企业家联系网委员。

柯先生是福建安溪八中校董会会长，安溪县慈善总会副会长，安溪县蓬莱魁头慈善会副会长。他荣获由福建省人民政府颁发"福建省捐赠公益事业突出贡献奖"。

### 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 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 a Director of Centillion Environment & Recycling Ltd.


**CORPORATE**

**Lim Boon Kwong [1]**

*Chief Operating Officer*

*Freight Links Express Holdings Limited*

Mr Lim Boon Kwong joined Freight Links Express Holdings as Chief Operating Officer in January 2006 and has more than 17 years experience in 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 [2]**

*Senior Vice President (Finance)*

*Freight Links Express Holdings Limited*

Mr Simon Sim has 25 years of working experience in finance, taxation and accounting of which 15 years were spent holding senior positions. He is responsible for accounting, taxation and financial management of the Group. 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.

**Lawrence Sim Kay Sin [3]**

*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 has more than 27 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 9 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** [4]

*Director/Executive Vice President*

*Freight Links Express Pte Ltd*

Mr Alex Ng is the Executive Vice President of Freight Links Express Pte Ltd and has more than 26 years of experience in sales and marketing, agency and market development. He 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.

**Lee Seng Hock** [5]

*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 overall responsible for freight and operations of the company. He joined the Company in October 1982 and has more than 28 years of experience in freight operations.

**Adrian Chia Seng Chye** [6]

*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 21 years of experience in sales and marketing.

**James Leong Weng Yu**

*Vice President (Consolidation)*

*Freight Links Express Pte Ltd*

Mr James Leong has more than 35 years of experience in the freight forwarding industry. He is responsible for the freight consolidation activities of the company. James joined Freight Links Express in November 1986 and has more than 24 years of experience in freight consolidation, operations, marketing and claims administration.

## LOGISTICS DIVISION

**Philip Lim Kok Tong** [7]

*Executive Vice President*

*Freight Links Logistics Pte Ltd*

Mr Philip Lim heads the 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 36 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** [8]

*Vice President*

*Freight Links Logistics Pte Ltd*

Mr Vincent See joined the Group in January 1997 and has more than 31 years of experience in shipping, transportation, customer service, marketing, warehousing and distribution management. He is responsible for marketing, business account development, operations and logistics services.

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** [9]

*Senior Vice President*

*Warehousing Property*

*Freight Links Express Archivers Pte Ltd*

Mr Edward Yeo heads the 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 30 years of experience in logistics, distribution, warehouse and project management in related industries.

## CHEMICAL LOGISTICS DIVISION

**Lim Song Wang** [10]

*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 31 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** [11]

*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 16 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.

## 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
Nancy Quek

## 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
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Kum Chew Foong, Partner-in-charge
(for financial year ended 30 April 2010)

## 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

The Hong Kong and Shanghai
Banking Corporation Limited
21 Collyer Quay #08-01
HSBC Building
Singapore 049320

**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
Web : URL www.freightlinks.net
Email : flesin@freightlinks.net

**SINGAPORE OFFICES**

INTERNATIONAL FREIGHT FORWARDING

**Freight Links Express Pte Ltd**
51 Penjuru Road #03-00
Freight Links Express Logisticentre
Singapore 609143
Tel : (65) 6267 5511 (20 Lines)
Fax : (65) 6267 5577
E-Mail : flesin@freightlinks.net
TOLL FREE LINE (65) 6566 2866

**Crystal Freight Services Pte Ltd**
51 Penjuru Road Mezzanine Floor
Freight Links Express Logisticentre
Singapore 609143
Tel : (65) 6267 5622
Fax : (65) 6267 5623
E-Mail : crysfrt@crystalfrt.com.sg

WAREHOUSING PROPERTY AND LOGISTICS

**Freight Links Logistics Pte Ltd**
51 Penjuru Road #03-00
Freight Links Express Logisticentre
Singapore 609143
Tel : (65) 6262 6988
Fax : (65) 6262 6928

**Freight Links Express Logisticentre Pte Ltd**
51 Penjuru Road #04-00
Freight Links Express Logisticentre
Singapore 609143
Tel : (65) 6262 6988
Fax : (65) 6262 6928

**Freight Links Express Districentre Pte Ltd**
9 Changi South Street 3 #01-00
Freight Links Express Districentre
Singapore 486361
Tel : (65) 6546 7118
Fax : (65) 6546 7108

**Freight Links Express Distripark Pte Ltd**
5 Toh Guan Road East #04-00
Freight Links Express Distripark
Singapore 608831
Tel : (65) 6566 9988 (10 lines)
Fax : (65) 6566 8813

**Freight Links Express LogisticPark Pte Ltd**
33-35 Penjuru Lane
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
Tel : (65) 6262 6988
Fax : (65) 6262 6928

**Freight Link Express Air Systems Pte Ltd**
218 Pandan Loop
Singapore 128408
Tel : (65) 6262 6988
Fax : (65) 6262 6928

INTEGRATED MARKETING SERVICES

**Flex Integrated Marketing Pte Ltd**
9 Changi South Street 3 #02-06
Freight Links Express Districentre
Singapore 486361
Tel : (65) 6546 7122
Fax : (65) 6546 7138
E-Mail : marketing@flexim.biz
Web : www.flexim.biz

DOCUMENTS MANAGEMENT SERVICES

**Freight Links Express Archivers Pte Ltd**
51 Penjuru Road #03-00
Freight Links Express Logisticentre
Singapore 609143
Tel : (65) 6665 3773
Fax : (65) 6665 7557

CHEMICAL STORAGE AND LOGISTICS

**LTH Logistics (Singapore) Pte Ltd**
29 Tanjong Penjuru
Singapore 609026
Tel : (65) 6268 9595
Fax : (65) 6268 2617
E-Mail : enquiry@lthlogistics.com
Web : www.lthlogistics.com

**LTH Distripark Pte Ltd**
29 Tanjong Penjuru
Singapore 609026
Tel : (65) 6268 9595
Fax : (65) 6268 2617
E-Mail : lthlog@pacific.net.sg

**OVERSEAS OFFICES**

**CHINA**

**Freight Links (Jiangsu) Co., Ltd**
Lingang Distripark,No.328,Xingang Rd.,
Jiangyin,Jiangsu Province
214442,P.R.C.
Tel : 0086 510 81662101/2/3
Fax : 0086 510 81662100

**MALAYSIA**

**Freight Links Express (M) Sdn Bhd**
No. 105C (3rd Floor) Persiaran Pegaga
Taman Bayu Perdana, 41200 Klang
Selangor Darul Ehsan, West Malaysia
Tel : (60) 3 3324 4040
Fax : (60) 3 3324 2008
E-Mail : sales@freightlinks.net

**Freight Links Express (Penang) Sdn Bhd**
Suite 707, 7th Floor
Bangunan Mayban Trust
No. 3 Lebuh Penang
10200 Penang, West Malaysia
Tel : (60) 4 263 4390
Fax : (60) 4 263 4392
E-Mail : flepng@freightlinks.net

**Lee Thong Hung Trading & Transport Sdn Bhd**
Pasir Gudang Office
Lot Plo 470 Jln Keluli 1
Pasir Gudang Ind Estate
81700 Pasir Gudang
Johor, West Malaysia
Tel : (60) 7 252 5575
Fax : (60) 7 252 4932

**Kuantan Tank Containers & Logistics Sdn Bhd**
East Coast Technology Park,
Lot 109A, Jalan Gebeng 1/6,
Kawasan Perindustrian Gebeng,
26080 Kuantan, Pahang, Malaysia
Tel : (60) 9 583 6987
Fax : (60) 9 583 7063

**HONG KONG**

**Freight Links M&S (H.K.) Limited**
Suite 1116, 11/F, Tower 3
China Hong Kong City
33 Canton Road, Tsimshatsui
Kowloon, Hong Kong
Tel : (852) 2 826 9113
Fax : (852) 2 868 9319
E-Mail : flms@flms.com.hk

**THAILAND**

**Freight Links Express (Thailand) Co., Ltd**
360/21-22 Moo-Ban Sri Krung,
Rama III Road, Yannawa,
Bangkok 10120, Thailand
Tel : (662) 285 3542 (20 lines)
Fax : (662) 285 3651
E-mail : flebkk@fleth.co.th
Web : www.fleth.co.th

**DUBAI**

**FLEx Integrated Group LLC**
Mezzanine Floor
AL Rais Shopping Centre
Al Mankool Road,
P.O. Box 214011
Dubai, UAE
Tel : (971) 4 355 2220
Fax : (971) 4 355 2221
Web : www.flexim.biz

ASSOCIATES

**Freight Management Holdings Bhd**
Lot 37, Lebuh Sultan Mohamad 1,
Kawasan Perindustrian Bandar
Sultan Suleiman,
42000 Port Klang,
Selangor Darul Ehsan, Malaysia
Tel : (60) 3 3176 1111
Fax : (60) 3 3176 8634
E-mail : gen@fmmalaysia.com.my
Web : www.fmmalaysia.com.my

**China GSD Logistics Pte Ltd**
c/o Shenzhen Gongsuda Logistics
(Holdings) Co., Ltd
Block 139, 6th Floor, Liantang
Industrial Park Luohu District,
Shenzhen China, 518004
Tel : 0086 75 525821860
Fax : 0086 75 525821973
Web : www.gongsuda.com

**Fudao Petrochemicals Group Pte Ltd**
No. 18 Kaki Bukit Road 3 #04-15
Singapore 415978
Tel : (65) 67436678
Fax : (65) 68467977

**O&G Eng Kong Container (Xiamen) Co., Ltd**
c/o 3F Yin Long Building
No. 258 Dong Du Road
Xiamen, China
Tel : 0086 592 5617878
Fax : 0086 592 5617788

**MFL Logistics LLC**
Al Kendy, Ground Floor,
Bur Dubai, P.O. Box 119343
Dubai, UAE
Tel : (971) 4 355 9005
Fax : (971) 4 355 5072
Web : www.mfldubai.com

**Busan Cross Dock Co., Ltd**
10th Floor, YooChang Building
Juangang-dong 4-ga
#25-2, Jung-gu
Busan, Korea
Tel : (051) 465 8040
Fax : (051) 466 3318/3308

# Financial Report 2010

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 2010.

## 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 2010 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 pages 18 to 19 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 | 76.6 | 18.2 | 5.2 | 100 |
| Henry Chua Tiong Hock | 76.7 | 18.4 | 4.9 | 100 |
| Thomas Woo Sai Meng | 79.8 | 18.8 | 1.4 | 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 | 91.7 | 8.3 | – | 100 |
| Philip Lim Kok Tong | 94.9 | 5.1 | – | 100 |
| Alex Ng Boon Chuan | 88.0 | 12.0 | – | 100 |
| Lim Song Wang | 90.4 | 8.0 | 1.6 | 100 |
| Lawrence Sim Kay Sin | 91.8 | 8.2 | – | 100 |
| Simon Sim Geok Beng | 90.5 | 9.5 | – | 100 |
| Edward Yeo Lock Guan | 91.0 | 9.0 | – | 100 |
| Low Chia Wing | 100.0 | - | – | 100 |
| Lee Seng Hock | 91.4 | 8.6 | – | 100 |
| Vice Presidents (4 Executives) | 93.6 | 6.4 | – | 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 2010. Details of the Company's FLEH Share Option Scheme can be found on page 31 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 outsourced its internal audit function to independent professional firms, who will 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. The external auditors will also perform operational & financial audit as required from time to time.

**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.

**Dealings in Securities**

The Company has adopted a policy on dealing in securities, which prohibit dealings in the Company's securities by its Directors and officers during the period commencing one month prior to the announcement of its full-year results, and two weeks prior to the quarterly results and at any time when in possession of any unpublished material price-sensitive information. The Company's Directors and executives are expected to observe insider trading laws at all times. They are also advised to refrain from dealing in securities for short-term considerations.

**Interested Person Transactions**

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

Details of interested person transaction during the financial year under review pursuant to the SGX-ST Listing Manual are as follows:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transaction less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) S$'000 |
|---|---|---|
| TSMP Law Corporation<br>- Professional and legal services | 187 | – |

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

The related party transactions as disclosed in Note 28 on Page 84 of the Annual Report are not interested person transactions within the ambit of Chapter 9 of the Listing Manual.

**Directors Attendance at Board and Committee Meetings**

The attendance of the Directors at Board and Committee meetings for the financial year ended 30 April 2010, 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 | 4 | – | – | – | – | – | – |
| Thomas Woo Sai Meng | 4 | 3 | – | – | – | – | – | – |
| Sebastian Tan Cher Liang | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Derek Loh Eu Tse | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |

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 2010.

**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 | Holdings at 21 May 2010 |
|---|---|---|---|
| **Khua Hock Su** | | | |
| The Company | | | |
| - ordinary shares | | | |
| - deemed interests | 1,045,291,591 | 1,052,416,591 | 1,052,416,591 |
| Vibrant Capital Pte Ltd | | | |
| - ordinary shares | | | |
| - deemed interests | 49,000 | 49,000 | 49,000 |
| Lian Hup Holdings Pte Ltd | | | |
| - ordinary shares | | | |
| - interests held | 4,200,000 | 4,200,000 | 4,200,000 |
| **Eric Khua Kian Keong** | | | |
| The Company | | | |
| - ordinary shares | | | |
| - interests held | 5,747,000 | 15,929,000 | 47,700,000 |
| - deemed interests | 1,045,291,591 | 1,052,416,591 | 1,052,416,591 |
| Vibrant Capital Pte Ltd | | | |
| - ordinary shares | | | |
| - interests held | 51,000 | 51,000 | 51,000 |
| - deemed interests | 49,000 | 49,000 | 49,000 |
| Lian Hup Holdings Pte Ltd | | | |
| - ordinary shares | | | |
| - interests held | 5,600,000 | 5,600,000 | 5,600,000 |
| **Henry Chua Tiong Hock** | | | |
| The Company | | | |
| - ordinary shares | | | |
| - interests held | 3,106,500 | 3,106,500 | 3,106,500 |
| **Thomas Woo Sai Meng** | | | |
| The Company | | | |
| - ordinary shares | | | |
| - interests held | 241,047 | 241,047 | 241,047 |

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.

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 28 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;

(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.

Person who is 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 Shareholders and his associates 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.

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, the Code of Corporate Governance and the Best Practice Guide of the Singapore Exchange.

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

15 July 2010

In our opinion:

(a) the financial statements set out on pages 36 to 84 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 2010 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

15 July 2010

## Independent Auditors' Report

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 2010, the income statement, statement of comprehensive income, 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 36 to 84.

***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 2010 and 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**
15 July 2010

## Balance Sheets

As at 30 April 2010

| | Note | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property, plant and equipment | 4 | 106,771 | 99,735 | 423 | 515 |
| Intangible assets | 5 | 982 | 982 | – | – |
| Investment properties | 6 | 25,700 | 24,000 | – | – |
| Subsidiaries | 7 | – | – | 12,263 | 19,030 |
| Associates | 8 | 38,745 | 51,862 | 25,873 | 41,166 |
| Club membership | | 50 | 50 | 22 | 22 |
| Other receivables | 9 | 2,208 | 16,687 | 86,077 | 65,602 |
| Deferred tax assets | 10 | – | 396 | – | – |
| | | 174,456 | 193,712 | 124,658 | 126,335 |
| **Current assets** | | | | | |
| Trade and other receivables | 9 | 35,298 | 52,575 | 2,907 | 27,790 |
| Other investments | | 193 | 531 | – | – |
| Cash and cash equivalents | 11 | 38,517 | 33,863 | 21,316 | 9,456 |
| | | 74,008 | 86,969 | 24,223 | 37,246 |
| **Total assets** | | 248,464 | 280,681 | 148,881 | 163,581 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 12 | 75,116 | 74,216 | 75,116 | 74,216 |
| Other reserves | 13 | 9,186 | 8,415 | 7,082 | 7,082 |
| Accumulated profits | 13 | 60,978 | 47,127 | 27,299 | 19,155 |
| | | 145,280 | 129,758 | 109,497 | 100,453 |
| **Minority interests** | | 5,360 | 11,406 | – | – |
| **Total equity** | | 150,640 | 141,164 | 109,497 | 100,453 |
| **Non-current liabilities** | | | | | |
| Financial liabilities | 15 | 48,666 | 58,243 | 11,593 | 16,902 |
| Other payables | 16 | 3,668 | 8,961 | 24,082 | 30,013 |
| Deferred tax liabilities | 10 | 511 | – | 4 | 4 |
| | | 52,845 | 67,204 | 35,679 | 46,919 |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | 34,664 | 46,911 | 852 | 10,374 |
| Financial liabilities | 15 | 8,837 | 23,370 | 2,300 | 4,707 |
| Current tax payable | | 1,478 | 2,032 | 553 | 1,128 |
| | | 44,979 | 72,313 | 3,705 | 16,209 |
| **Total liabilities** | | 97,824 | 139,517 | 39,384 | 63,128 |
| **Total equity and liabilities** | | 248,464 | 280,681 | 148,881 | 163,581 |

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

# Consolidated Income Statement

Year ended 30 April 2010

| | Note | 2010 $'000 | 2009 $'000 |
|---|---|---|---|
| Revenue | 17 | 125,802 | 137,062 |
| Other income | 20 | 14,502 | 3,277 |
| Accretion of deferred revenue | | 2,989 | 2,989 |
| Freight and related costs | | (62,908) | (71,184) |
| Rental expenses on operating leases | | (15,335) | (14,728) |
| Warehouse upkeep and related costs | | (5,556) | (4,432) |
| Exhibition design and build costs | | (2,568) | (4,737) |
| Staff costs | | (21,998) | (21,767) |
| Depreciation of property, plant and equipment | 4 | (6,159) | (5,455) |
| Other operating expenses | | (10,286) | (8,855) |
| | | 18,483 | 12,170 |
| Finance income | | 576 | 1,823 |
| Finance expense | | (2,633) | (5,006) |
| **Net finance costs** | 18 | (2,057) | (3,183) |
| Share of profit of associates, net of tax | | 880 | 998 |
| **Profit before income tax** | | 17,306 | 9,985 |
| Income tax expense | 19 | (2,138) | (1,222) |
| **Profit for the year** | 20 | 15,168 | 8,763 |
| **Attributable to:** | | | |
| Equity holders of the Company | | 13,851 | 8,784 |
| Minority interests | | 1,317 | (21) |
| **Profit for the year** | | 15,168 | 8,763 |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 21 | 0.65 | 0.42 |
| Diluted earnings per share (cents) | 21 | 0.65 | 0.42 |

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

## Consolidated Statement of Comprehensive Income

Year ended 30 April 2010

| | 2010<br>$'000 | 2009<br>$'000 |
|---|---|---|
| Profit for the year | 15,168 | 8,763 |
| | | |
| **Other comprehensive income** | | |
| Foreign currency translation differences for foreign operations | 391 | (586) |
| **Total comprehensive income for the year** | 15,559 | 8,177 |
| | | |
| **Attributable to:** | | |
| Owners of the Company | 14,622 | 7,960 |
| Minority interests | 937 | 217 |
| **Total comprehensive income for the year** | 15,559 | 8,177 |

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

# Consolidated Statement of Changes in Equity

Year ended 30 April 2010

| Group | 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 |
|---|---|---|---|---|---|---|---|
| At 1 May 2008 | 73,705 | 7,167 | 2,157 | 43,620 | 126,649 | 11,204 | 137,853 |
| Total comprehensive income for the year | – | – | (824) | 8,784 | 7,960 | 217 | 8,177 |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| 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) | – | (5,277) |
| Dividends paid to minority shareholders of a subsidiary | – | – | – | – | – | (74) | (74) |
| Issue of shares to minority shareholders of subsidiary | – | – | – | – | – | 59 | 59 |
| Total transactions with owners | 511 | (85) | – | (5,277) | (4,851) | (15) | (4,866) |
| 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 Statement of Changes in Equity

Year ended 30 April 2010

| Group | 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 |
|---|---|---|---|---|---|---|---|
| At 1 May 2009 | 74,216 | 7,082 | 1,333 | 47,127 | 129,758 | 11,406 | 141,164 |
| Total comprehensive income for the year | – | – | 771 | 13,851 | 14,622 | 937 | 15,559 |
| **Transaction with owners, recorded directly in equity** | | | | | | | |
| Issue of new shares | 900 | – | – | – | 900 | – | 900 |
| Dividends paid to minority shareholders of a subsidiary | – | – | – | – | – | (175) | (175) |
| Disposal of non-wholly owned subsidiary | – | – | – | – | – | (2,330) | (2,330) |
| Capital reduction in subsidiary | – | – | – | – | – | (4,478) | (4,478) |
| Total transactions with owners | 900 | – | – | – | 900 | (6,983) | (6,083) |
| At 30 April 2010 | 75,116 | 7,082 | 2,104 | 60,978 | 145,280 | 5,360 | 150,640 |

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

## Consolidated Cash Flow Statement

Year ended 30 April 2010

| | Note | 2010 $'000 | 2009 $'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before income tax | | 17,306 | 9,985 |
| Adjustments for: | | | |
| Depreciation | 4 | 6,159 | 5,455 |
| Gain on disposal of property, plant and equipment | 20 | (220) | (263) |
| Property, plant and equipment written off | | – | 2,003 |
| Write-off of receivables from an associate | 20 | 809 | – |
| (Gain)/Loss on financial assets at fair value through profit or loss (net) | | | |
| - marketable securities | 20 | (509) | 1,180 |
| - interest rate swaps | 20 | (156) | (1,142) |
| - embedded option of investment in an associate | 20 | – | 4,183 |
| Gain on waiver of loan due to a minority shareholder of a subsidiary | 20 | – | (99) |
| Gain on sale of marketable securities | 20 | (26) | – |
| Gain on disposal of subsidiaries | 20 | (3,960) | – |
| Share of profit of associates | | (880) | (998) |
| Accretion of deferred revenue | | (2,989) | (2,989) |
| Dividend income from financial assets at fair value through profit or loss | 20 | (7) | (10) |
| Impairment loss on leasehold properties (written back)/recognised | 4 | (4,417) | 357 |
| (Gain)/Loss on fair value of investment properties | 20 | (1,700) | 2,000 |
| Finance expense | 18 | 2,633 | 5,006 |
| Finance income | 18 | (576) | (1,823) |
| Interest income on: | | | |
| - convertible loans to an associate | 20 | (2,471) | (2,735) |
| - redeemable cumulative convertible preference shares in an associate | | – | (1,522) |
| Foreign exchange loss/(gain) | | 3,728 | (2,245) |
| | | 12,724 | 16,343 |
| Changes in working capital: | | | |
| Trade and other receivables | | (15,163) | 10,198 |
| Trade and other payables | | 15,970 | 2,965 |
| Cash generated from operations | | 13,531 | 29,506 |
| Income taxes refunded | | 256 | 848 |
| Income taxes paid | | (1,137) | (1,002) |
| **Cash flows from operating activities** | | 12,650 | 29,352 |
| **Investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 314 | 1,297 |
| Purchase of property, plant and equipment | | (9,936) | (8,122) |
| Acquisition of shares in associates | | (1,138) | (51) |
| Prepayment of investment and loan to Citic Logistics Co Ltd | | (5,697) | (27,759) |
| Redemption of convertible loan to an associate | | 13,433 | 2,625 |
| Refund of investment in and repayment of loan to Citic Logistics Co Ltd | | 18,049 | 5,152 |
| Dividends received | | | |
| - financial assets at fair value through profit or loss | | 7 | 10 |
| - an associate | | 337 | 343 |
| Purchase of other investments | | – | (13) |
| Proceeds from sale of other investments | | 873 | – |
| Proceeds from disposal of subsidiaries, net of cash disposed | (i) | 1,360 | – |
| Loan to an associate | | – | (723) |
| Finance income received | | 203 | 1,066 |
| Repayment of loan by a related company | | 2,110 | – |
| Receipt of interest income on loan to an associate | | – | 32 |
| Receipt of interest income on convertible loans to an associate | | 2,471 | 6,516 |
| **Cash flows from investing activities** | | 22,386 | (19,627) |

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

| | Note | 2010 $'000 | 2009 $'000 |
|---|---|---|---|
| **Financing activities** | | | |
| Net proceeds from issue of shares to minority interests of subsidiaries | | – | 116 |
| Proceeds from issue of new shares | | 900 | – |
| Proceeds from exercise of warrants | | – | 426 |
| Proceeds from borrowings | | 6,800 | 36,070 |
| (Repayment of)/Proceeds from loan from the ultimate holding company | | (3,000) | 3,000 |
| (Repayment of)/Proceeds from loan from a director | | (942) | 942 |
| Proceeds from finance lease facilities | | – | 280 |
| Repayment of borrowings | | (31,882) | (47,585) |
| Payment of finance lease liabilities | | (1,281) | (1,627) |
| Dividend paid to shareholders of the Company | | – | (5,277) |
| Dividend paid to minority interests of subsidiaries | | (175) | (74) |
| Finance expense | | (2,778) | (2,041) |
| **Cash flows from financing activities** | | (32,358) | (15,770) |
| **Net increase/(decrease) in cash and cash equivalents** | | 2,678 | (6,045) |
| Cash and cash equivalents at beginning of year | | 33,807 | 42,106 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 1,480 | (2,254) |
| **Cash and cash equivalents at end of year** | 11 | 37,965 | 33,807 |

(i) Attributable net assets of subsidiaries divested during the year are as follows:

| | Group 2010 $'000 |
|---|---|
| Non-current assets | 17,966 |
| Net current liabilities | (6,411) |
| Non-current liabilities | (2,926) |
| | 8,629 |
| Gain on disposal | 3,960 |
| Total consideration received | 12,589 |
| Less: Cash of subsidiaries disposed of | (11,229) |
| **Cash inflow on disposal** | 1,360 |

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 15 July 2010.

**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 companies during the financial year were Vibrant Capital Pte Ltd and Lian Hup Holdings Pte Ltd respectively. Both companies are 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 Basis of preparation**

**2.1 Statement of compliance**

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

**2.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for investment properties and financial instruments at fair value through profit or loss which are measured at fair value.

**2.3 Functional and presentation currency**

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.

**2.4 Use of estimate and judgement**

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.

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 4 – measurement of recoverable amounts and depreciation expense of property, plant and equipment
- Note 5 – measurement of recoverable amount of goodwill
- Note 6 – valuation of investment properties
- Note 7 – impairment assessment on investments in subsidiaries
- Note 8 – impairment assessment on convertible loans to and redeemable cumulative preference shares in associates
- Note 9 – measurement of allowance for doubtful receivables

**2 Basis of preparation (Cont'd)**

**2.5 Changes in accounting policies**

***Overview***

From 1 May 2010 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Determination and presentation of operating segments
- Financial instruments: Disclosures

***Presentation of financial statements***

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 May 2010. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only affects presentation, there is no impact on earnings per share.

***Determination and presentation of operating segments***

On 1 May 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group's Chief Executive Officer (CEO), who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 *Operating Segments*.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only affects presentation and disclosure aspects, there is no impact on earnings per share.

***Financial instruments: Disclosures***

The Group applies the Amendments to FRS 107 *Financial Instruments: Disclosures*, which became effective on 1 May 2010. The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements relating to items recorded at fair value are classified by the source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurement is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity risk management. The Group has presented the fair value measurement disclosures as required by the Amendments. Comparative information has not been presented. The liquidity risk disclosures are not significantly impacted by the amendments.

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

### 3.1 Basis of 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.

Any excess of the purchase consideration over the fair value of the identifiable asset acquired and liabilities and contingent liabilities assumed is accounted for as goodwill (note 3.4).

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 profit or loss 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.

Associates are accounted for using the equity method except for convertible loans to an associate and redeemable cumulative convertible preference shares in an associate which are accounted at cost as the Group does not hold equity interest in these associates. 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 is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation in respect of the associate.

***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.

### 3.2 Foreign currencies

***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. 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 that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

**3 Significant accounting policies (Cont'd)**

**3.2 Foreign currencies (Cont'd)**

***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations for consolidation are translated to Singapore dollars at the average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the consolidated statement of changes in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

**3.3 Property, plant and equipment**

***Recognition and measurement***

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

***Reclassification to investment property***

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

***Subsequent costs***

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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

***Depreciation***

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and construction work-in-progress are not depreciated. Depreciation will commence when the asset is ready for use.

**3 Significant accounting policies (Cont'd)**

**3.3 Property, plant and equipment (Cont'd)**

***Depreciation (Cont'd)***

The estimated useful lives for the current and comparative periods 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.

**3.4 Intangible assets**

***Goodwill***

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 3.8.

***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.

**3.5 Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment property is measured at fair value with any changes therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

**3.6 Financial instruments**

***Non-derivative financial assets***

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date which the Group becomes a party to the contractual provisions of the instruments.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

**3 Significant accounting policies (Cont'd)**

**3.6 Financial instruments (Cont'd)**

***Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at 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 or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and 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.

***Non-derivative financial liabilities***

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

***Share capital***

***Ordinary shares***

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.

***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 profit or loss.

***Compound financial intruments***

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 profit or loss.

**3 Significant accounting policies (Cont'd)**

**3.7 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, the leased asset is measured at an amount equal to 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.

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

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

***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.

**3.8 Impairment**

***Financial assets (including receivables)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**3 Significant accounting policies (Cont'd)**

**3.8 Impairment (Cont'd)**

***Non-financial assets***

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time.

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or CGU). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

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 has been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

**3.9 Employee benefits**

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***Short-term benefits***

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

**3 Significant accounting policies (Cont'd)**

**3.10 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 warehousing and logistics, and chemical and logistic services are 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 profit or loss 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.

**3.11 Government grant**

***Jobs credit scheme***

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

**3.12 Finance income and finance expense**

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expense comprises interest expense on borrowings recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**3.13 Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 in respect of 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 temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

**3 Significant accounting policies (Cont'd)**

**3.14 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

**3.15 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**3.16 New standards and interpretations not yet adopted**

New standards, amendments to standards and interpretations that are not yet effective for the year ended 30 April 2010 have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the consolidated financial statements of the Group.

## 4 Property, plant and equipment

| Group | 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 |
|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | |
| At 1 May 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 |
| Additions | – | – | 2,619 | 1,443 | 261 | 4,520 | – | 8,843 |
| Disposals/write-offs | – | – | (710) | (589) | – | – | – | (1,299) |
| Disposal of subsidiary | – | – | (144) | (49) | (1) | – | – | (194) |
| Translation differences | 6 | – | 177 | 12 | (15) | – | – | 180 |
| Reclassifications | – | 15,484 | – | (1) | 1 | (15,484) | – | – |
| At 30 April 2010 | 663 | 137,148 | 11,697 | 17,371 | 5,511 | – | – | 172,390 |

**4 Property, plant and equipment (Cont'd)**

| Group | 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 |
|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment losses** | | | | | | | | |
| At 1 May 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 |
| Depreciation charge for the year | 39 | 3,378 | 1,231 | 945 | 566 | – | – | 6,159 |
| Impairment losses written back | – | (4,417) | – | – | – | – | – | (4,417) |
| Disposals/write-offs | – | – | (630) | (575) | – | – | – | (1,205) |
| Disposal of subsidiary | – | – | (144) | (36) | – | – | – | (180) |
| Translation differences | 1 | – | 137 | 4 | (5) | – | – | 137 |
| Reclassifications | – | – | – | (1) | 1 | – | – | - |
| At 30 April 2010 | 129 | 45,273 | 3,887 | 12,789 | 3,541 | – | – | 65,619 |
| | | | | | | | | |
| **Carrying amount** | | | | | | | | |
| At 1 May 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 |
| At 30 April 2010 | 534 | 91,875 | 7,810 | 4,582 | 1,970 | – | – | 106,771 |

**4 Property, plant and equipment (Cont'd)**

| **Company** | **Motor vehicles $'000** | **Office equipment $'000** | **Furniture, fixtures and fittings $'000** | **Total $'000** |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 May 2008 | 757 | 212 | 37 | 1,006 |
| Additions | – | 8 | – | 8 |
| At 30 April 2009 | 757 | 220 | 37 | 1,014 |
| Additions | – | 4 | – | 4 |
| At 30 April 2010 | 757 | 224 | 37 | 1,018 |
| **Accumulated depreciation** | | | | |
| At 1 May 2008 | 213 | 154 | 33 | 400 |
| Depreciation for the year | 75 | 22 | 2 | 99 |
| At 30 April 2009 | 288 | 176 | 35 | 499 |
| Depreciation for the year | 76 | 19 | 1 | 96 |
| At 30 April 2010 | 364 | 195 | 36 | 595 |
| **Carrying amount** | | | | |
| At 1 May 2008 | 544 | 58 | 4 | 606 |
| At 30 April 2009 | 469 | 44 | 2 | 515 |
| At 30 April 2010 | 393 | 29 | 1 | 423 |

Cost of construction work-in-progress comprises:

| | **Group** | |
|---|---|---|
| | **2010 $'000** | **2009 $'000** |
| Development costs | – | 10,662 |
| Leasehold land rental | – | 34 |
| Property taxes, interest and other overheads | – | 268 |
| | – | 10,964 |

During the year, interest expense of approximately $169,000 (2009: $11,000) was capitalised by the Group as cost of construction work-in-progress. The capitalisation rate was based on the cost of borrowings of 5.5% (2009: 1.88%).

## 4 Property, plant and equipment (Cont'd)

The following are the significant accounting estimates on the Group's property, plant and equipment and judgement used in applying accounting policies:

***Impairment***

The Group has substantial investments in property, plant and equipment in its warehousing and logistics business, and chemical storage and logistics business. Management evaluates the financial performance of the Group's property, plant and equipment annually and performed an impairment assessment at year end. 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 2 CGUs in chemical and storage business.

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

For all CGUs, the recoverable amount for properties is the 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 2011.

For the warehousing and logistics business, no growth in sales is assumed for the 5 years as compared to actual sales in 2010 and no terminal value was considered. For the chemical storage and logistics business, sales for 2011 is projected to grow by 8% and no growth in sales for the remaining 4 years and no terminal value was considered.

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 10.3% was applied in determining the recoverable amount.

Based on management's assessment, the Group wrote back impairment loss of $4,417,000 relating to 5 CGUs and the reversal was recorded under "other income" in profit or loss. In previous year, the Group recognised impairment losses amounted to $357,000 in profit or loss.

***Assets under finance leases***

The Group leases motor vehicles, trucks and prime movers under a number of finance lease agreements. As at 30 April 2010, the net carrying amount of leased plant and equipment was $6,051,000 (2009: $5,414,000).

During the year, the Group acquired property, plant and equipment with an aggregate cost of $8,843,000 (2009: $17,014,000), of which $2,233,000 (2009: $585,000) 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 15:

| | Group | |
|---|---|---|
| | **2010** | **2009** |
| | **$'000** | **$'000** |
| **Net Book Value** | | |
| Leasehold properties | 68,823 | 75,352 |
| Construction work-in-progress | – | 10,964 |
| | 68,823 | 86,316 |

## 4 Property, plant and equipment (Cont'd)

***Source of estimation uncertainty and critical judgement***

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded at each financial year. Changes in the expected level of use of the assets and the Group's historical experience with similar assets, after taking into account anticipated technological changes, could impact the economic useful lives and the residual values of the assets; therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charge and consequently affect the Group's results. The residual value is reviewed at each reporting date, with any changes in estimate accounted for prospectively.

During the year, there were no changes in useful lives or residual values of the Group's property, plant and equipment.

## 5 Intangible assets

| **Group** | **Goodwill on consolidation $'000** |
|---|---|
| **Cost** | |
| At 1 May 2008, 30 April 2009 and 30 April 2010 | 1,127 |
| **Accumulated impairment losses** | |
| At 1 May 2008, 30 April 2009 and 30 April 2010 | 145 |
| **Carrying amount** | |
| At 1 May 2008, 30 April 2009 and 30 April 2010 | 982 |

***Impairment test 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 4 to the financial statements.

The values assigned to the key assumptions represent management's assessment of future trends in the chemical and 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.

## 6 Investment properties

| | **Group** | |
|---|---|---|
| | **2010 $'000** | **2009 $'000** |
| At 1 May | 24,000 | 9,000 |
| Change in fair value | 1,700 | (2,000) |
| Reclassified from non-current assets held for sale | – | 17,000 |
| At 30 April | 25,700 | 24,000 |

As at 30 April 2010, investment properties were revalued by Colliers International Consultancy Valuation (Singapore) Pte Ltd, a firm of independent professional valuers, at open market values close to the balance sheet date, on an existing use basis. Valuation reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accomodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

The 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.

As at 30 April 2010, the carrying amount of investment properties of the Group under operating leases is $25,700,000 (2009: $24,000,000). 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 (2009: $2,260,000).

## 6 Investment properties (Cont'd)

The investment properties are pledged to secure bank loans and other credit facilities extended to certain subsidiaries as set out in note 15.

The Group reclassified the investment property at 30/32 Tuas Avenue 8 from "non-current asset held for sale" to "investment property" as the Group did not complete the intended sale in December 2008.

## 7 Subsidiaries

| | Company | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| Equity investments at cost | | |
| - quoted | – | 10,790 |
| - unquoted | 16,362 | 16,848 |
| | 16,362 | 27,638 |
| Less: Accumulated impairment losses | | |
| At 1 May 2009 | (8,608) | (9,863) |
| Impairment losses reversed | 4,509 | 1,255 |
| At 30 April 2010 | (4,099) | (8,608) |
| | 12,263 | 19,030 |

During the year, the Group disposed of its equity interests in certain subsidiaries for a total cash consideration of $12,589,000. The cumulative impairment loss of approximately $3,977,000 previously recognised was therefore reversed.

Details of significant subsidiaries of the Group are as follows:

| Name of subsidiary | Country of incorporation | Effective equity held by the Group 2010 % | Effective equity held by the Group 2009 % |
|---|---|---|---|
| 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 |
| 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 |
| Lee Thong Hung Trading and Transport Sdn. Bhd. | Malaysia | 65 | 65 |
| Freight Links Express (Thailand) Co., Ltd | Thailand | 49 | 49 |
| Freight Links (Jiangsu) Co., Ltd | People's Republic of China | 65.5 | 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 (Jiangsu) Co., Ltd which is audited by Grant Thorton Shanghai, People's Republic of China.

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 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 $532,000 (2009: $1,255,000) to the Company's profit or loss.

## 8 Associates

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | $'000 | $'000 | $'000 | $'000 |
| Convertible loans to an associate | 13,885 | 27,824 | 13,885 | 27,824 |
| Redeemable cumulative convertible preference shares in an associate | 14,148 | 15,257 | 11,988 | 12,924 |
| | 28,033 | 43,081 | 25,873 | 40,748 |
| Investment in associates | 10,712 | 8,781 | – | 418 |
| | 38,745 | 51,862 | 25,873 | 41,166 |

***Convertible loans to an associate***

| | Group and Company | |
|---|---|---|
| | 2010 | 2009 |
| | $'000 | $'000 |
| At 1 May | 27,824 | 27,488 |
| Redemption | (13,433) | (2,625) |
| Interest income | – | 11 |
| Unrealised exchange (loss)/gain recognised in profit or loss | (506) | 2,950 |
| At 30 April | 13,885 | 27,824 |

(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 |

* This company is not audited by KPMG LLP Singapore or member firms of KPMG International.

The above company is regarded as an associate 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 associate which are denominated in Chinese renminbi, are secured over the shares and assets of the associate.

(c) The convertible loans bear a contractual interest rate of 10% (2009: 10%) per annum. The effective interest rate is 10% (2009: 10% to 12%) 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 $13,885,000 (2009: $27,824,000).

**8 Associates (Cont'd)**

***Redeemable cumulative convertible preference shares (RCCPS) in an associate***

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At 1 May | 15,257 | 12,906 | 12,924 | 10,800 |
| Interest income | – | 1,522 | – | 1,522 |
| Unrealised exchange (loss)/gain recognised in profit or loss | (936) | 602 | (936) | 602 |
| Exchange (loss)/gain recognised in equity for RCCPS held by foreign subsidiary | (173) | 227 | – | – |
| At 30 April | 14,148 | 15,257 | 11,988 | 12,924 |

(a) Details of the associate are as follows:

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

* This company is not audited by KPMG LLP Singapore or member firms of KPMG International.

The above company is regarded as an associate 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 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% (2009: 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 GSD 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 RCCPS is denominated in United States dollar.

(d) The fair value of the RCCPS as at the balance sheet date is approximately $14,148,000 (2009: $15,257,000).

**8 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 2010 % | 2009 % |
|---|---|---|---|
| Freight Management Holdings Bhd (FMHB)* | Malaysia | 20 | 20 |

* Audited by BDO Binder, Malaysia

***Summarised financial information of associates***

The summarised financial information 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 2010 $'000 | 2009 $'000 |
|---|---|---|
| **Assets and liabilities** | | |
| Total assets | 200,248 | 185,047 |
| Total liabilities | 127,261 | 114,359 |
| **Results** | | |
| Revenue | 135,127 | 134,740 |
| Profit /(Loss) after tax | 3,452 | (4,306) |

The Group revaluates annually whether there is any objective evidence that the convertible loans and RCCPS 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.

**9 Trade and other receivables**

| | | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Advances to subsidiaries | (a) | – | – | 196,744 | 180,991 |
| Impairment losses | | – | – | (110,667) | (115,964) |
| Net receivables | | – | – | 86,077 | 65,027 |
| Loan to an associate | (b) | – | 575 | – | 575 |
| Loan to a minority shareholder of a subsidiary | (c) | 2,000 | 9,083 | – | – |
| Receivables from sale of warehouse | (d) | – | 6,642 | – | – |
| Loan and receivables | | 2,000 | 16,300 | 86,077 | 65,602 |
| Prepayments | | 208 | 387 | – | – |
| | | 2,208 | 16,687 | 86,077 | 65,602 |

**9 Trade and other receivables (Cont'd)**

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2010** | **2009** | **2010** | **2009** |
| | | **$'000** | **$'000** | **$'000** | **$'000** |
| **Current assets** | | | | | |
| Trade receivables | | | | | |
| - subsidiaries | | – | – | 1,035 | 1,011 |
| - third parties | | 22,704 | 20,055 | – | – |
| | | 22,704 | 20,055 | 1,035 | 1,011 |
| Impairment losses | | (666) | (729) | – | – |
| Net trade receivables | | 22,038 | 19,326 | 1,035 | 1,011 |
| Non-trade amounts due from subsidiary | | – | – | – | 23,726 |
| Loan to Citic Logistics | | – | 7,887 | – | – |
| Receivables from sale of warehouse | (d) | 6,761 | – | – | – |
| Loans to associates | (b) | 1,367 | 1,622 | 1,367 | 1,622 |
| Amounts due from related parties | (e) | 147 | 5 | 5 | 5 |
| Deposits | | 693 | 570 | 1 | 2 |
| Tax recoverable | | 80 | 937 | 20 | 696 |
| Interest receivables | | 145 | 234 | 126 | 197 |
| Other receivables | | 906 | 1,745 | 331 | 501 |
| Loans and receivables | | 32,137 | 32,326 | 2,885 | 27,760 |
| Advances | | 321 | 150 | – | – |
| Consumables | | 436 | 221 | – | – |
| Prepayment of proposed investment in a subsidiary | | – | 17,071 | – | – |
| Other prepayments | | 2,404 | 2,807 | 22 | 30 |
| | | 35,298 | 52,575 | 2,907 | 27,790 |

(a) Outstanding balances with subsidiaries are unsecured and are 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 1.48% (2009: 1.88%) per annum.

(b) Loans to associates bear interest at 2.5% (2009: 2.5%) per annum above the prevailing SIBOR rate determined on a half-yearly basis, and is repayable on demand.

(c) Loan to a minority shareholder of a subsidiary 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.

(d) 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 amount is due in December 2010.

(e) Amounts due from related parties are unsecured, interest-free and are repayable on demand.

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.

**9 Trade and other receivables (Cont'd)**

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Freight forwarding | 8,968 | 8,915 | 744 | 1,397 |
| Warehousing and logistics | 12,118 | 19,950 | 66,537 | 51,761 |
| Chemical storage and logistics | 10,499 | 14,814 | 10,715 | 28,256 |
| Others | 2,552 | 4,947 | 10,966 | 11,948 |
| | 34,137 | 48,626 | 88,962 | 93,362 |

***Impairment losses***

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

| | **Gross 2010 $'000** | **Impairment Losses 2010 $'000** | **Gross 2009 $'000** | **Impairment Losses 2009 $'000** |
|---|---|---|---|---|
| **Group** | | | | |
| No credit terms | 5,191 | – | 3,252 | – |
| Not past due | 21,467 | – | 37,334 | – |
| Past due 0 – 30 days | 3,621 | (3) | 4,330 | – |
| Past due 31 – 120 days | 3,511 | – | 3,231 | (199) |
| More than 120 days | 1,013 | (663) | 1,208 | (530) |
| | 34,803 | (666) | 49,355 | (729) |
| **Company** | | | | |
| No credit terms | 1,845 | – | 1,396 | – |
| Not past due | 196,866 | (110,667) | 205,420 | (115,964) |
| Past due 0 – 30 days | 54 | – | 45 | – |
| Past due 31 – 120 days | 142 | – | 138 | – |
| More than 120 days | 722 | – | 2,327 | – |
| | 199,629 | (110,667) | 209,326 | (115,964) |

The change in impairment losses in respect of loans and receivables during the year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At 1 May | 729 | 1,818 | 115,964 | 117,350 |
| Impairment loss recognised | 10 | 47 | – | – |
| Impairment loss utilised | (27) | (1,089) | – | – |
| Impairment loss written back | (22) | (47) | (5,297) | (1,386) |
| Disposal of subsidiary | (24) | – | – | – |
| At 30 April | 666 | 729 | 110,667 | 115,964 |

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 or counterparties 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 receivables. If the financial conditions of the customers or counterparties 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 2008 $'000 | Recognised in profit or loss (note 19) $'000 | Exchange differences $'000 | At 30 April 2009 $'000 | Recognised in profit or loss (note 19) $'000 | Exchange differences $'000 | At 30 April 2010 $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Deferred tax assets** | | | | | | | |
| Capital allowances carried forward | – | – | – | – | 134 | – | 134 |
| Provisions | (1) | – | – | (1) | 64 | – | 63 |
| Other items | (75) | – | – | (75) | 168 | 2 | 95 |
| Total | (76) | – | – | (76) | 366 | 2 | 292 |
| | | | | | | | |
| **Deferred tax liabilities** | | | | | | | |
| Property, plant and equipment | 58 | (305) | 5 | (242) | (555) | (6) | (803) |
| Deferred revenue | 914 | (200) | – | 714 | (714) | – | – |
| Total | 972 | (505) | 5 | 472 | (1,269) | (6) | (803) |

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

| | Company 2010 $'000 | Company 2009 $'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 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|
| Deferred tax assets | – | 396 | – | – |
| Deferred tax liabilities | (511) | – | (4) | (4) |

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

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Investment allowances | – | 2,816 |
| Capital allowances | 6,040 | 1,036 |
| Tax losses | 6,059 | 4,403 |
| | 12,099 | 8,255 |

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 3.13.

## 11 Cash and cash equivalents

| | Group 2010 $'000 | Group 2009 $'000 | Company 2010 $'000 | Company 2009 $'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 13,333 | 12,912 | 1,816 | 1,665 |
| Deposits with banks | 25,184 | 20,951 | 19,500 | 7,791 |
| Cash and cash equivalents | 38,517 | 33,863 | 21,316 | 9,456 |
| Bank overdrafts (note 15) | (552) | (56) | – | – |
| Cash and cash equivalents in the consolidated cash flow statement | 37,965 | 33,807 | | |

Included in cash and cash equivalents are amounts of $2,661,000 (2009: $1,126,000) 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 0.10% to 2.05% (2009: 0.18% to 8.03%). Interest rates reprice at intervals of three months.

## 12 Share capital

| | Group and Company 2010 No. of shares ('000) | Group and Company 2009 No. of shares ('000) |
|---|---|---|
| **Fully paid ordinary shares, with no par value:** | | |
| At 1 May | 2,111,493 | 2,102,986 |
| Exercise of warrants | – | 8,507 |
| Issue of new shares | 20,000 | – |
| At 30 April | 2,131,493 | 2,111,493 |

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.

On 10 June 2009, the Company issued 20 million new ordinary shares for value of $900,000 as part of the agreed settlement considerations 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.

***Capital management***

The Board defines "capital" to include share capital, accumulated profits and other reserves. 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 balanced 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 2010, the Group achieved a ROE of 9.5% (2009: 6.2%).

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 0.13 (2009: 0.37) as at 30 April 2010.

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 covenants (including those relating to consolidated net assets) as stipulated by its bankers in respect of term loans drawn down.

## 13 Reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | $'000 | $'000 | $'000 | $'000 |
| Foreign currency translation reserve | 2,104 | 1,333 | – | – |
| Capital reserve | 7,082 | 7,082 | 7,082 | 7,082 |
| | 9,186 | 8,415 | 7,082 | 7,082 |
| Accumulated profits | 60,978 | 47,127 | 27,299 | 19,155 |
| | 70,164 | 55,542 | 34,381 | 26,237 |

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 $3,358,000 (2009: $2,478,000) attributable to associates.

## 14 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 Scheme is administered by the Company's Remuneration Committee.

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 the 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 the 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.

Person who is Controlling Shareholder or his associate 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.

**14 Share options (Cont'd)**

**FLEH Share Option Scheme (Cont'd)**

Controlling Shareholders and his associates 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.

No share option has been issued under the Scheme.

**15 Financial liabilities**

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| **Non-current liabilities** | | | | | |
| Floating rate term loans | | 41,150 | 48,808 | 11,583 | 16,842 |
| Fixed rate term loans | | 5,172 | 7,584 | – | – |
| Finance lease liabilities | | 2,344 | 1,851 | 10 | 60 |
| | | 48,666 | 58,243 | 11,593 | 16,902 |
| **Current liabilities** | | | | | |
| Bank overdrafts | 11 | 552 | 56 | – | – |
| Short-term loans | | – | 13,300 | – | 1,500 |
| Floating rate term loans | | 6,407 | 6,316 | 2,251 | 2,158 |
| Fixed rate term loans | | 580 | 2,416 | – | 1,000 |
| Finance lease liabilities | | 1,298 | 1,126 | 49 | 49 |
| Financial derivatives | | – | 156 | – | – |
| | | 8,837 | 23,370 | 2,300 | 4,707 |
| | | 57,503 | 81,613 | 13,893 | 21,609 |

The bank overdrafts and term loans of the subsidiaries of $38,487,000 (2009: $55,894,000) 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 4 and 6 respectively.

## 15 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 2010 $'000 | Interest 2010 $'000 | Payments 2010 $'000 | Principal 2009 $'000 | Interest 2009 $'000 | Payments 2009 $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Repayable within 1 year | 1,298 | 219 | 1,517 | 1,126 | 191 | 1,317 |
| Repayable after 1 year but within 5 years | 2,344 | 253 | 2,597 | 1,851 | 279 | 2,130 |
| Total | 3,642 | 472 | 4,114 | 2,977 | 470 | 3,447 |
| **Company** | | | | | | |
| Repayable within 1 year | 49 | 6 | 55 | 49 | 7 | 56 |
| Repayable after 1 year but within 5 years | 10 | 1 | 11 | 60 | 7 | 67 |
| Total | 59 | 7 | 66 | 109 | 14 | 123 |

## 16 Trade and other payables

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2010 $'000 | 2009 $'000 | 2010 $'000 | 2009 $'000 |
| **Non-current liabilities** | | | | | |
| Non-trade amounts due to subsidiaries | (a) | – | – | 24,082 | 27,709 |
| Loan from ultimate holding company | | – | 2,304 | – | 2,304 |
| Deferred revenue | (b) | 3,668 | 6,657 | – | – |
| | | 3,668 | 8,961 | 24,082 | 30,013 |
| **Current liabilities** | | | | | |
| Trade payables | | 13,519 | 11,807 | – | – |
| Deposits and advances | | 6,329 | 6,287 | – | – |
| Deferred revenue | (b) | 2,989 | 2,989 | – | – |
| Construction cost payable | | 5,354 | 8,250 | – | – |
| Loan from ultimate holding company | | – | 696 | – | 696 |
| Payable for proposed investment | | – | 7,791 | – | 7,791 |
| Other payables | | 740 | 1,571 | 19 | 950 |
| Accrued operating expenses | | 5,733 | 7,520 | 833 | 937 |
| | | 34,664 | 46,911 | 852 | 10,374 |
| Total trade and other payables | | 38,332 | 55,872 | 24,934 | 40,387 |

(a) The non-trade amounts due to subsidiaries are unsecured and 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 payables. The average effective interest rate at balance sheet date was 1.48% (2009: 1.88%) per annum.

(b) 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 (2009: $2,989,000) has been recognised in the current financial year.

## 17 Revenue

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Freight forwarding | 60,446 | 74,900 |
| Warehouse and logistics | 19,383 | 19,184 |
| Chemical storage and logistics | 41,563 | 34,913 |
| Other services rendered | 4,410 | 8,065 |
| Total revenue | 125,802 | 137,062 |

## 18 Finance income and expense

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Interest income: | | |
| - other receivables | 311 | 925 |
| - bank deposits | 200 | 728 |
| - loan to an associate | 65 | 170 |
| Finance income | 576 | 1,823 |
| Interest expense: | | |
| - term loans | (2,313) | (1,654) |
| - bank overdrafts | (6) | (29) |
| - finance lease liabilities | (310) | (261) |
| - floating rate notes and transferable loan facility | – | (2,596) |
| - others | (4) | (466) |
| Finance expense | (2,633) | (5,006) |
| Net finance costs | (2,057) | (3,183) |

## 19 Income tax

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 1,476 | 1,181 |
| Adjustment for prior periods | (241) | (464) |
| | 1,235 | 717 |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | 815 | 311 |
| Reduction in tax rates | – | 47 |
| Adjustment for prior periods | 88 | 147 |
| | 903 | 505 |
| Income tax expense excluding share of income tax of associates | 2,138 | 1,222 |
| Share of income tax of associates | 332 | 297 |
| Total income tax expense | 2,470 | 1,519 |

**19 Income tax (Cont'd)**

***Reconciliation of effective tax rate***

| | Group | |
|---|---|---|
| | **2010** | **2009** |
| | **$'000** | **$'000** |
| Profit before income tax | 17,306 | 9,985 |
| Tax calculated using Singapore tax rate of 17% | 2,942 | 1,697 |
| Effect of reduction in tax rate | – | 47 |
| Effect of different tax rates in other countries | 41 | 213 |
| Income not subject to tax | (1,895) | (2,245) |
| Expenses not deductible for tax purposes | 680 | 1,827 |
| Utilisation of previously unrecognised tax losses | (254) | (474) |
| Deferred tax assets not recognised | 677 | 104 |
| (Over)/Underprovided in prior years | (153) | (317) |
| Others | 100 | 370 |
| | 2,138 | 1,222 |

**20 Profit for the year**

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

| | Group | |
|---|---|---|
| | **2010** | **2009** |
| | **$'000** | **$'000** |
| **Other income:** | | |
| Gain/(Loss) on fair value of: | | |
| - embedded option of investment in an associate | – | (4,183) |
| - interest rate swaps | 156 | 1,142 |
| - investment properties | 1,700 | (2,000) |
| - marketable securities | 509 | (1,180) |
| Interest income on: | | |
| - convertible loans to an associate | 2,471 | 2,735 |
| - redeemable cumulative convertible preference shares in an associate | – | 1,522 |
| Impairment loss on receivables written back | 22 | 47 |
| Impairment loss on leasehold properties written back/(recognised) | 4,417 | (357) |
| Write-back of accruals no longer required | 13 | 223 |
| Gain on disposal of property, plant and equipment | 220 | 263 |
| Gain on disposal of marketable securities | 26 | – |
| Gain on disposal of subsidiaries | 3,960 | – |
| Gain on disposal of short term investments | – | 154 |
| Gain on disposal of salvage material | – | 190 |
| Gain on waiver of loan due to a minority shareholder of a subsidiary | – | 99 |
| Jobs credit | 784 | 302 |
| Dividend income from financial assets at fair value through profit or loss | 7 | 10 |
| Foreign exchange gain | – | 4,162 |
| Others | 217 | 148 |
| | 14,502 | 3,277 |
| **Other expenses:** | | |
| Foreign exchange loss | 3,733 | – |
| Non-audit fees paid to: | | |
| - auditors of the Company | 18 | – |
| - other auditors | 3 | – |
| Write-off of receivables from an associate | 809 | – |
| Contributions to defined contribution plans included in staff costs | 1,850 | 1,821 |
| Property, plant and equipment written off | – | 2,003 |
| Impairment loss on receivables | 10 | 47 |

## 21 Earnings per share

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Basic earnings per share is computed based on: | | |
| Net profit attributable to ordinary shareholders | 13,851 | 8,784 |

| | No. of shares ('000) | No. of shares ('000) |
|---|---|---|
| Issued ordinary shares at beginning of the year | 2,111,493 | 2,102,986 |
| Effect of ordinary shares issued | 17,808 | – |
| Effect of warrants exercised | – | 5,418 |
| Weighted average number of ordinary shares at end of the year | 2,129,301 | 2,108,404 |

| | $'000 | $'000 |
|---|---|---|
| Diluted earnings per share is based on: | | |
| Net profit attributable to ordinary shareholders | 13,851 | 8,784 |

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 potential ordinary shares weighted for the period outstanding.

There is no dilutive potential ordinary shares during the year.

## 22 Segment reporting

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports regularly. The following describes the operations in each of the Group's reportable segments:

Freight forwarding: provision of international freight forwarding services.

Warehousing and logistics: provision of distribution, storage and warehousing services.

Chemical storage and logistics: provision of chemical logistics, transportation and warehousing activities.

Other operations include investment holdings, records management and document storage, and international project management in exhibitions and events. None of these segments meets any of the quantitative thresholds for determining reportable segment in 2010 or 2009.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

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 year to acquire property, plant and equipment.

**22 Segment reporting (Cont'd)**

***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.

***Operating segments***

| | Freight forwarding $'000 | Warehousing and logistics $'000 | Chemical storage and logistics $'000 | Other operations $'000 | Eliminations $'000 | Total operations $'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| **2010** | | | | | | |
| External revenue | 60,446 | 19,383 | 41,563 | 4,410 | – | 125,802 |
| Inter-segment revenue | 4,019 | 5,049 | 468 | 8 | (9,544) | – |
| Total revenue | 64,465 | 24,432 | 42,031 | 4,418 | (9,544) | 125,802 |
| **Results** | | | | | | |
| Segment results | 4,543 | 7,135 | 3,316 | 2,901 | – | 17,895 |
| Unallocated corporate costs | | | | | | (4,872) |
| Accretion of deferred revenue | – | 2,989 | – | – | – | 2,989 |
| Results from operating activities | | | | | | 16,012 |
| Interest income from an associate | – | – | – | 2,471 | – | 2,471 |
| Finance income | 32 | 397 | – | 147 | – | 576 |
| Finance costs | (272) | (1,041) | (479) | (841) | – | (2,633) |
| Share of profit of associates | | | | | | 880 |
| Profit before income tax | | | | | | 17,306 |
| Income tax expense | (592) | (1,056) | (154) | (336) | – | (2,138) |
| Profit for the year | 3,711 | 8,424 | 2,683 | 4,342 | – | 15,168 |
| **Other segmental information** | | | | | | |
| Gain on fair value of investment properties | – | 1,700 | – | – | – | 1,700 |
| Gain/(Loss) on disposal of subsidiaries | (1) | (4) | – | 3,965 | – | 3,960 |
| Gain/(Loss) on disposal of property, plant & equipment | 8 | (22) | 234 | – | – | 220 |
| Write-back of impairment loss on leasehold properties | – | 3,904 | 513 | – | – | 4,417 |
| Write-off of receivable from an associate | – | – | – | (809) | – | (809) |

**22 Segment reporting (Cont'd)**

***Operating segments (Cont'd)***

| | Freight forwarding $'000 | Warehousing 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 an associate | – | – | – | 4,257 | – | 4,257 |
| Finance income | 42 | 777 | 7 | 997 | – | 1,823 |
| Finance costs | (34) | (1,350) | (468) | (3,154) | – | (5,006) |
| Share of profit of associates | | | | | | 998 |
| Profit before income tax | | | | | | 9,985 |
| Income tax expense | (1,377) | 857 | (129) | (573) | – | (1,222) |
| Profit for the year | 5,903 | 3,737 | (897) | 814 | – | 8,763 |
| **Other segmental information** | | | | | | |
| Loss on fair value of investment properties | – | (2,000) | – | – | – | (2,000) |
| Loss on fair value of embedded option of investment in an associate | – | – | – | (4,183) | – | (4,183) |
| (Loss)/ Gain on disposal of property, plant and equipment | (1) | 4 | 260 | – | – | 263 |
| (Impairment loss)/ Write-back of impairment loss on leasehold properties | – | (569) | 212 | – | – | (357) |
| Property, plant and equipment written off | – | – | (2,003) | – | – | (2,003) |

**22 Segment reporting (Cont'd)**

***Operating segments (Cont'd)***

| | Freight forwarding $'000 | Warehousing and logistics $'000 | Chemical storage and logistics $'000 | Other operations $'000 | Eliminations $'000 | Total operations $'000 |
|---|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | | |
| **2010** | | | | | | |
| Segment assets | 18,599 | 123,104 | 42,231 | 1,869 | – | 185,803 |
| Tax recoverable | | | | | | 80 |
| Investment in club membership | | | | | | 50 |
| Associates | | | | | | 38,745 |
| Other investments | | | | | | 193 |
| Unallocated assets | | | | | | 23,593 |
| Total assets | | | | | | 248,464 |
| Segment liabilities | 7,416 | 13,922 | 15,195 | 1,049 | – | 37,582 |
| Unallocated liabilities | | | | | | 750 |
| Financial liabilities | | | | | | 57,503 |
| Deferred tax liabilities | | | | | | 511 |
| Income tax liabilities | | | | | | 1,478 |
| Total liabilities | | | | | | 97,824 |
| **Assets and liabilities** | | | | | | |
| **2009** | | | | | | |
| Segment assets | 17,875 | 135,435 | 32,123 | 28,402 | – | 213,835 |
| Tax recoverable | | | | | | 937 |
| Investment in club membership | | | | | | 50 |
| Associates | | | | | | 51,862 |
| Other investments | | | | | | 531 |
| Deferred 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 |
| **Other segment information** | | | | | | |
| **2010** | | | | | | |
| Capital expenditure | 85 | 1,607 | 7,139 | 12 | – | 8,843 |
| Depreciation | 239 | 3,579 | 2,129 | 212 | – | 6,159 |
| **2009** | | | | | | |
| Capital expenditure | 115 | 4,764 | 11,853 | 282 | – | 17,014 |
| Depreciation | 253 | 3,104 | 1,871 | 227 | – | 5,455 |

**22 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 |
|---|---|---|---|---|---|---|---|---|---|
| **2010** | | | | | | | | | |
| Revenue from external customers | 50,055 | 26,608 | 20,649 | 4,806 | 3,924 | 9,242 | 6,300 | 4,218 | 125,802 |
| Non-current assets* | 140,023 | 3,664 | 618 | – | – | – | 118 | – | 144,423 |
| Capital expenditure | 7,913 | 927 | 1 | – | – | – | 2 | – | 8,843 |
| **2009** | | | | | | | | | |
| Revenue from external customers | 50,050 | 24,071 | 27,446 | 5,471 | 6,792 | 10,925 | 7,353 | 4,954 | 137,062 |
| Non-current assets* | 129,875 | 3,286 | 574 | – | – | – | 200 | – | 133,935 |
| Capital expenditure | 15,987 | 700 | 83 | – | – | – | 244 | – | 17,014 |

* Excluding convertible loans to an associate, RCCPS in an associate, loans to a minority shareholder of a subsidiary and an associate, and receivables from sale of warehouse.

**23 Determination of fair value**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

***Investment property***

External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchange on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter notices have been served validly and within the appropriate time.

***Investments in equity***

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

## 23 Determination of fair value (Cont'd)

***Non-derivative financial assets and liabilities***

The fair values of borrowings which reprice within six months and other non-derivative financial assets and liabilities, determined for disclosure purpose, are calculated based on the present value of future principal and interests 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 agreements.

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, trade and other payables and interest-bearing borrowings) or those which reprices within six months are assumed to approximate their fair value because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

***Interest rates used in determining fair values***

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.

| | **2010** % | **2009** % |
|---|---|---|
| Term loans | 1.36 - 5.50 | 2.3 - 6.25 |
| Convertible loans to associate | 10 | 7 - 43 |
| Loans to associate | 2.53 - 2.99 | 2.53 - 4.19 |
| Bank overdraft | 6.80 - 7.05 | 5.00 – 8.75 |
| Finance lease liabilities | 2.30 - 6.50 | 2.30 – 5.00 |

***Fair value versus carrying amounts***

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:

| **Group** | **Note** | **2010 Carrying amount $'000** | **2010 Fair value $'000** | **2009 Carrying amount $'000** | **2009 Fair value $'000** |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Associate | 8 | 28,033 | 28,033 | 43,081 | 43,081 |
| Other receivables | 9 | – | – | 6,642 | 6,164 |
| Total | | 28,033 | 28,033 | 49,723 | 49,245 |
| **Financial liabilities** | | | | | |
| Term loans | 15 | (53,309) | (52,732) | (65,124) | (65,124) |
| Bank overdrafts | 15 | (552) | (552) | (56) | (56) |
| Finance lease liabilities | 15 | (3,642) | (3,642) | (2,977) | (2,977) |
| | | (57,503) | (56,926) | (68,157) | (68,157) |
| Total | | (29,470) | (28,893) | (18,434) | (18,912) |
| Unrecognised (gain)/loss | | | (577) | | 478 |
| **Company** | | | | | |
| **Financial assets** | | | | | |
| Associate | 8 | 25,873 | 25,873 | 40,748 | 40,748 |
| **Financial liabilities** | | | | | |
| Term loans | 15 | (13,834) | (13,787) | (20,000) | (20,000) |
| Finance lease liabilities | 15 | (59) | (59) | (109) | (109) |
| Total | | (13,893) | (13,846) | (20,109) | (20,109) |
| | | 11,980 | 12,027 | 20,639 | 20,639 |
| Unrecognised gain | | | (47) | | – |

**23 Determination of fair value (Cont'd)**

***Fair value hierarchy***

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **30 April 2010** | | | | |
| Financial assets at fair value through profit or loss | 193 | – | – | 193 |
| **30 April 2009** | | | | |
| Financial assets at fair value through profit or loss | 531 | – | – | 531 |
| Derivative financial liability | – | (156) | – | (156) |
| | 531 | (156) | – | 375 |

During the financial year, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

**24 Financial instruments by category**

Set out below is an analysis of the Group's financial instruments:

| | Note | Loans and receivables $'000 | Financial assets at fair value through profit or loss $'000 | Liabilities at amortised costs $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **30 April 2010** | | | | | |
| **Assets** | | | | | |
| Associates | 8 | 28,033 | – | – | 28,033 |
| Trade and other receivables excluding prepayments, advances and consumables | 9 | 34,137 | – | – | 34,137 |
| Other investments | | – | 193 | – | 193 |
| Cash and cash equivalents | 11 | 38,517 | – | – | 38,517 |
| | | 100,687 | 193 | – | 100,880 |
| **Liabilities** | | | | | |
| Financial liabilities | 15 | – | – | 57,503 | 57,503 |
| Trade and other payables excluding deferred revenue | 16 | – | – | 31,675 | 31,675 |
| | | – | – | 89,178 | 89,178 |

## 24 Financial instruments by category (Cont'd)

| | Note | Loans and receivables $'000 | Financial assets at fair value through profit or loss $'000 | Liabilities at amortised costs $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **30 April 2009** | | | | | |
| **Assets** | | | | | |
| Associates | 8 | 43,081 | – | – | 43,081 |
| Trade and other receivables excluding prepayments, advances and consumables | 9 | 48,626 | – | – | 48,626 |
| Other investments | | – | 531 | – | 531 |
| Cash and cash equivalents | 11 | 33,863 | – | – | 33,863 |
| | | 125,570 | 531 | – | 126,101 |
| **Liabilities** | | | | | |
| Financial liabilities | 15 | – | – | 81,613 | 81,613 |
| Derivative financial liability | | – | 156 | – | 156 |
| Trade and other payables excluding deferred revenue | 16 | – | – | 46,226 | 46,226 |
| | | – | 156 | 127,839 | 127,995 |

| | Note | Loans and receivables $'000 | Liabilities at amortised costs $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **30 April 2010** | | | | |
| **Assets** | | | | |
| Associates | 8 | 25,873 | – | 25,873 |
| Trade and other receivables excluding prepayments | 9 | 88,962 | – | 88,962 |
| Cash and cash equivalents | 11 | 21,316 | – | 21,316 |
| | | 136,151 | – | 136,151 |
| **Liabilities** | | | | |
| Financial liabilities | 15 | – | 13,893 | 13,893 |
| Trade and other payables | 16 | – | 24,934 | 24,934 |
| | | – | 38,827 | 38,827 |

**24 Financial instruments by category (Cont'd)**

| | Note | Loans and receivables $'000 | Liabilities at amortised costs $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| **30 April 2009** | | | | |
| **Assets** | | | | |
| Associates | 8 | 40,748 | – | 40,748 |
| Trade and other receivables excluding prepayments | 9 | 93,362 | – | 93,362 |
| Cash and cash equivalents | 11 | 9,456 | – | 9,456 |
| | | 143,566 | – | 143,566 |
| **Liabilities** | | | | |
| Financial liabilities | 15 | – | 21,609 | 21,609 |
| Trade and other payables | 16 | – | 40,387 | 40,387 |
| | | – | 61,996 | 61,996 |

**25 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 other than the receivable from a third party from the sale of warehouses amounting to $6,761,000. The maximum exposure to credit risk is represented by the carrying amount of each financial asset 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.

**25 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** | | | | | |
| **2010** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Finance lease liabilities | 3,642 | (4,114) | (1,517) | (2,597) | – |
| Term loans | 53,309 | (57,998) | (9,192) | (30,725) | (18,081) |
| Bank overdrafts | 552 | (552) | (552) | – | – |
| Trade and other payables* | 31,675 | (31,675) | (31,675) | – | – |
| | 89,178 | (94,339) | (42,936) | (33,322) | (18,081) |
| **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) | – | – |
| **Company** | | | | | |
| **2010** | | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Short term loans | – | – | – | – | – |
| Term loans | 13,834 | (14,512) | (2,616) | (11,896) | – |
| Finance lease liabilities | 59 | (66) | (55) | (11) | – |
| Trade and other payables | 24,934 | (24,934) | (852) | (24,082) | – |
| | 38,827 | (39,512) | (3,523) | (35,989) | – |
| **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) | – |

* 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.

**25 Financial risk management (Cont'd)**

***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.

***Terms and debt repayment schedule***

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

| | Nominal interest rate % | Year of maturity | 2010 Face value $'000 | 2010 Carrying amount $'000 | 2009 Face value $'000 | 2009 Carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Short-term loans | – | – | – | – | 13,300 | 13,300 |
| Term loans | 1.36 – 5.50 | 2012 – 2020 | 53,309 | 53,309 | 65,124 | 65,124 |
| Finance lease liabilities | 2.30 – 6.50 | 2010 – 2015 | 3,642 | 3,642 | 2,977 | 2,977 |
| Bank overdrafts | 6.80 – 7.05 | – | 552 | 552 | 56 | 56 |
| | | | 57,503 | 57,503 | 81,457 | 81,457 |
| **Company** | | | | | | |
| Short-term loans | – | – | – | – | 1,500 | 1,500 |
| Term loans | 2.84 – 2.97 | 2012 – 2013 | 13,834 | 13,834 | 20,000 | 20,000 |
| Finance lease liabilities | 2.30 | 2011 | 59 | 59 | 109 | 109 |
| | | | 13,893 | 13,893 | 21,609 | 21,609 |

***Sensitivity analysis***

An increase of 100 basis points (bp) in interest rate at the reporting date on variable interest rate instrument would decrease profit or loss of the Group and Company by approximately $108,000 (2009: $126,000) and $174,000 (2009: $268,000) respectively. A decrease of 100 bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

***Foreign currency risk***

The Group is exposed to foreign currency risk on sales, purchases, cash and cash equivalents, and trade and other trade payables 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 United States dollar (USD) and Chinese renminbi (RMB).

**25 Financial risk management (Cont'd)**

***Foreign currency risk (Cont'd)***

The Group's and the Company's exposures to foreign currency risk are as follows:

| | 30 April 2010 | | 30 April 2009 | |
|---|---|---|---|---|
| | **USD** | **RMB** | **USD** | **RMB** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| **Group** | | | | |
| Convertible loans to an associate and RCCPS in an associate | 14,148 | 13,885 | 15,257 | 27,824 |
| Trade and other receivables | 3,736 | 2,360 | 3,451 | 34,877 |
| Cash and cash equivalents | 1,637 | 2,456 | 1,912 | 269 |
| Trade and other payables | (3,055) | (657) | (10,896) | (231) |
| | 16,466 | 18,044 | 9,724 | 62,739 |
| **Company** | | | | |
| Convertible loans to an associate and RCCPS in an associate | 11,988 | 13,885 | 12,924 | 27,824 |
| Trade and other receivables | 1,367 | – | 1,474 | – |
| Cash and cash equivalents | 126 | – | 62 | – |
| Trade and other payables | – | – | (7,791) | – |
| | 13,481 | 13,885 | 6,669 | 27,824 |

***Sensitivity analysis***

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

| | **Group** | **Company** |
|---|---|---|
| | **Profit** | **Profit** |
| | **$'000** | **$'000** |
| **30 April 2010** | | |
| USD | 1,367 | 1,119 |
| RMB | 1,498 | 1,152 |
| **30 April 2009** | | |
| USD | 807 | 554 |
| RMB | 5,207 | 2,309 |

A 10% weakening of Singapore dollar against the above currencies 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.

There is no impact on equity.

***Equity price risk***

The Group has no significant exposure to equity price risk.

## 26 Commitments

***Capital commitments***

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Expenditure contracted for | – | 6,797 |

The capital commitments for prior year were related to outstanding contracts in respect of the uncompleted warehouse at 18 Gul Drive which had been completed during the year.

***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.

At 30 April 2010, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Within 1 year | 11,890 | 11,343 |
| After 1 year but within 5 years | 17,094 | 23,650 |
| After 5 years | 41,201 | 41,132 |
| | 70,185 | 76,125 |

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

| | Group 2010 $'000 | Group 2009 $'000 |
|---|---|---|
| Within 1 year | 10,041 | 9,195 |
| After 1 year but within 5 years | 16,318 | 11,475 |
| After 5 years | 9,684 | 2,389 |
| | 36,043 | 23,059 |

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

## 27 Contingent liabilities (unsecured)

Intra-group financial guarantees comprise corporate guarantees granted by the Company to banks in respect of banking facilities amounting to $41,899,000 (2009: $59,270,000) to secure banking facilities provided to certain subsidiaries. In addition, the Company issued corporate guarantee of $1,600,000 to a bank to secure banking facility provided to a subsidiary of an associate. 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 and the subsidiary of an associate. 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 which the guarantees were given on behalf of.

The intra-group financial guarantees for subsidiaries 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 2010 amounted to $86,986,000 (2009: $121,521,000).

## 28 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.

Key management personnel compensation comprised:

| | Group | |
|---|---|---|
| | **2010** | **2009** |
| | **$'000** | **$'000** |
| Short-term employee benefits | 3,201 | 3,075 |
| Defined contribution plans | 139 | 141 |
| | 3,340 | 3,216 |

***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 | |
|---|---|---|
| | **2010** | **2009** |
| | **$'000** | **$'000** |
| Professional fees paid to TSMP Law Corporation | 187 | 455 |
| Loan from a director | – | 942 |
| Disposal of vessel to a minority shareholder of the subsidiary | – | 7,344 |
| Disposal of a subsidiary to a minority shareholder of the subsidiary | 372 | – |

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

## 29 Subsequent events

Subject to the approval by the shareholders at the next Annual General Meeting, the directors have proposed a first and final one-tier dividend of 0.25 cents per share amounting to approximately $5,329,000 and a special tax-exempt dividend of 0.10 cents per share amounting to approximately $2,131,000 for the financial year ended 30 April 2010. These financial statements do not reflect these proposed dividends, which will be accounted for in the statement of changes in equity as an appropriation of the accumulated profits in the financial year ending 30 April 2011.

## 1 Directors' remuneration

Company's directors receiving remuneration from the Group

| | Number of directors 2010 | 2009 |
|---|---|---|
| **Remuneration of:** | | |
| $250,000 to below $500,000 | 3 | 3 |
| Below $250,000 | 3 | 3 |
| | 6 | 6 |

## 2 Group properties

***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 14 July 2010

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

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | % of Holders | No. of Shares | % of Shares |
|---|---|---|---|---|
| 1 – 999 | 399 | 2.76 | 102,765 | 0.01 |
| 1,000 – 10,000 | 7,078 | 48.92 | 43,993,186 | 2.06 |
| 10,001 – 1,000,000 | 6,916 | 47.80 | 562,671,674 | 26.40 |
| 1,000,001 – and above | 76 | 0.52 | 1,524,725,260 | 71.53 |
| **Grand Total** | **14,469** | **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 **48.23%**. 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 | 495,916,591 | 23.27 |
| 2 | Mayban Nominees (Singapore) Pte Ltd | 212,020,010 | 9.95 |
| 3 | CIMB Nominees (Singapore) Pte Ltd | 176,500,000 | 8.28 |
| 4 | Hong Leong Finance Nominees Pte Ltd | 173,472,000 | 8.14 |
| 5 | DBS Nominees Pte Ltd | 71,765,320 | 3.37 |
| 6 | United Overseas Bank Nominees (Private) Limited | 71,451,303 | 3.35 |
| 7 | Khua Kian Keong | 47,700,000 | 2.24 |
| 8 | Citibank Nominees Singapore Pte Ltd | 40,748,000 | 1.91 |
| 9 | OCBC Nominees Singapore Private Limited | 29,047,020 | 1.36 |
| 10 | Wuhan Construction Pte Ltd | 20,000,000 | 0.94 |
| 11 | OCBC Securities Private Ltd | 19,095,240 | 0.90 |
| 12 | UOB Kay Hian Pte Ltd | 14,680,548 | 0.69 |
| 13 | CIMB Securities (Singapore) Pte Ltd | 14,238,030 | 0.67 |
| 14 | YHI Holdings Pte Ltd | 6,750,766 | 0.32 |
| 15 | Kim Eng Securities Pte. Ltd. | 6,234,080 | 0.29 |
| 16 | DBS Vickers Securities (Singapore) Pte Ltd | 5,314,000 | 0.25 |
| 17 | Ng Cheow Boo | 4,650,000 | 0.22 |
| 18 | Teo Ghim Whatt | 4,540,000 | 0.21 |
| 19 | Phillip Securities Pte Ltd | 4,489,140 | 0.21 |
| 20 | UOB Nominees (2006) Pte Ltd | 4,186,662 | 0.20 |
| | **Total:** | **1,422,798,710** | **66.77** |

## SUBSTANTIAL SHAREHOLDERS

As shown in the Company's Register of Substantial Shareholders

| | | Number of Shares | |
|---|---|---|---|
| **Name of Substantial Shareholders** | **Notes** | **Direct Interest** | **Deemed Interest** |
| Vibrant Capital Pte. Ltd. | – | 1,052,416,591 | Nil |
| Eric Khua Kian Keong | 1 | 47,700,000 | 1,052,416,591 |
| Lian Hup Holdings Pte. Ltd. | 2 | Nil | 1,052,416,591 |
| Khua Hock Su | 3 | Nil | 1,052,416,591 |
| Vincent Khua Kian Ann | 3 | Nil | 1,052,416,591 |
| Khua Kian Hua | 3 | Nil | 1,052,416,591 |

Notes:

1) Mr Eric Khua Kian Keong is deemed to be interested in 1,052,416,591 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 1,052,416,591 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 1,052,416,591 shares held by Vibrant by virtue of their respective shareholding interests in Lian Hup.

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 Tuesday 31 August 2010 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 2010 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a First and Final Dividend of 0.25 cent per ordinary share and a Special Dividend of 0.1 cent per ordinary share for the year ended 30 April 2010. **(Resolution 2)**

3. To approve the payment of Directors' Fees of S$120,000/-. **(Resolution 3)**

4. To re-elect Mr Sebastian Tan Cher Liang as a Director retiring under Article 94 of the Articles of Association of the Company. **(Resolution 4)**

   *[Note:- Mr Sebastian Tan Cher Liang shall upon his re-election as a Director, remain as an Independent Director, as well as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Ltd ("SGX-ST").]*

5. To re-elect Mr Derek Loh Eu Tse as a Director retiring under Article 94 of the Articles of Association of the Company. **(Resolution 5)**

   *[Note:- Mr Derek Loh Eu Tse shall upon his re-election as a Director, remain as an Independent Director, as well as the Chairman of the Nominating and Remuneration Committees and a member of the Audit Committee. He is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of SGX-ST.]*

6. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

**AS SPECIAL BUSINESS**

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

   7.1 **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 pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares and convertible securities in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

   Provided that:

   (1) the aggregate number of shares and convertible securities to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall, (a) in the case of a renounceable rights issue, not exceed 100% of the total number of issued shares (excluding treasury shares), and (b) in all other cases, shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(3) 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

(4) (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 7)**

7.2 **Authority to allot and issue new shares other than on a pro-rata basis to shareholders at a discount exceeding 10% but not more than 20%**

"That, conditional upon the passing of Resolution 7 above, but without limiting the effect of the authority in Resolution 7 above, authority be and is hereby given to the Directors to issue new shares and convertible securities in the capital of the Company (whether in pursuant of any offer, agreement or option made or granted by the Directors or otherwise) other than on a pro-rata basis to shareholders 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 8)**

7.3 **Authority to allot and issue shares under FLEH Share Option Scheme**

That:-

(a) approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the FLEH Share Option Scheme; and

(b) approval be and is hereby given to the Directors to exercise full powers of the Company to issue, allot or otherwise dispose of shares in the Company as may be required to be issued, allotted or disposed, in connection with or pursuant to the exercise of the options granted under the FLEH Share Option Scheme.

Provided that the aggregate number of shares to be issued and allotted pursuant to the FLEH Share Option Scheme shall not exceed 15 percent of the total number of issued shares of the Company from time to time. **(Resolution 9)**

8. To transact any other business that can be transacted at an Annual General Meeting of which due notice shall have been given.

BY ORDER OF THE BOARD

**DOROTHY HO / NANCY QUEK**
Company Secretaries

Singapore, 6 August 2010

**Notes:**

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company and where there are two proxies, the number of share to be represented by each proxy must be stated.

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:**

(1) Resolution 7 proposed in item 7.1 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting to issue shares and convertible securities in the Company, without seeking any further approval from the shareholders at a general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider in the interests of the Company. This proposed Resolution, if passed, will authorise and empower the Directors of the Company to issue up to 100% of the Company's issued shares in the case of a pro-rata renounceable rights issue. This is pursuant to one of the new measures introduced by the Singapore Exchange Securities Trading Limited ("SGX-ST") on 20 February 2009 and which will be in effect until 31 December 2010.

(2) Resolution 8 proposed in item 7.2 above, if passed, will empower the Directors of the Company to issue shares in the capital of the Company other than on a pro-rata basis to shareholders of the Company at a price which shall represent not more than a 20% discount (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. This is also pursuant to one of the new measures introduced by SGX-ST on 20 February 2009 and which will be in effect until 31 December 2010.

(3) Resolution 9 proposed in item 7.3 above, is to empower the Directors to grant options, allot and issue shares pursuant to the exercise of options under the FLEH Share Option Scheme, provided that the aggregate number of shares to be issued under the FLEH Share Option Scheme does not exceed fifteen per cent (15%) of the total number of issued shares of the Company from time to time.

FREIGHT LINKS EXPRESS HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198600061G)

# PROXY FORM

Annual General Meeting to be held on 31 August 2010

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 Tuesday, 31 August 2010 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 adjournment 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 | Declaration of First & Final Dividend and Special Dividend | | | | |
| 3 | Approval of Directors' Fees | | | | |
| 4 | Re-election of Mr Sebastian Tan Cher Liang | | | | |
| 5 | Re-election of Mr Derek Loh Eu Tse | | | | |
| 6 | Re-appointment of Auditors | | | | |
| | **SPECIAL BUSINESS:** | | | | |
| 7 | Authority to issue and allot shares | | | | |
| 8 | Authority to issue and allot shares at not more than 20% discount | | | | |
| 9 | 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 with a "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________________ day of ____________________ 2010

| 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.

an EQUITY communications production

**Freight Links Express Holdings Limited**

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Singapore 609143
Tel: 6262 6988 Fax: 6267 5593
URL www.freightlinks.net

Co. Registration No. 198600061G