PSC CORPORATION LTD

Making Life Better

Annual Report 2005

our vision

To establish **strong business network** with **valued partners** and to be an integral part of consumers' lives through providing **quality products and services**.

our mission

- To maximise **returns to our shareholders**
- To provide **quality products and services** that create optimal value to our customers
- To develop and **foster our staff's talents and leadership skills** with the provision of a **challenging and nurturing environment**.

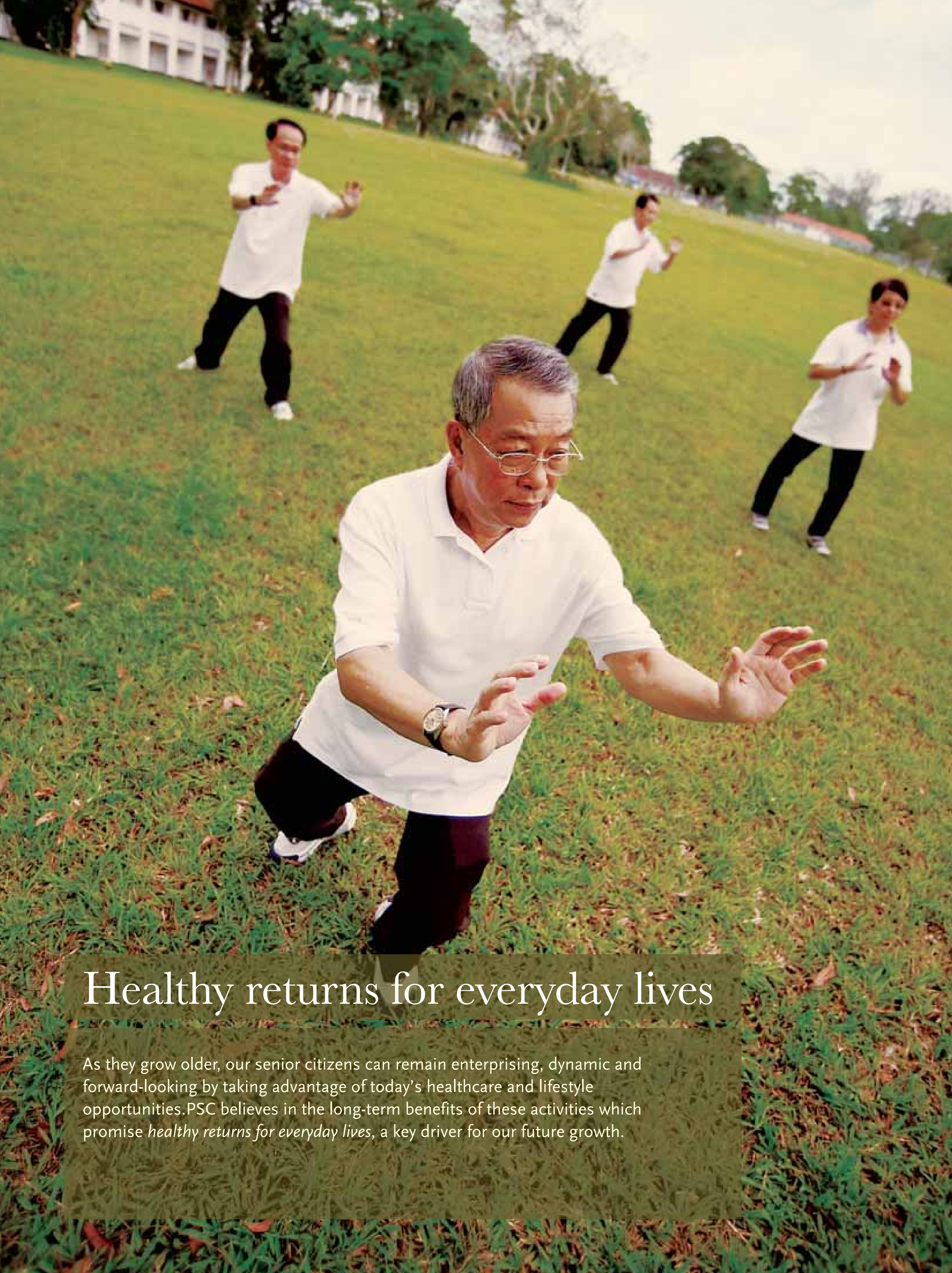
Contents

Essentials for everyday lifestyles

Over the years, PSC has introduced many popular brands and new product lines to meet the fast-changing tastes and preferences of today's young couples. Our ability to understand them and their aspirations has ensured that we can always be relied on to provide the *essentials for everyday lifestyles*, whatever they may be, and this is crucial to our commercial success.

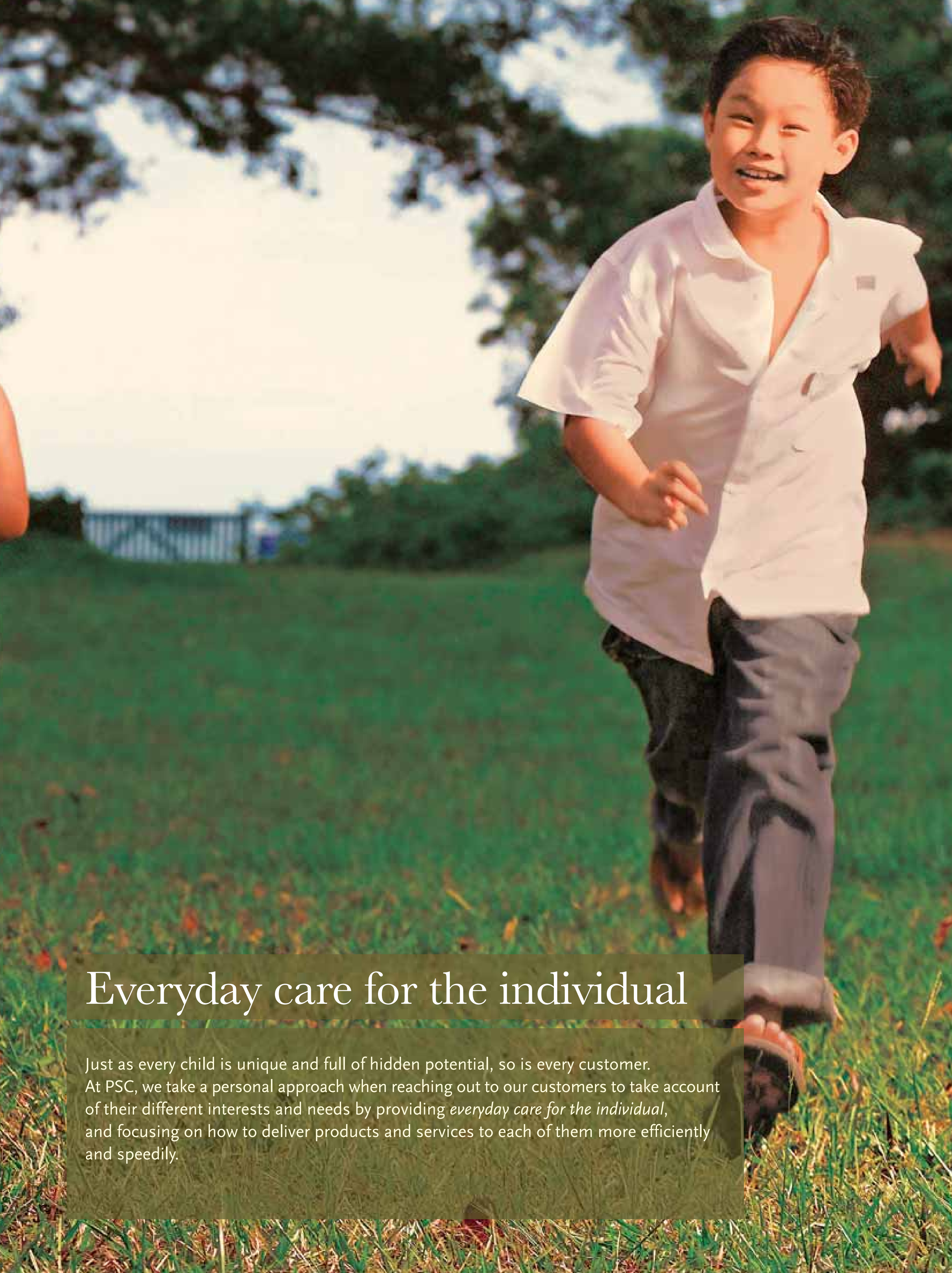
Everyday essentials for the family

Families know PSC for our range of food and non-food items which are of the highest quality. After many years of product development and innovation, we are now the manufacturer and owner of many well-known brand names which have become *everyday essentials for the family*, from the youngest to the oldest member, and this will remain our core business.



Healthy returns for everyday lives

As they grow older, our senior citizens can remain enterprising, dynamic and forward-looking by taking advantage of today's healthcare and lifestyle opportunities.PSC believes in the long-term benefits of these activities which promise *healthy returns for everyday lives*, a key driver for our future growth.



Everyday care for the individual

Just as every child is unique and full of hidden potential, so is every customer. At PSC, we take a personal approach when reaching out to our customers to take account of their different interests and needs by providing *everyday care for the individual*, and focusing on how to deliver products and services to each of them more efficiently and speedily.

Executive Chairman's Message

Allan Yap
Executive Chairman

Dear Valued Shareholders,

We began 2005 on a note of cautious optimism. Even as the regional economies continued with their rebound, rapid changes and new challenges in our competitive environment kept the Group conservatively focused.

I am pleased to say that the Group and all our employees embraced the measures necessary to ensure our continued success and enhance shareholder returns. As a result, our turnover increased from $141.06 million to $169.79 million. This improvement was attributable to the better performance of our Consumer Business segment as well as contributions from Tat Seng Packaging Group Ltd, acquired on 18 October 2005 and the full-year impact of consolidating the results of InnoForm Group which was acquired in October 2004.

INCREASED SYNERGIES

Our main core business, the Consumer Business sector, expanded its distribution channels and implemented effective advertising campaigns to successfully raise market awareness for its products and increase market share. The positive results of these marketing efforts are reflected in our *Royal Umbrella* brand winning the only Platinum Superbrand Award in the Rice category in the 2005 Reader's Digest Superbrand survey through the votes of Singaporean consumers. The acquisition of several household agency lines has also contributed to the growth in the sector's turnover. In all, the Consumer Business sector has shown an increased turnover of 8.8% in 2005 from 2004.

The business is now in an excellent position to face the increasingly challenging business environment and benefit from our efforts to further strengthen our value chain. We can now seek out more profitable businesses which can synergise with our existing infrastructure.

A prime example is our entry into the Packaging Business, with the strategic acquisition of Tat Seng Packaging Group Ltd in October 2005. We are exploring the synergistic benefits that Tat Seng, a well-established manufacturer and supplier of corrugated paper packaging products, may provide to our Packaging Business, in the hope of broadening the customer reach for both businesses. Just as importantly, with a presence in both Singapore and the burgeoning China market, the outlook for Tat Seng is promising. The new business unit is expected to expand its product range and gain wider market access, possibly by way of strategic alliances.

Our associate company, Intraco Limited has continued to prove a good investment for the Group, rapidly turning around from a loss in 2003 to profitability. In 2005, the company reported a 250% increase in net profit from $1.65 million in 2004 to $5.76 million largely due to the improved product mix and firmer prices of its commodities trading business and increased demand for AMD products for its semiconductor business.

As we move forward, we will seek out other business prospects that offer synergistic benefits and growth potential for the Group.

GROWING OPPORTUNITIES

We see the healthcare sector as an important driver of future growth for the Group. The booming Asian population, higher life expectancies, rising affluence and the opening of new markets such as China are factors that the Group believes will boost demand for healthcare services in the region, and augur well for our Healthcare Business. Already, we have established a foothold in the Philippines, Thailand, Indonesia, Vietnam, China and Malaysia. For the immediate future, we intend to expand the Healthcare Business not only in Asia but also in the potentially lucrative Middle East market.

The Group is conscious of the need to seize new opportunities and continuously rationalise and enhance our core businesses. Accordingly, from 2006 onwards, the InnoForm Group's business of producing and distributing media products will be managed as part of the Consumer Business Division and our operations will be restructured into three core activities: Consumer Business, Packaging and Healthcare. By implementing this strategy and barring unforeseen circumstances, we expect our performance in 2006 to improve upon this year's achievements.

At the same time, we recognise the importance of prudence and good governance. As we face another exciting year, our Directors will proceed with due consideration for their responsibilities to the shareholders.

ACKNOWLEDGEMENTS

Finally, I would like to take this opportunity to thank all our valued Shareholders for their ceaseless support through thick and thin. Let me also extend my appreciation to our Principals, Business Partners and Customers. Last but not least, our Board of Directors, Management team and Staff have my deepest gratitude for yet another year of dedicated and diligent service.

Dr Allan Yap
Executive Chairman

"The business is now in an excellent position to face the increasingly challenging business environment and benefit from our efforts to further strengthen our value chain. We can now seek out more profitable businesses which can synergise with our existing infrastructure."

执行董事主席致辞

Allan Yap 博士
执行董事主席

亲爱的股东们:

我们是以谨慎又乐观的心情迎接2005年。虽然本地区的经济继续回升，但是处于瞬息万变和新挑战不断涌现的竞争环境里，我们凡事还得步步为营。

为保证我们能继续成功并且提高股东的收益，集团和我们的全体员工采取了必要的措施，并取得了良好的成效，我们的营业额从1.4106亿新元增加到1.6979亿新元，这是非常令人鼓舞的。营业额的提高可归功于我们消费产品部门的经营业绩改善、2005年10月18日所收购的达成包装集团有限公司的业绩，以及2004年10月所收购的新格媒体有限公司的全年业绩表现。

加强协同合作

我们的主要核心业务 — 消费产品业务部扩大了其分销渠道，并为成功提高产品在市场上的知名度和市场份额而有效地开展了宣传活动。这些营销活动取得了正面的成效，这可从新加坡消费者投票评选的2005年度‘读者文摘超级品牌’中反映出来，我们的皇族安培娜品牌获得大米类别中唯一的白金超级品牌奖。另外，我们所代理的多个家庭用品和食品也为营业额增长做出了贡献。总体而言，2005年消费产品业务部的营业额比2004年增长了8.8%。

消费产品业务目前正以绝佳状态面对越来越富挑战性的经营环境；而我们为进一步加强价值链以及发掘既有盈利又能与我们现有基础结构协同合作的业务所采取的措施，更是我们消费产品业务的助力。

其中一个重要例子是，我们于2005年10月策略性收购了达成包装集团有限公司，从而进军包装行业。我们目前还在探索，作为著名的瓦楞纸包装产品制造商和供应商的达成所能带给我们包装业务的协同效益，希望借此扩大这两个业务领域的用户范围。更重要的是，达成在新加坡和发展中的中国市场都有业务，因此具有良好的发展前景。预计这个新的业务单位很可能通过策略性联盟来扩大其产品范围，从而进入更加广阔的市场。

我们的附属公司 — 国际贸易有限公司亦继续取得良好的业绩，该公司由2003年的亏损迅速扭转为盈利，从而证明这是集团的正确投资。2005年，该公司报告的净利润由2004年的165万新元提高至576万新元，增幅达250%，这在很大程度上是由于业务结构改善和贸易货品的价格更加坚挺，以及半导体业务对AMD产品的需求增加。

在我们继续发展的过程中，我们会探寻其他商机，为集团提供协同效益和发展潜能。

“我们所代理的多个家庭用品和食品也为的营业额增长做出了贡献。总体而言，2005年消费产品业务部的营业额比2004年增长了8.8%。”

增长机会

我们将保健领域视为我集团未来发展的重要推动力。日益繁荣的亚洲人口、更长的预期寿命、中国等新市场日益富裕和开放都将促进本地区对保健服务的需求，预示着我们的保健业务将有光明的未来。我们已经在菲律宾、泰国、印尼、越南、中国和马来西亚建立立足点。在不久的将来，我们不仅计划在亚洲扩展我们的保健业务，而且还打算进入潜力巨大的中东市场。

集团意识到，我们需要把握新机会并且不断加强和改善我们的核心业务。因此，从2006年开始，新格媒体有限公司生产和分销媒体产品的业务将纳入“消费产品业务部门”来管理，我们的经营活动将改组为三个核心业务：消费产品业务、包装以及保健。若无预期以外的变动事件，通过实施这个策略，我们预计2006年的业绩将在今年的基础上进一步改善。

与此同时，我们也认识到谨慎和完善管理的重要性。我们迎来了令人鼓舞的新的一年，在公司经营过程中，我们的董事们会充分考虑股东所赋予的责任。

致谢

最后，我想借此机会感谢所有股东始终如一地给予我们大力的支持。我也要真诚地感谢我们的代理委托商、商业伙伴以及客户；更要感谢我们的董事会、管理团队和员工这一年来兢兢业业和辛勤服务。

由于我们在各个领域都富有这样的敬业精神，可以预见，我们集团会在未来许多年里继续取得良好的业绩。

Allan Yap 博士
执行董事主席

The Managing Director & CEO's Message

Foo Der Rong
Managing Director & CEO

Dear Valued Shareholders,

In 2005, the Group faced a challenging business environment. Locally and regionally, economic growth was promising but market conditions became increasingly competitive. We were therefore proactive in implementing our strategy and maintaining stringent cost-controls in our operations.

FINANCIAL PERFORMANCE REVIEW

In 2005, Group turnover reached $169.79 million, an increase of 20.4% from $141.06 million in the previous financial year. This increase was attributable to the higher turnover in our Consumer Business, the newly acquired subsidiary, Tat Seng Packaging Group Ltd and the full-year impact of consolidating the results of InnoForm Group acquired in October 2004.

Gross profit for 2005 improved by 26.1% to $39.28 million compared to $31.15 million in the previous year, and the gross profit margin rose to 23.1% from 22.1% due to the higher margin InnoForm business. Other operating income for 2005 included the recognition of $7.92 million negative goodwill arising from the acquisition of Tat Seng, being the excess of the fair value of net assets acquired over the purchase consideration.

Marketing and distribution expenses increased from $17.71 million to $21.56 million, principally due to the inclusion of fourth-quarter expenses from Tat Seng and 12 months' expenses from InnoForm (compared to three months in 2004). The increase was also due to higher expenses from the Consumer Business arising from higher turnover as well as the re-launch of some house brands. Administrative costs of $19.00 million were also higher than the previous year's costs of $14.49 million due to the expenses of the Groups' two new businesses, InnoForm and Tat Seng.

As a result of the higher turnover, better gross profit margin and higher other operating income, the operating profit after finance costs for 2005 was $9.06 million, seven times higher than $1.30 million in 2004.

The Group's associates also reported better results and our share of profit after tax improved to $4.75 million from $2.41 million in 2004. The improved associates' results were principally due to a spectacular performance from Intraco Limited as well as the healthcare associate in Australia.

Accordingly, the Group recorded profit before tax of $13.81 million for 2005 compared to $3.71 million for 2004. Profit attributable to shareholders was $10.65 million, compared to $2.56 million for 2004.

BUSINESS REVIEW

Consumer Business

Despite keen competition from other players, our core Consumer Business increased its turnover by 8.8%. This increase was due mainly to the new agencies acquired in 2004 and development efforts invested in improving the distribution network.

The iEcon stores introduced in 2003 to cater to the changing lifestyle needs of our customers surged in popularity among franchisees. In 2005, the number of iEcon outlets grew by a spectacular 160%. Working closely with PSC, more than 65% of the original Econ mini-marts had converted to iEcon by the end of December 2005. More conversions are expected in 2006.

Budding entrepreneurs find the iEcon franchise an effective and user-friendly way to start up a grocery retail business. They are able to leverage on our well-established supply chain, information management and operation systems, advertising and promotional support, as well as on the strong brand equity and proven business model of the franchise chain.

To further strengthen the Consumer Business, we enhanced its capabilities in supply chain activities such as sourcing, manufacturing, logistics, distribution, marketing and retailing.

Healthcare

We have consolidated our position as one of the leading specialists in healthcare consulting and health facility development with an entrenched presence in many parts of the Asia Pacific.

During the year, expansion of the business in the Philippines saw the addition of a hospital management contract for two hospital facilities in the province of Nueva Ecija with a combined total of 175 beds. Turnover has since risen rapidly. Part of this increase was attributed to the increased 25 beds in one of the facilities. We expect to make available an additional 35 beds in the first quarter of 2006 in anticipation of further rapid growth in the market.

Our ongoing hospital management contracts also posted a sterling performance. Although 1,000 private hospitals across the Philippines were forced to close in the last five years, De Los Santos Medical Center achieved record turnover and profitability under our management. This culminated in the facility receiving the Philippines Quality Award for Business Excellence - Most Outstanding Medical Center (Metro Manila Awards).

In Indonesia, the Group secured a contract to manage the 324-bed Telogorejo Hospital in Semarang, Central Java. Within the first six months, the hospital had recorded an increase of 60% in net profitability from its annual projections.

"Accordingly, the Group recorded profit before tax of $13.81 million for 2005 compared to $3.71 million for 2004. Profit attributable to shareholders was $10.65 million, compared to $2.56 million for 2004."

> "A key development in 2005 was the acquisition of Tat Seng Packaging Group Ltd, one of Singapore's leading manufacturers of corrugated paper packaging products."

In Vietnam, we continued to improve the services of the Family Care International Clinic by adding health screening services. I am also pleased to reveal that negotiations have concluded for the appointment of the clinic as a referral centre for the prestigious Raffles Medical Group of Singapore. Once the appointment is officially announced, the clinic will benefit from an enhanced professional standing and credibility.

The Group also made further headway in the healthcare industry in Malaysia, Thailand and China. Our exclusive membership-based Health Screening Centre in Shanghai is nearing completion, with a soft opening scheduled for March 2006. We have also won the contract for the first resort-style medical facility in Thailand. This retreat resort will combine a complete upmarket 'Wat Po' traditional Thai spa with a health and surgical facility and a 5-star boutique hotel in a serene enclave minutes from downtown Bangkok.

Packaging

A key development in 2005 was the acquisition of Tat Seng Packaging Group Ltd, one of Singapore's leading manufacturers of corrugated paper packaging products. The company is listed on the mainboard of the Singapore Exchange and has operations in both Singapore and Suzhou, China.

Serving a wide-ranging clientele including those in the electronics, electrical, plastic, pharmaceutical, publishing and food industries, Tat Seng's operations and expertise will generate synergies for the Group's supply chain in the markets it serves and extend our reach in the China market.

Education

On the education front, the InnoForm Group, which we acquired in 2004, reinforced its stature as a premier distributor of quality licensed Asian entertainment programmes. With operations in Singapore, Malaysia, Hong Kong and Taiwan, the InnoForm Group is the main contributor in the Education segment.

CONCLUSION

The outlook for the year ahead promises to be favourable for the Group. During the year, we rationalised our business by divesting the Cornell Education Group as well as our sole hotel property, Playford Hotel, in order to sharpen our focus on the main business areas. We are also steadily achieving a greater presence in Singapore and the region.

We will continue to manage our operating costs in the Consumer Business segment by constantly striving for greater efficiency and better economies of scale. Business development initiatives as well as the promotion of our house brands will further boost our presence in the consumer sector. We will also widen the reach of our distribution network by further improving the marketability of our agency products.

With our targeted strategy for growth and effective management, we are well-positioned to meet the challenges of 2006 head-on.

In closing, I would like to thank all our Staff, Customers, Suppliers, Banking Associates and valued Shareholders for their support and confidence in us year after year. You will always be integral to our success.

Foo Der Rong
Managing Director and CEO

董事经理兼总裁致词

符德荣
董事经理兼总裁

尊贵的股东们:

2005年，普威集团（PSC）在严峻的商业环境中战胜了挑战。在本地和区域经济呈现良好增长趋势的同时，市场竞争也日益激烈。因此，我们主动采取了更加有效的商业运营策略，并且保持了严格的成本控制。

财务状况回顾

在2005年，集团的营业额达到了1亿6979万新元，比上一财政年度的1亿4106万新元增加了20.4%。收益的增长主要基于以下三个方面：消费产品部取得了较高的营业额，对达成包装集团有限公司（Tat Seng Packaging Group Ltd）的收购，以及我们在2004年10月收购的新格媒体（InnoForm Media）的盈利开始纳入集团帐目中。

集团2005年的毛利达到了3928万新元，比上一年度的3115万新元增长了26.1%。得益于新格业务的高利润率，集团的毛利润率也从去年的22.1%增长到今年的23.1%。2005年其它营业收入还包括在达成（Tat Seng）收购项目中对商誉负价值评定而产生的792万新元，这是收购过程中超出净资产公允值的额外价值。

行销以及分销的开支从1771万新元增长到2156万新元，这主要是由于达成第四季度的开支以及新格12个月份的开支（而2004年仅有3个月份的开支）纳入了集团的开支帐目中。开支增长的另一个原因是由于消费产品部的营业额增加所必然产生的开支增加，以及部分自有品牌重塑上市所产生的费用。另外，行政管理费用共计1900万新元，同样高于上一年度的1449万新元，这主要是因为集团增加了新格和达成这两部分新业务。

由于集团2005年的营业额、毛利润率以及其它营业收入都有较高的增长，除去财务成本后的营业利润达到了906万新元，比2004年度的130万新元高出七倍。

集团的附属公司也有不错的业绩表现，我们分获的税后盈利也从2004年度的241万新元增长到2005年的475万新元。附属公司的业绩主要归功于国际贸易公司和澳洲的医疗保健附属公司的杰出表现。

总体而言，集团在2005年取得了税前盈利1381万新元，而2004年仅有371万新元；股东可获得的净利为1065万新元，而2004年仅为256万新元。

"集团2005年的毛利达到了3928万新元，比上一年度的3115万新元增长了26.1%。得益于新格业务的高利润率，集团的毛利润率也从去年的22.1%增长到今年的23.1%。"

> "为了进一步加强消费产品部的实力，我们进一步改善了供应链的各个环节，比如采购、生产、物流、分销、市场行销以及零售等等。"

业务回顾

消费产品

尽管市场竞争激烈，集团的核心业务部门 — 消费产品部的营业额仍然增长了8.8%，这主要归功于在2004年收购的新公司以及在分销网络改良方面所做出的努力。

2003年i宜康商店概念的引进，旨在迎合消费者对新生活方式的追求。i宜康商店一经推出就获得了特许经营商的热烈欢迎。在2005年，i宜康店铺的数量剧增了160%。在普威集团的引导和帮助下，截止于2005年12月底，超过65%的原宜康自助市场成功改型为i宜康连锁店。在2006年，预计将会有更多的宜康自助市场完成转型。

有兴趣于零售业的小企业家们认为，i宜康连锁店的经营概念是进军零售业市场的一种高效、简易快捷的方式。 原因是他们可以利用普威集团现有的完善的供应链、信息管理和运营系统、广告和营销支持，以及强大的品牌优势和成功的零售商业模式。

为了进一步加强消费产品部的实力，我们进一步改善了供应链的各个环节，比如采购、 生产、物流、分销、市场行销以及零售等等。

医疗保健

我们已经在亚太地区展现了我们在医疗保健行业的实力，成为了医疗保健咨询以及医疗设施开发行业的领导者之一。

在过去的一年里，我们在菲律宾的业务拓展包括一项医院管理合同，即在Nueva Ecija省两处医院增加各式床位共计175个。因此该行业收益增长迅速。为了应变需求，医院也新增了25个床位。基于该市场将来快速发展的预期，我们有希望在2006年第一季度再增加35个床位。

我们所签订的医院管理合约亦取得优良的业绩。菲律宾在过去五年里共有1000家私人医院被迫关闭，而De Los Santos医护中心却在我们的管理下获得纪录超前的收益和利润，并因此获得菲律宾商业优秀素质奖 — 杰出医护中心（麦德隆马尼拉奖)。

在印尼，集团也签署了一份新的合约，为爪哇中部三宝垄市Telogorejo医院的324个床位。仅在开始的六个月中，该医院的净盈利就比年度计划高出了60%，创下历史性纪录。

在越南，集团的家庭健康国际诊疗所（Family Care International Clinic）增加了健康检查服务，取得了良好的效果。我也非常高兴地告诉大家，著名的新加坡莱佛士医疗集团（Raffles Medical Group）也在与该诊所洽谈，以将其列为推荐诊所。如果该协议得以正式签署，诊所将在专业实力和知名度方面取得进一步提高。

与此同时，集团在马来西亚、泰国和中国的医疗保健业务也取得进一步的进展。在上海，我们在黄埔江畔的健康检查中心即将竣工，预计2006年3月便可试营业。在泰国，我们赢得了建立泰国第一家度假村式医疗中心的合约，这一度假村将设有“卧佛寺”风格的泰式按摩、保健及手术设施，以及一个五星级酒店，全部座落于曼谷市中心不远处的一片绿洲之中。

包装业务

集团在2005年的一项关键举措就是对达成包装集团有限公司的收购。 达成是新加坡一家顶级的瓦楞纸包装产品制造商，也是新加坡交易所挂牌公司，在新加坡和中国苏州均设有厂房和营运销售部门。

达成的客户群相当广泛， 涉及电子、电力、塑料、制药、出版和食品等行业，其运营系统和专业技术已成为普威集团供应链中多样化协作的重要部分，也是我们进入中国市场的前导生力军和平台。

教育服务

在教育服务行业，我们于2004年收购了新格媒体，巩固了其亚洲优质娱乐节目主要制作商的地位。该公司在新加坡、马来西亚、香港和台湾均设有下属营运部。新格媒体是集团教育服务业务的中坚力量。

结论

展望未来，普威集团对来年的发展充满信心和希望。在过去的一年里，我们力争将业务更加合理化，剥离了Cornell教育集团以及我们唯一的酒店产业 — Playford酒店，以便将全部精力集中于核心业务方面。我们在新加坡以及本地区的影响力也在稳步地日益增强。

在消费产品业务方面，我们将通过持续追求更高的效率和更好的规模经济来控制运营成本。业务的创新以及对自有品牌的市场推广将进一步加强我们在消费产品行业的实力。同时，我们将通过改进代理产品的市场竞争力来进一步加强我们分销网络的广度和深度。

凭借目标明确的发展战略和高效管理系统，我们已经对2006年即将面临的一切挑战作好了准备。

最后，我要感谢全体员工、顾客、供应商、银行伙伴以及尊敬的股东们，感谢你们长期以来的支持和信任。你们将永远是我们事业成功必不可少的基石。

符德荣
董事经理兼总裁

Board of Directors

Top Row (from left) :
Dr Allan Yap,
Dr John Chen Seow Phun
& Mr Foo Der Rong

Bottom Row (from left) :
Mr Richard Lui Siu Tsuen,
Mr Chee Teck Kwong Patrick
& Mr Tao Yeoh Chi

Dr Allan Yap
Executive Chairman

Dr Yap joined PSC Corporation Ltd in September 2002 and was appointed Executive Chairman in February 2003. He has over 23 years of experience in finance, investment and banking. Dr Yap is the Executive Chairman of Intraco Limited and Tat Seng Packaging Group Ltd. He is an Executive Director of Wing On Travel (Holdings) Limited, the Managing Director of Hanny Holdings Limited and Vice Chairman and Director of China Strategic Holdings Limited, all of which are Hong Kong-listed companies. He is also a Director of MRI Holdings Limited, an Australian-listed company and the Chairman, CEO and Director of China Enterprises Limited, a company whose shares are traded on the OTC Bulletin Board in the United States of America. Dr Yap is the Chairman and Chief Executive Officer of Burcon NutraScience Corporation, a Canada-listed company. He received an Honorary Degree of Doctor of Law from the University of Victoria, Canada.

Dr John Chen Seow Phun
Deputy Chairman / Non-Executive Director

Dr Chen has been a Member of Parliament since 1988 and sits on the Board of a number of public listed companies. He served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State from 1997 to 2001. He is presently the Managing Director of JCL Business Development Pte Ltd and the Executive Chairman of SAC Capital Private Limited. Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd.

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Mr Foo graduated with a Bachelor of Commerce from Nanyang University and has been with PSC Corporation Ltd for the past 24 years. He is also the Executive Director of Intraco Limited and Tat Seng Packaging Group Ltd.

Mr Foo has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in the FMCG, Service and Manufacturing industries.

Mr Richard Lui Siu Tsuen
Executive Director

Mr Lui is a qualified accountant and has more than 25 years of experience in accounting, financial and corporate management. He has held senior financial positions in an international accounting firm and various private and public listed companies. Mr Lui is currently the Deputy Managing Director of Hanny Holdings Limited. He is also an alternate Director to Dr Allan Yap in China Strategic Holdings Limited and an Executive Director of Wing On Travel (Holdings) Limited, all of which are Hong Kong-listed companies.

From left :
Mr Lien Kait Long,
Mr Tan Kong King,
& Mr Derek Cheong

Mr Chee Teck Kwong Patrick
Non-Executive Director / Independent Director

Mr Chee, PBM has been an independent Director of PSC Corporation Ltd since 1980 and is the current Audit Committee Chairman. Mr Chee holds a Bachelor of Law (Hons) Degree from the University of Singapore.

He is the Managing Partner of Messrs. Chee & Teo Advocates and Solicitors and has been in private legal practice since 1981. Mr Chee is a notary Public and a Commissioner Institute for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of other public listed companies including CSC Holdings Limited, Richland Group Limited, King's Safetywear Limited and Tat Seng Packaging Group Ltd. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masayarakat) from the President of Republic of Singapore.

Mr Tao Yeoh Chi
Non-Executive Director / Independent Director

Mr Tao has a strong background in human resource management and is one of the founding member and Director of Global Resources Consultants Pte Ltd. He has over 20 years of experience in the print and broadcast media and also in the high end manufacturing sector.

Mr Lien Kait Long
Non-Executive Director / Independent Director

Mr Lien was appointed as the Chairman of the Nominating Committee of PSC on 1 June 2005. He has over 30 years of experience in finance, corporate management and business investment. He has held a number of senior management positions as well as executive directorships in various public and private corporations in Singapore, Hong Kong and China. He currently serves as an independent director on the boards of several Singapore and Chinese companies listed on the Singapore Exchange. Mr Lien holds a Bachelor of Commerce degree from Nanyang University, and is a fellow member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Mr Tan Kong King
Non-Executive Director

Mr Tan is currently the Group Managing Director of QAF Limited, a Singapore-listed company. He is the Executive Chairman of China Food Industries Limited and a Non-Executive Director of Zhongguo Jilong Limited, both Singapore-listed companies. Mr Tan also sits on the Board of Hong Kong-listed Peaktop International Holdings Limited as a Non-Executive Director.

Mr Tan has over 25 years of experience in managing group companies. He has a wealth of knowledge in corporate restructuring, financing, investment strategies and group operations management. Mr Tan has a Bachelor of Science degree in Economics from the London School of Economics, University of London.

Mr Derek Cheong Kheng Beng
Non-Executive & Non-Independent Director

Mr Cheong is currently an executive director and Head of Corporate Development for the QAF Group. He has been a director of QAF Limited since 1996. He has also worked for United Industrial Corporation Limited for nine years, where he last held the position of Corporate Manager. Thereafter, he joined KMP Private Ltd as the Senior Vice President of Business Development from 1994 to 2002. Mr Cheong holds a Bachelor of Commerce degree from the University of Toronto, Canada and a Master of Business Administration from the University of British Columbia, Canada.

Constitution of the Board Committees

1. **Audit Committee**
   - Mr Chee Teck Kwong Patrick (Chairman)
   - Dr John Chen Seow Phun
   - Mr Tao Yeoh Chi
   - Mr Lien Kait Long

2. **Nominating Committee**
   - Mr Lien Kait Long (Chairman)
   - Dr John Chen Seow Phun
   - Mr Chee Teck Kwong Patrick

3. **Remuneration Committee**
   - Mr Tao Yeoh Chi (Chairman)
   - Dr John Chen Seow Phun
   - Mr Chee Teck Kwong Patrick

Senior Management

Front (from left):
Ms Lena Teo Wai Leng, Mr Chong Fah Shang,
Mr Alan Tang Yick Chong
Back (from left):
Ms Wong Juan Meng, Ms Angela Chan Mui Chin

Mr Chong Fah Shang
Executive Vice President
Group Consumer Business

Mr Chong brings with him more than 20 years of regional management experience in consumer business. Previously General Manager of Revlon Consumer Products International (South East Asia Region) and Director of Business Development of PepsiCo Foods International, he also held various senior positions with Malaysia Dairy Industries and Yeo Hiap Seng Ltd. He holds a Bachelor of Commerce (Economics & Management) from the Nanyang University.

Ms Lena Teo Wai Leng
Senior Vice President
Group Human Resource / Corporate Services / Public Relations / Service Quality

Ms Teo has over 15 years of experience in human resource, business development and general management with MNCs in the manufacturing and marine industries. She holds a Bachelor of Commerce (HRM & IR) degree from the Curtin University of Technology in Australia.

Mr Alan Tang Yick Chong
Senior Vice President
Corporate Planning / Business Development

Mr Tang has more than 20 years of experience in food manufacturing, distribution, international business and franchising with MNCs and SMEs. He holds a Bachelor of Commerce degree from Nanyang University and an MBA from Henley Management College of the United Kingdom.

Ms Wong Juan Meng
Financial Controller

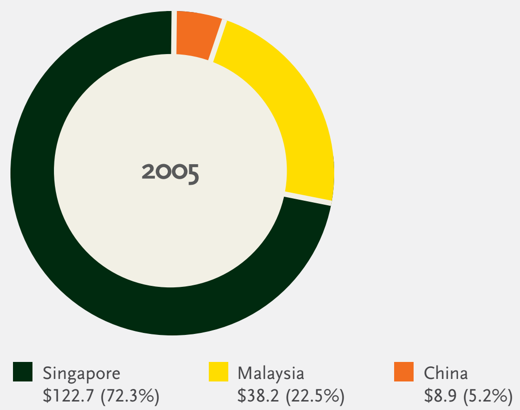
Ms Wong has more than 20 years of regional experience in audit, finance, treasury and risk management in industries ranging from FMCG, property and hospitality. She holds a Bachelor of Accountancy degree from the University of Singapore and is a non-practising member of the Institute of Certified Public Accountants of Singapore.

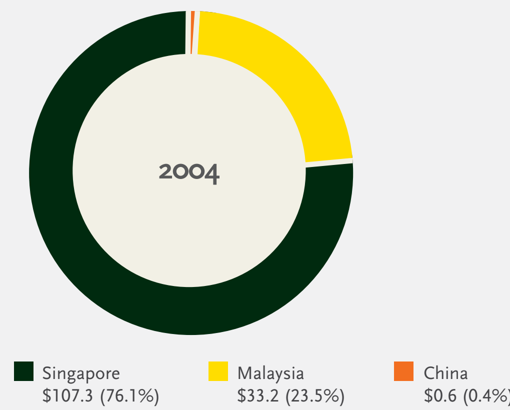
Ms Angela Chan Mui Chin
Company Secretary
Vice President
Group Legal

Ms Chan was a legal practitioner with more than 10 years of experience. She holds a law degree from National University of Singapore and is called to the bar in Singapore, West Malaysia and New York.

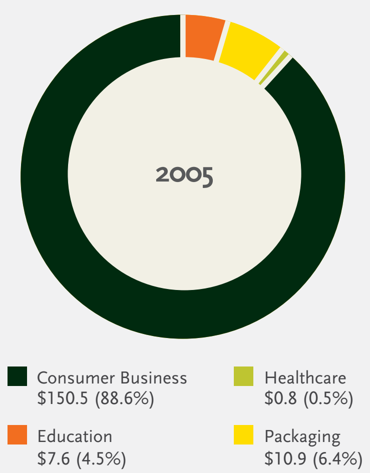
Group Financial Summary

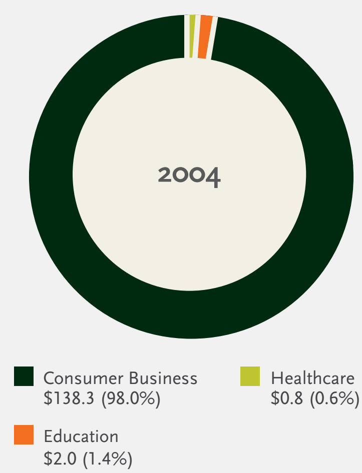
Turnover by geographical segments ($ million)



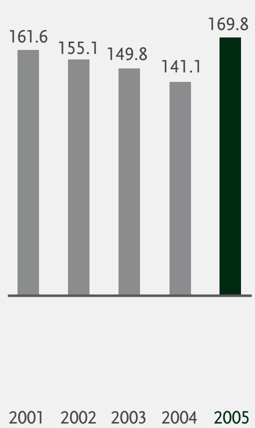


Turnover by business segments ($ million)

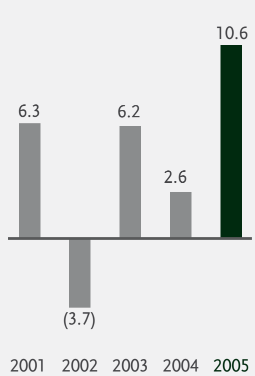




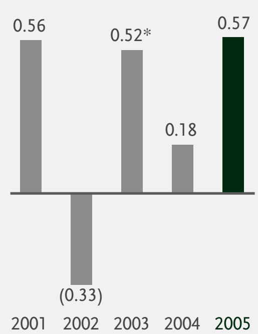
Turnover ($ million)



Profit/(Loss) after taxation and minority interest ($ million)

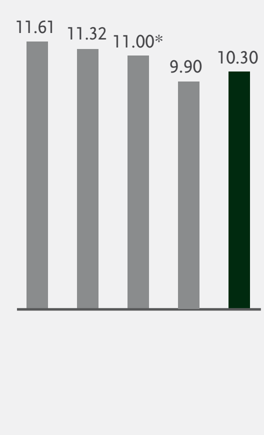


Basic Earning/(Loss) (cents)



*Based on weighted average no. of shares in issue during the year after taking into account the rights issue in 2004

NAV per share (cents)



*Based on the number of shares in issue as at 31 December 2003 after taking into account the rights issue in 2004

Consumer Service

Offering The Convenience of Seamless Service…

CONSUMER BUSINESS DIVISION

The Consumer Business Division is the key division of our Group. It is responsible for franchise development and management, marketing and sales of fast-moving consumer goods (FMCG), manufacturing of food and non-food products and logistics and supply chain management services.

Leveraging on its extensive distribution network and wide range of high quality products, the Division has a presence in all aspects of the supply chain – from sourcing, manufacturing, logistics, distribution, marketing to retailing. Our Consumer Business Division achieved an increase of 8.8% in turnover in 2005.

消费产品部门

消费产品部门是普威集团的重要部门，负责特许经营权的开发和管理、畅销消费产品的市场行销、食品和非食品的生产、快速物流和供应链管理服务。

凭借其庞大的分销网络和多样化的高品质产品，部门的业务范围概括了供应链的各个环节 – 从采购、生产、物流、分销、行销到零售。2005年，消费产品部门的销售额增长了8.8%。

FRANCHISING

PSC Corporation continues to be a major player in the grocery franchising business. We have the largest mini-mart chain in Singapore as franchisees continue to leverage on our strong brand equity built-up over the years.

The number of iEcon outlets grew by a whopping 160% in 2005, despite severe competition. Working closely with PSC, more than 65% of the original Econ mini-marts had converted to iEcon by the end of December 2005. More conversions are expected in 2006.

The iEcon concept has proven popular because of its relevance to the modern lifestyle. At each outlet, customers can enjoy convenient grocery shopping with the friendly service of a neighbourhood store and also a host of other essential services. For instance, customers can register prepaid phone cards, pay bills and fines, book movie tickets, send/collect laundry and even subscribe to magazines. The list of services is constantly updated and upgraded.

Budding entrepreneurs have found the iEcon franchise one of the best ways to kick-start a grocery retail business. They can leverage on PSC's well-established supply chain, information management and operation systems, advertising and promotional support, as well as on the strong brand equity and proven business model of the franchise chain.

特许经营

普威集团（PSC）一向是日用品特许经营领域中的佼佼者。我们在新加坡拥有最大的迷你自助市场连锁链，这些特许经营业者一直能充分利用我们多年来所建立起的强大品牌资产。

尽管市场竞争激烈，2005 年 i宜康商店的数量增长率高达160%。通过与普威集团密切合作，截至 2005 年 12 月底，65% 以上的原宜康迷你自助市场已经转为 i宜康商店。预计 2006 年会有更多的商店转型。

通过实践证明，由于 i宜康概念能配合现代的生活方式，因此受到普遍欢迎。消费者不仅可在每个商店里享受到邻里商店购买日用品的便利和亲切服务，而且还能获得许多日常生活中不可或缺的服务；例如：消费者可注册预付电话卡、缴付账款和罚款、预订电影票、送/取洗的衣物，甚至订阅杂志。这些服务项目还在不断更新和提升。

初创业者也会发现加入 i宜康特许经营是进入日用品零售业务的最好途径之一。他们能够充分利用普威集团完善的供应链、资讯管理和运营系统、广告和促销支持，以及强大的品牌资产和成功的特许经营商业模式。

Heavy investment in advertising and promotion has reinforced brand awareness of the award-winning *Beautex* brand in Singapore.

MANUFACTURING

In the manufacturing business, we continue to improve our existing brands and introduce new brand lines into the market.

Fortune Food is a leading player in the chilled food industry, and its *Fortune* and *SOBE* brands are established household names. During the year, Fortune Food updated the packaging design for *SOBE* and increased its product variants from two to four, with the addition of *Trim* and *Maccha*. Together with the launch of new product *SOBE Maccha*, *Green Tea Tofu* was also launched to meet Singaporeans' demand for healthier products.

Fortune Food also secured the exclusive distribution rights for all *Pauls* milk, yogurt and cream products in Singapore, under an agreement with Parmalat Australia. The attractively packaged, 100% natural and preservative-free products are expected to appeal to the increasingly health-conscious consumers.

Our Malaysian subsidiary, Tips Industry, is a leading consumer paper product manufacturer. To meet increasing demand in the tissue industry, Tips set up four new production lines in 2005: two for pocket-handkerchiefs and printed serviettes targeting the consumer and retail sector, and two for multifold hand towels and logo-printed napkins targeting the commercial and industrial sector.

Heavy investment in advertising and promotion has reinforced brand awareness of the award-winning *Beautex* brand in Singapore. A series of new products were launched under the *Beautex* brand, including anti-bacterial wipes and compact bathroom tissues, and *Beautex* will be expanding into the personal and household care product range.

生产

在生产业务方面，我们不断改善现有的品牌以及向市场推出新的品牌系列。

鸿运食品公司（Fortune Food）是冷藏食品工业界的著名公司，其鸿运（Fortune）和 SOBE 是家喻户晓的品牌。这一年里，鸿运食品公司更新了 SOBE 的包装设计，并且将产品种类由两种增加到四种，增添了 Trim 和 Maccha。SOBE Maccha 新推出的和绿茶豆腐是为了满足新加坡人对更加健康的产品的需求而推出的。

鸿运食品公司还与澳洲 Parmalat 公司签署协议，获得 Pauls 牛奶、酸奶和奶油制品在新加坡的独家分销权。这些产品的包装具吸引力，且是没有防腐剂的100%纯天然产品，预计将获得越来越多富有健康意识的消费者的青睐。

我们在马来西亚的分公司 Tips Industry 公司是著名的消费纸制品制造商。为了适应市场对卫生纸张需求的不断增加，Tips Industry 公司于 2005 年开设了4 条新生产线：2 条生产线用于生产随身携带纸巾和印刷餐巾，其对象是消费者和零售领域，另外2条生产线则生产多层折叠手巾和有印刷标识的餐巾，其对象是商业和工业领域。

我们在广告和促销活动方面也做了大量的投资，以打响 Beautex 这一获奖品牌在新加坡的知名度，并也推出了一系列新的 Beautex品牌产品，包括杀菌擦巾和小型浴室纸巾。除此以外，Beautex也将产品领域扩展到个人和家庭护理。

SALES AND MARKETING

We are well-placed as a leading player in the fast-moving consumer goods industry as a result of our strengths in distribution, sales and marketing. We have built numerous successful brands and developed a comprehensive distribution service for our house brands and other brands. In 2005, our distribution channels were yet again increased and our stable of high quality products has been expanded.

To complement our prominent household names, such as *Royal Umbrella Fragrant Rice, Golden Peony Fragrant Rice, Golden Circle Corn Oil* and *Soyalite Soyabean Oil*, we added new products including *Pauls* milk, yogurt and cream.

We continued to promote strong customer loyalty using the mass media. Our television variety and game shows, 'Cash Plus Holiday Delight' and 'PSC Nite' are two of the longest-running promotions in Singapore, spanning more than 20 years. Since their revamp in early 2005, the shows have enjoyed increased viewership, hitting almost 500,000 for a single episode of 'PSC Nite'.

2005 also saw us intensify our on-ground presence by holding Outdoor Lucky Draws at 128 outlets. Response was overwhelming as customers thronged the outlets to buy products and meet popular media personalities.

市场行销

我们在分销、销售和行销方面的强大实力，促使我们在畅销消费产品行业中处于领先地位。我们已经创建了许多成功的品牌，并且为我们的自家品牌和其他品牌开发了综合全面的分销服务。2005 年，我们的分销渠道再次增加，我们的优质产品范围亦进一步扩大。

除了我们所分销的家喻户晓的高品质品牌产品，例如皇族安培娜香米、金牡丹香米、金圈玉米油和素雅丽豆油以外，我们还增添了 Pauls 牛奶、酸奶和奶油等新产品。

我们还继续通过传播媒体来加强用户的忠实度。我们的电视综艺和游戏节目"赢万金游万里"和"普威之夜"是新加坡两个举办最久的促销活动，已经有 20 多年的历史。自 2005 年初改变节目形式以来，这些节目的收视率明显提高，仅仅一个单元的"普威之夜"即达到近 50 万观众的高收视率。

2005 年也是我们加强基础的一年，我们在 128 个商店举行了户外抽奖活动，顾客纷纷前往这些商店一睹著名艺人的风采和购买产品，反应非常踊跃。

Healthcare

Acting as a One-stop Professional Resource…

HEALTHCARE DIVISION

The Health Solutions Group is a leading specialist in healthcare consulting and health facility development. Its presence is entrenched in many parts of Asia Pacific, with a track record of more than 500 healthcare-related assignments worldwide. Uniquely positioned as a one-stop resource centre, the group offers value-added services covering the entire chain of health facility development. These include market feasibility studies, functional design, project management, equipment planning and procurement, hospital commissioning and hospital operations management.

In addition to offering a comprehensive suite of services, the group also offers international expertise through a wide network of associations.

保健服务部门

Health Solutions Group是保健咨询和保健设施开发领域里的著名专业集团，在亚太地区的许多国家和地区开展业务，在全球拥有500多个有关保健业务机构。作为独特的一站式服务资源中心，集团提供保健设施开发的各个环节的增值服务。这些服务包括市场可行性研究、功能设计、项目管理、设备计划和采购、医院投入经营以及医院经营管理。

除了提供综合全面的服务之外，集团还通过广泛的协作网络提供国际水平的专业技能。

We envisage that the hospital management portfolio will gather critical mass by 2006, to become a substantial contributor to the Group.

HOSPITAL MANAGEMENT

In 2005, Health Solutions enhanced its hospital management portfolio by securing two hospital management contracts, one in Indonesia and another in the Philippines. This brings the number of contracts in its portfolio to four (including the contract of Peel Health Campus in Australia). With this growing track record, the company has been receiving enquiries from other potential clients. We envisage that the hospital management portfolio will gather critical mass by 2006, to become a substantial contributor to the Group.

The new contract in the Philippines involves the management of two hospital facilities in the province of Nueva Ecija. The facilities, with a combined capacity of 175 beds, are located in Cabanatuan and Gapan. Turnover has since risen rapidly. Part of this growth was attributed to the increased 25 beds in one of the facilities. In anticipation of further rapid growth in the market, an additional 35 beds will be made available in the first quarter of 2006.

The earlier hospital management contract in the Philippines also performed outstandingly. Although 1000 private hospitals across the Philippines were forced to close in the past five years, De Los Santos Medical Center achieved record turnover and profitability under Health Solutions'

医院管理

2005 年，Health Solutions 集团获得了两项医院管理合同，一项在印尼，另一项在菲律宾，从而扩大了医院管理业务范围。这也使其拥有的合同数量增加到 4 个（包括与澳洲 Peel Health Campus 所签订的合同）。在经营业绩记录增加的同时，集团一直接到其他潜在客户的查询。我们预计，医院管理业务在2006年将取得关键性的发展，成为集团重要的收入来源。

在菲律宾的新合同包括在 Nueva Ecija 省的两家医院设施的管理。位于 Cabanatuan 和 Gapan 的这两家医院共有 175 张病床，由于其中一家医院增加了 25 张病床，促使营业额迅速提高。预计市场将进一步发展，2006 年第一季度会另外增加 35 张病床。

集团早些时候在菲律宾的医院管理合同的执行同样非常出色。菲律宾在过去五年里共有1000家私人医院被迫关闭，De Los Santos 医疗中心在 Health Solutions 集团的管理下取得了创记录的营业额和盈利。集团还荣获菲律宾杰出商业素质奖 — 最杰出医疗中心（马尼拉大都市奖）。这一奖励更奠定了 Health Solutions 集团在菲律宾保健领域的品牌地位。

在印尼，集团也获得了一项为中爪哇首府Semarang的Telogorejo 医院提供管理咨询服务的合同。Health Solutions 集团将负责管理这个拥有 324 张病床的非牟利私人医院，为期 5 年，在合同期满时可以选择延长其管理服务期限。客户已经感受到集团的服务和影响力，在开始执行合同后的 6 个月内，医院的净利比年度预测增加了创记录的 60%。

management. The group also secured the Philippines Quality Award for Business Excellence – Most Outstanding Medical Center (Metro Manila Awards). This recognition firmly establishes the Health Solutions brand in the Philippines healthcare sector.

In Indonesia, the group secured a contract for the provision of management consultancy services to the Telogorejo Hospital in Semarang, the capital of Central Java. Health Solutions will manage the 324-bed, non-profit, private hospital for five years, with an option to renew its management services upon expiration of the contract. The impact of the group's services is already being felt. Within six months of its entry, the hospital had recorded an increase of 60% in net profitability from its annual projections.

In Vietnam, health screening was added to the services of the group's Family Care International Clinic, and this was met with a good response. In addition, negotiations have concluded for the appointment of the clinic as a referral centre for the Raffles Medical Group of Singapore. Once this appointment is made official, the prestige and professional standing of the clinic will be further enhanced.

In Malaysia, Health Solutions has smoothly completed the defect liability period for the Setiu District Hospital. The project has now been fully handed over to the Ministry of Health, Malaysia, and the group has submitted various new proposals to the government for consideration.

HEALTH FACILITY DEVELOPMENT

Health Solutions has made headway into Thailand by being commissioned to undertake a pre-feasibility study to establish an 'Integrated Wellness Retreat' in Bangkok. After completing the study, Health Solutions successfully secured

在越南，集团在"家庭护理国际门诊部"（Family Care International Clinic）的服务中所增加的一项健康检查，反应良好。此外，该门诊部经协商将成为新加坡莱佛士医疗集团（Raffles Medical Group）的指定转诊中心。当这项指定正式生效时，该门诊部的声誉和专业地位亦得以进一步提高。

在马来西亚，Health Solutions 集团已经完成了 Setiu 区医院项目，并且顺利度过了移交保证期。这一项目现在已经完全转交给马来西亚卫生部。集团已经向当地政府提交了各种新建议供其考虑。

保健设施开发

Health Solutions 集团业务已经推展至泰国，并在曼谷受委提供一个建设"综合健康疗养院"的可行性研究。在这项研究之后，Health Solutions 集团已成功获得该项目的设计、建造以及经营合同。这个项目初期将在距曼谷商业区仅数分钟车程的宁静地带开发建设一座医疗保健和外科大楼、一座康复楼、一座小型旅店和一座立体停车场。这些设施再加上现有的温泉疗养地，使医院在建成后成为泰国第一家综合医疗设施和度假村式的疗养院，并且由 Health Solutions 集团管理。

the Design, Build and Operate contract for the project. This will commence with the development of a health and surgical facility, a recuperation wing, a boutique hotel and a car-park block in a serene enclave minutes from downtown Bangkok. Together with an existing health spa, the completed facilities will be integrated into the first resort-style medical facility in Thailand, which will then be managed by Health Solutions.

In China, the group's Health Screening Centre on the Shanghai Huangpu River is nearing completion, with a soft opening scheduled for March 2006. Located in the Lujiazui Business Centre, the exclusive, membership-based facility includes a Thai Medical Spa and covers an area of 6,000m². This Screening Centre will provide health screening services, beauty treatments and various wellness programmes.

The group is currently involved in the tendering and development of several healthcare-related projects around the region, in both the public and the private sectors.

With its proven and ever-increasing expertise, and association with strategic partners, Health Solutions expects to grow from strength to strength in existing markets as well as establish itself in new markets.

在中国，Health Solutions 集团设在上海黄浦江边的健康检查中心（Health Screening Centre）已接近完工，预定于2006年3月试营业以探查市场反应。该中心位于陆家嘴商业中心区，采用会员制。设施包括一个泰式保健温泉，占地6,000平方米。该中心将提供健康检查服务、美容护理和各种健康计划。

集团目前在中国参与多项有关医疗保健的工程投标和开发，所涉及的项目包括公共领域和私营范围。

展望未来，Health Solutions 集团凭着日益增加的专业知识和经验，以及与合作伙伴的协作关系，将不断在现有市场中增强实力，并且在新的市场中找到自己的立足点。

Packaging

Providing Customised Packs for Diverse Products…

PACKAGING BUSINESS DIVISION

Our acquisition of Tat Seng Packaging Group Ltd in October 2005 marked PSC's entry into the packaging business. One of Singapore's leading manufacturers of corrugated paper packaging products, Tat Seng is listed on the mainboard of Singapore Exchange Securities Trading Limited. It designs, manufactures and sells corrugated paper packaging products for a diverse range of products according to customers' specifications. Key products include corrugated paper boards, corrugated paper cartons, die-cut boxes, assembly cartons and heavy-duty corrugated paper products.

包装部门

普威集团在 2005 年 10 月收购了达成包装集团有限公司。这标志着普威集团向包装领域进军。达成是在新加坡股票交易所一级股市上市的瓦楞纸包装产品制造商，集团根据客户的技术要求为各种产品设计、生产和销售瓦楞纸包装产品，其主要产品包括瓦楞纸板、瓦楞纸箱，模切纸箱、拼装纸箱和重型瓦楞纸产品。

Tat Seng's clientele encompasses a wide range of industries that include multi-national corporations and local manufacturers in the electronics and electrical, plastic and metal stamping, pharmaceutical and chemical, and food sectors. Tat Seng has two plants, one in Singapore and the other in Suzhou, China. It has been a major player in the corrugated box manufacturing industry for more than 30 years.

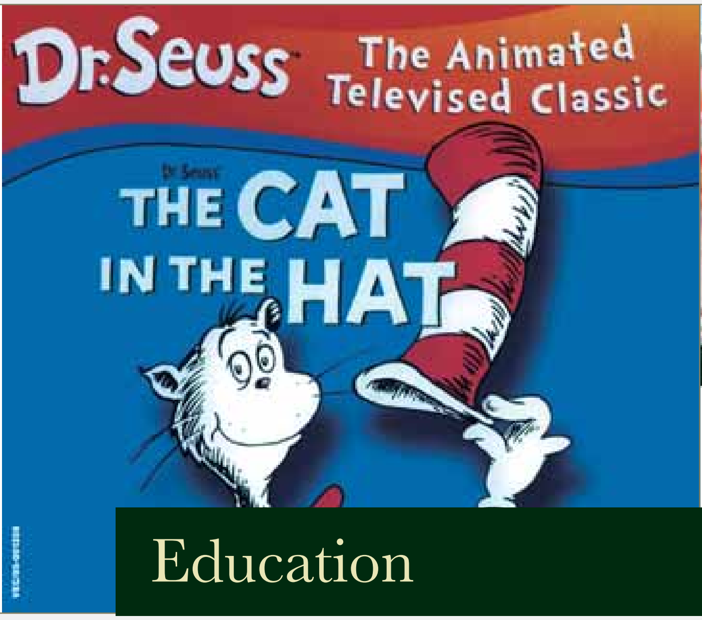
With the completion of a factory expansion and inclusion of additional machinery, the total capacity of the Suzhou plant alone is about 90,500 metric tonnes per annum which makes it one of the largest corrugated paper manufacturing plants in Eastern China. Looking ahead, Tat Seng intends to acquire additional plants to increase production capacity in locations where customers have operations. Where appropriate, the company may also form strategic alliances to expand product range and broaden market access.

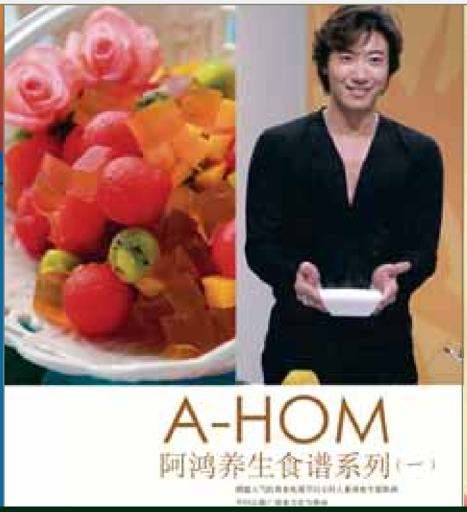
Tat Seng will enhance the value chain of PSC's core Consumer Business Division and extend our reach in the burgeoning China market.

达成的客户群常广泛，包括电子和电器、塑料和金属精密冲压、制药和化工以及食品领域的跨国公司和本地企业。达成拥有两个生产厂，一个设在新加坡，另一个设在中国苏州。在过去 30 多年中，达成一直是瓦楞纸箱行业的主要厂商。

随着苏州工厂扩建工程的完工并增添新的设备，其年生产力可达到约 90,500 公吨，成为华东地区最大的瓦楞纸制造厂之一。放眼未来，达成打算再收购一些工厂，以提高在客户所在地的生产能力。如果条件合适，公司还可以建立战略性联盟，以扩大产品范围和市场覆盖面。

达成将能提高普威集团消费产品部门的价值链，并且扩大我们在中国市场的业务。





Education

Entertaining People with Quality Visual and Written Materials…

EDUCATION BUSINESS DIVISION

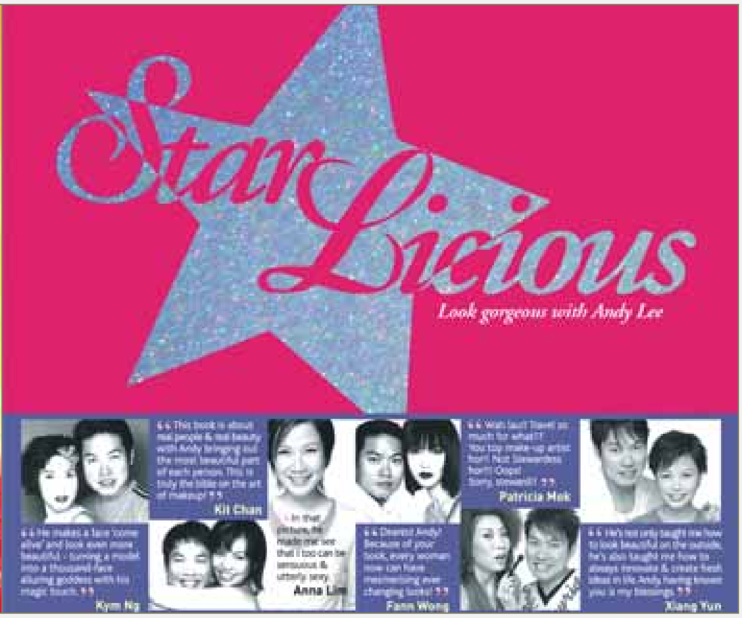
Education is another of PSC's business activities directed at consumers. Our subsidiary, InnoForm Media Pte Ltd, is one of the region's fastest-growing VCD/DVD/CD distribution companies, with operations in Singapore, Malaysia, Hong Kong and Taiwan. The company has acquired, developed and produced over 100 educational and entertainment titles and is continuously refreshing its programming slate.

Widely recognised for its quality licensed Asian entertainment programmes, InnoForm Media distributed several acclaimed

教育部门

教育是普威集团为消费者提供的另一项业务。我们的子公司新格媒体有限公司是本地区增长最快的 VCD/DVD/CD 分销公司，在香港、台湾、马来西亚和新加坡都有业务机构。公司已经购买、开发和制作了 100 多个教育和娱乐节目，并且仍在不断地更新其节目。

新格媒体一向来以其拥有许可证的高素质亚洲娱乐节目而著称。这一年分销了多部备受好评的电影 DVD 和 VCD，其韩国电视连续剧也继续广受欢迎。新格媒体发现观众对本地作品的兴趣逐步提高，于 2005 年 5 月完成并发行了第一部电视电影作品，并将于 2006 年完成了第二部。鉴于这些节目的 VCD/DVD 的销售前景良好，新格媒体正计划在2006 年制作更多的电视电影。



InnoForm Media continues to face a challenging climate in 2006. It will seek to engage consumers with a wider range of entertaining programmes from countries other than Korea, Japan and Taiwan, and release quality products that are educational and beneficial to the targeted audiences.

movies on DVD and VCD during the year, and its Korean drama serials continued to prove popular. Recognising viewers' growing interest in local productions, InnoForm Media has completed and released its first telemovie in May 2005, and a second in 2006. With promising sales of these titles on VCD/DVD, InnoForm Media is planning to produce more tele-movies in 2006.

InnoForm Media continues to face a challenging climate in 2006. It will seek to engage consumers with a wider range of entertaining programmes from countries other than Korea, Japan and Taiwan, and release quality products that are educational and beneficial to the targeted audiences. The company aims to bring more award-winning entertainment products to Singapore and will ensure that their marketing, branding, distribution, licensing and merchandising mechanisms are implemented strategically.

2006 年，新格媒体仍然面对富有挑战性的客观环境，因此将会继续发掘韩国、日本和台湾以外的国家和地区的各种娱乐节目来吸引消费者，并将针对特定的观众群发行具有教育性的有益作品。公司的目标是将更多的获奖娱乐作品引进新加坡。

Corporate Information

BOARD OF DIRECTORS

Allan Yap
Executive Chairman

Foo Der Rong
Managing Director/ CEO

John Chen Seow Phun
Deputy Chairman/
Non-Executive Director

Richard Lui Siu Tsuen
Executive Director

Chee Teck Kwong Patrick
Non-Executive Director/
Independent Director

Tao Yeoh Chi
Non-Executive Director/
Independent Director

Tan Kong King
Non-Executive Director

Lien Kait Long
Non-Executive Director/
Independent Director

Derek Cheong Kheng Beng
Non-Executive Director/
Non-Independent Director

COMPANY SECRETARY
Angela Chan Mui Chin

REGISTERED OFFICE
348 Jalan Boon Lay
Singapore 619529
Tel: 6268 4822

SHARE REGISTRAR
M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS
KPMG
Certified Public Accountants
(Partner in charge – Quek Shu Ping, since FY2005)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

BANKERS
United Overseas Bank Limited
Development Bank of Singapore Limited
Standard Chartered Bank

Corporate Governance Report & Statutory Accounts

Corporate Governance Statement

The Company is committed to complying with the Code of Corporate Governance ("Code") issued by the Corporate Governance Committee in March 2001 so as to ensure greater transparency and to safeguard the interests of shareholders. This statement highlights the main corporate governance practices that were in place during the financial year. The Company aims to improve its corporate governance systems and processes in line with the Code and is looking into implementation of measures in line with the Code of Corporate Governance 2005.

1 Board of Directors

Role of the Board

The Board of Directors currently comprises 3 Executive Directors, and 6 Non-Executive Directors. 3 of the Non-Executive Directors are Independent Directors. Its primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Processes

The Board of Directors has established Board Committees such as the Audit Committee, Nominating Committee and the Remuneration Committee to assist it in carrying out its responsibilities. These committees have written mandates and operating procedures which are reviewed and monitored regularly. The minutes of the meeting of these committees are circulated among the Board.

During the year, the Board held 4 meetings to review the Group's operations, conduct strategic review of the businesses and address other specific significant matters that arose. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information relating to the proposed transaction.

The agenda for meetings is prepared in consultation with the Chairman and Chief Executive Officer. The Agenda and submissions are circulated in advance of the scheduled meetings.

Directors' meeting held in Financial Year 2005

The number of meetings attended by each member of the Board during the financial year is as follows:

Name of director	Board meetings attended
Dr. Allan Yap	1
Mr. Foo Der Rong	4
Mr. Chan Yeuk Wai (resigned on 28 April 2005)	0
Mr. Richard Lui Siu Tsuen	4
Dr. John Chen Seow Phun	4
Mr. Chee Teck Kwong Patrick	4
Mr. Tao Yeoh Chi	4
Mr. Chua Keng Hiang (resigned on 28 April 2005)	1
Mr. Tan Kong King (appointed on 10 March 2005)	3
Mr. Derek Cheong Kheng Beng (appointed on 1 June 2005)	2
Mr. Lien Kait Long (appointed on 1 June 2005)	2

Corporate Governance Statement

1.1 Matters Requiring Board Approval

The directors have identified a few areas for which the Board has direct responsibility for decision making such as the following:

- approval of the quarterly results announcements;
- approval of the annual report and accounts;
- declaration of interim dividends and proposal of final dividends;
- convening of shareholders' meetings;
- approval of corporate strategy; and
- authorisation of major transactions.

1.2 Training of Directors

Our directors are provided with extensive background information about our Group's history and business operations. The Company also provides ongoing education on Board processes and best practices. Directors also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of the business operations.

1.3 Board Composition and Balance

The current Board comprises members with diverse expertise and experience in business and management, accounting, finance, human resources and law.

Corporate Governance Statement

1.3 Board Composition and Balance (cont'd)

As at the date of this report, the Board comprises 9 suitably qualified members:

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major qualifications over the preceding three years	Academic and professional qualifications
Dr. Allan Yap	10 May 2002/ 30 May 2003	Executive Chairman	Executive Chairman of Intraco Limited Executive Chairman of Tat Seng Packaging Group Ltd Managing Director of Hanny Holdings Limited Executive Director of Wing On Travel (Holdings) Limited Vice Chairman and Director of China Strategic Holdings Limited Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Director, MRI Holdings Limited	Executive Director of ITC Corporation Ltd Vice Chairman and Executive Director of Pacific Century Premium Developments Limited (formerly known as Dong Fang Gas Holdings Limited)	Honorary Doctor of Laws from University of Victoria
Mr. Foo Der Rong	1 September 2002	Managing Director & Chief Executive Officer	Executive Director of Intraco Limited Executive Director of Tat Seng Packaging Group Ltd		Bachelor of Commerce from Nanyang University, Singapore
Mr. Richard Lui Siu Tsuen	10 May 2002/ 28 April 2005	Executive Director	Deputy Managing Director of Hanny Holdings Limited Alternate Director to Dr Allan Yap of China Strategic Holdings Limited Executive Director of Wing On Travel (Holdings) Limited		Member of The Chartered Institute of Management Accountants Master of Business Administration from The University of Adelaide

Corporate Governance Statement

1.3 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major qualifications over the preceding three years	Academic and professional qualifications
Mr. Chee Teck Kwong Patrick	1 August 1990 / 28 April 2004	Non-Executive/ Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Chairman of CSC Holdings Limited Director of King's Safetywear Limited, Richland Group Limited and Tat Seng Packaging Group Ltd		Bachelor of Laws (Honours) from University of Singapore
Mr. Tao Yeoh Chi	13 November 1997 / 30 May 2003	Non-Executive/ Independent Director Chairman of Remuneration Committee and Member of Audit Committee			Bachelor of Arts (Economics) from University of Newcastle Bachelor of Engineering (Mechanical) (Honours), from University of Newcastle
Dr. John Chen Seow Phun	9 June 2003 / 28 April 2004	Non-Executive Director Member of Audit, Nominating and Remuneration Committee	Director of Matex International Ltd, Thai Village Holdings Ltd, OKP Holdings Ltd, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited, SNF Corporation Ltd and Tat Seng Packaging Group Ltd	Director of Intraco Limited	PhD in Electrical Engineering from the University of Waterloo, Canada
Mr. Tan Kong King	10 March 2005 / 28 April 2005	Non-Executive Director	Executive Chairman, China Food Industries Limited Group Managing Director of QAF Limited Director of Zhongguo Jilong Limited and Peaktop International Holdings Limited		Bachelor of Science (Economics) from London School of Economics, University of London

Corporate Governance Statement

1.3 Board Composition and Balance (cont'd)

Name of Director	Date of appointment/ Date of last re-election	Functions	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major qualifications over the preceding three years	Academic and professional qualifications
Mr. Derek Cheong Kheng Beng	1 June 2005	Non-Executive Director	Executive Director of QAF Limited		Bachelor of Commerce Degree from University of Toronto, Canada Master of Business Administration from University of British Columbia, Canada
Mr. Lien Kait Long	1 June 2005	Independent Director	Director of Tat Seng Packaging Group Ltd, 8Telecom International Holdings Co., Ltd, China Enterprises Limited, Jishan Holdings Limited, Mediastream Limited (under judicial management), MRI Holdings Limited, Ocean International Holdings Limited, Sembawang Music Holdings Limited and Youcan Foods International Limited	Director of China Strategic Holdings Limited and its subsidiaries Director of China Development Corporation Limited and its subsidiaries	Bachelor of Commerce Degree from Nanyang University Fellow of CPA Australia and Institute of Certified Public Accountants of Singapore

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise 8 to 10 directors. This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified;
- the Board should comprise at least one-third of non-executive independent directors;
- the Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities;
- the Board should comprise directors with a broad range of competencies and expertise both nationally and internationally; and
- directors appointed by the Board are subject to election by shareholders at the following Annual General Meeting ("AGM") and thereafter, directors are subject to re-election according to the provisions in the Articles of Association. The relevant Article states that one third of the directors shall retire from office by rotation with the exception of the director holding office as Managing Director.

Corporate Governance Statement

1.3 Board Composition and Balance (cont'd)

The Board regularly examines its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself. The composition of the Board is reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills and knowledge, the Committee, in consultation with the Board, determines the selection criteria for the position based on the skills and knowledge deemed necessary for the Board to best carry out its responsibilities. The Committee then selects candidates with the appropriate expertise and experience. Potential candidates are identified by the Committee and the Board then appoints the most suitable candidate who must stand for election at the next AGM of shareholders.

Particulars of interests of directors who held office at the end of the financial year in shares and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

1.4 Independent Members of the Board of Directors

The Board of Directors has 3 independent members, representing one-third of the Board: Mr. Chee Teck Kwong Patrick, Mr. Tao Yeoh Chi and Mr. Lien Kait Long. The criteria for independence is based on the definition given in the Code. The Board considers an 'independent' director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement.

1.5 Chairman and Chief Executive Officer

There is a distinct separation of responsibilities between the Executive Chairman and the CEO, which ensures that there is a balance of power and authority at the top of the Company. These posts are held by Dr. Allan Yap and Mr. Foo Der Rong, respectively.

The Board has delegated the daily operations of the Group to the CEO. The Chairman is primarily responsible for the effective working of the Board and exercises control over the quality, quantity and timeliness of information flow between the management and the Board.

1.6 Board Membership

In appointing directors, the Board considers the range of skills and experience required in the light of:

- geographical spread and diversity of the Group's businesses;
- the strategic direction and progress of the Group;
- the current composition of the Board; and
- the need for independence.

The Board has delegated to the Nominating Committee ("NC") the functions of developing and maintaining a transparent and formal process for the appointment of new directors, making recommendations for directors who are due for retirement by rotation to seek re-election at general meeting and determining the independent status of each director.

The NC currently comprises 3 members, the majority of whom (including the Chairman) are independent - Mr. Lien Kait Long (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun.

Corporate Governance Statement

1.6 Board Membership (cont'd)

The NC's functions are to develop and maintain a transparent and formal process for the appointment of new directors, the recommendation of directors who are due for retirement by rotation to seek re-election at general meeting, and the determination of status of independence of each director and the Board as a whole.

The role of the NC includes overseeing the appointment and induction process for directors. Candidates are selected for their character, judgement, business experience and acumen, technical expertise, and familiarity with national and international issues affecting business. Where a director has multiple board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his duties as director of the Company.

The Company's Articles of Association provide that, at each AGM, one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not more than one-third) shall retire from office by rotation. A retiring director is eligible for re-election by the shareholders of the Company at the AGM, and prior to nominating a retiring director for re-election, the NC will evaluate the director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and candour.

Meetings and attendance during the year:

Name of director	Appointment	Number of meetings attended
Mr. Chua Keng Hiang (Chairman) (resigned on 28 April 2005)	Non-Executive / Independent	1
Mr. Lien Kait Long (Chairman)(appointed on 1 June 2005)	Non-Executive / Independent	-
Mr. Chee Teck Kwong Patrick	Non-Executive / Independent	2
Dr. John Chen Seow Phun	Non-Executive	2

1.7 Board Performance

We believe that Board performance is ultimately reflected in the performance of the Group and the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care in the best interests of the Group and the shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities of setting strategic direction and ensuring that the Group is ably led. The Board, through the delegation of its authority to the NC, will review the Board's composition annually to ensure that the Board has the appropriate mix of expertise and experience to lead the Group.

The NC, in considering the re-appointment of any director, evaluates the performance of the director. The assessment parameters include attendance record at meetings of the Board and Board Committees, intensity of participation at meetings, the quality of interventions and special contributions.

The financial indicators set out in the Code as guides for the evaluation of directors are in our opinion more of a measure of management's performance and hence, less applicable to directors. Moreover, the financial indicators provide snapshots of the Group's performance and do not reflect a complete measure of long-term creation of shareholders' wealth.

The NC has implemented a procedure of board assessment. The results of the Board assessment are discussed by the NC and suggestions arising from the assessment are circulated to the Board for consideration. A procedure to evaluate the contribution of each individual director to the effectiveness of the Board will be introduced with effect from Financial Year 2006.

Corporate Governance Statement

1.8 Access to Information

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board and are normally circulated a week in advance of each meeting. The Board papers provided include background or explanatory information relating to matters to be brought before the Board.

All directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

The company secretary attended all Board meetings during the year. The Board has independent access to the company secretary.

2 Remuneration Matters

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management executives.

In 2005, the Remuneration Committee ("RC") had a majority of non-executive directors and currently comprises 3 members – Mr. Tao Yeoh Chi (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun.

The RC is responsible for recommending to the Board a framework of remuneration for the Board. The RC reviews and approves recommendations on remuneration policies and packages for directors in the interests of improved corporate performance. The review of remuneration packages takes into consideration the long term interests of the Group and ensures that the interests of the directors align with that of the shareholders. The review covers all aspects of remuneration, including but not limited to directors' salaries, fees, allowances, bonuses, options, profit sharing and benefits-in-kind.

The remuneration packages of the CEO and the executive directors are determined based on the framework recommended by the RC, in consultation with the Chairman of the Board, and are submitted for endorsement by the entire Board. All non-executive Directors are paid a Director's fee, with additional fees for serving as the chairman or member of a Board committee. These fees are recommended by the RC and submitted to the Board for endorsement. The Directors' fees to be paid for any one year are submitted for the shareholders' approval at the Annual General Meeting.

Meetings and attendance during the year:

Name of director	Appointment	Number of meetings attended
Mr. Tao Yeoh Chi (Chairman)	Non-Executive / Independent	1
Mr. Chee Teck Kwong Patrick	Non-Executive / Independent	1
Dr. John Chen Seow Phun	Non-Executive	1

Corporate Governance Statement

2 Remuneration Matters (cont'd)

Summary compensation table of Company's Directors receiving remuneration from the Group for the financial year ended 31 December 2005:

Directors	Base Salary	Bonus	Profit Sharing	Director's Fees	Allowance*	TOTAL
Range S$250,000 and below						
Mr. Richard Lui Siu Tsuen	62.75%	10.46%	13.72%	13.07%	0.00%	100%
Dr. John Chen Seow Phun	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chee Teck Kwong Patrick	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Tao Yeoh Chi	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chua Keng Hiang (Resigned on 28 April 2005)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Tan Kong King (Appointed on 10 March 2005)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Derek Cheong Kheng Beng (Appointed on 1 June 2005)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Lien Kait Long (Appointed on 1 June 2005)	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chan Yeuk Wai (Resigned on 28 April 2005)	94.79%	0.00%	0.00%	0.00%	5.21%	100%
Range S$500,001 – S$750,000						
Dr. Allan Yap	61.69%	10.28%	21.29%	3.38%	3.36%	100%
Mr Foo Der Rong	63.87%	10.64%	17.06%	4.64%	3.79%	100%

* Employer's CPF contribution is included here.

2.1 Remuneration of Employees Related to Directors

As at 31 December 2005, we have an employee who is related to the CEO. He has been the Executive Director of a subsidiary since 1996. The remuneration of this employee is determined by the Executive Chairman and an Executive Director. The CEO abstains from all matters relating to the remuneration of this employee. The basis of determining the remuneration of this related employee is the same as the basis of determining the remuneration of other unrelated employees.

Summary compensation table of the executive who is related to the CEO for the financial year ended 31 December 2005:

Remuneration Band	Salary	Bonus	Profit Sharing	Director's Fees	Allowances and other benefits*	TOTAL
Range S$250,001 - S$500,000	81.31%	6.77%	0.00%	2.71%	9.21%	100%

* Employer's CPF contribution is included here.

Corporate Governance Statement

2.2 Remuneration of Top 5 Key Management Executives

Disclosure of the top 5 key management executives' remuneration (who are not directors) in bands of S$250,000 (based on gross remuneration received) is set out below:

Range S$250,001 - S$500,000

Oo Hoe Hee
Teo Wai Leng, Lena
Tang Yick Chong

Range S$250,000 and below

Wong Juan Meng
Angela Chan Mui Chin
Chong Fah Shang (Joined 15 December 2005)

The Company adopts a remuneration policy for staff comprising both a fixed and variable component. The fixed component is in the form of a base salary and allowances. The variable component is in the form of a variable bonus that is linked to the Company and each individual's performance.

The Company has implemented the PSC Executives' Share Option Scheme 2003 for the Company's executives, including its directors. Information on the Scheme is set out in the Director's Report. The RC is responsible for reviewing, approving and administering the Scheme.

3 Accountability and Audit

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

3.1 Audit Committee

During 2005, the Audit Committee ("AC") had a majority of Non-Executive Independent Directors comprising Mr. Chee Teck Kwong Patrick (Chairman, and Independent Director), Mr. Tao Yeoh Chi (Independent Director), Dr. John Chen Seow Phun, Mr. Chua Keng Hiang (Independent Director) (resigned on 28 April 2005) and Mr. Lien Kait Long (Independent Director) (appointed on 1 June 2005).

The AC, which is chaired by Mr. Chee Teck Kwong Patrick, a Non-Executive Independent Director, meets from time to time with the Group's external and internal auditors and the executive management to review accounting, auditing and financial reporting matters so as to provide the necessary checks and balances to ensure that an effective control environment is maintained in the Group.

Corporate Governance Statement

3.1 Audit Committee (cont'd)

The AC also studies proposed changes in accounting policies, examines the internal audit functions and discusses the accounting implications of major transactions. Furthermore, the AC advises the Board regarding the adequacy of the Group's internal controls and the contents and presentation of its interim and annual reports.

Specifically, the AC meets periodically to perform the following functions:

(a) reviewing the audit plans of the external and internal auditors;

(b) reviewing the external and internal auditors' reports;

(c) reviewing the co-operation given by the Company's officers to the external and internal auditors;

(d) reviewing the adequacy of the internal audit function;

(e) evaluating the effectiveness of the Group's system of internal controls, including financial, operational and compliance controls, and risk management, by reviewing written reports from internal and external auditors, and management responses and actions to correct any deficiencies;

(f) reviewing the financial statements of the Company and the Group before their submission to the Board of Directors;

(g) reviewing non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors;

(h) nominating external auditors for appointment or re-appointment;

(i) reviewing the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time; and

(j) reviewing interested person transactions (as defined in Chapter 9 of the Listing Manual) to ensure that they are on normal commercial terms and arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way.

Apart from the duties listed above, the AC may commission and review the findings of internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore and other applicable law, rule or regulation which has or is likely to have material impact on the Company's or Group's operating results and/or financial position.

The AC is also authorised to investigate any matter within its terms of reference and has full access to and co-operation of the management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets annually with the internal auditors and the external auditors, without the presence of the Company's management to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, and the independence and objectivity of the internal and external auditors.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

Corporate Governance Statement

3.1 Audit Committee (cont'd)

Meetings and attendance during the year:

Name of director	Appointment	Number of meetings attended
Mr. Chee Teck Kwong Patrick (Chairman)	Non-executive / Independent	5
Mr. Tao Yeoh Chi	Non-executive / Independent	5
Dr. John Chen Seow Phun	Non-executive	5
Mr. Chua Keng Hiang (resigned on 28 April 2005)	Non-executive / Independent	1
Mr. Lien Kait Long (appointed on 1 June 2005)	Non-executive / Independent	3

3.2 Internal Controls

The Board of Directors recognises that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The AC will:

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the effectiveness of the Group's material internal controls, including financial, operating and compliance controls and risk management, is conducted at least annually. Such review can be carried out by internal auditors/external auditors;
- ensure that the internal control recommendations made by internal and external auditors have been implemented by the management; and
- ensure the Board is in a position to comment on the adequacy of the internal controls of the Group.

3.3 Internal Audit

The Group has an in-house internal audit function that is independent of the activities it audits. The aim of the internal audit function is to promote internal control in the Group and to monitor the performance and effective application of internal audit procedures. It supports the directors in assessing key internal controls through a structured review programme. The internal audit function is expected to meet or exceed the standard set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The internal audit function reports primarily to the Chairman of the AC. The AC ensures that the internal audit function has adequate resources and has appropriate standing within the Group. The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditors' work;
- the quality of the reports;
- the relationship with the external auditors; and
- the independence of the areas reviewed.

Corporate Governance Statement

4 Communication with our Shareholders

The Company firmly believes in high standards of transparent corporate disclosure, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, whereby shareholders are informed of all major developments that affect the Group. Information is communicated to our shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required by the Singapore Companies Act and Singapore Financial Reporting Standards;
- quarterly announcements containing a summary of the financial information and affairs of the Group for that period;
- notices of and explanatory memoranda for AGMs and Extraordinary General Meetings;
- press releases on major developments of the Company and the Group;
- disclosure to the SGX-ST; and
- the Company's website at http://www.psc.com.sg at which our shareholders can access information on the Group.

Moreover, our shareholders are encouraged to attend the AGM to ensure a high level of accountability and to be updated on the Company's strategies and goals. The notice of the AGM is sent to our shareholders, together with explanatory notes, appendices or a circular on items of special business, at least 14 days before the meeting. The Chairmen of the AC, NC and RC are normally present and available to address questions relating to the work of their respective committees at general meetings. Furthermore, the external auditors are present to assist our Board of Directors in addressing any relevant queries by our shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

5 Dealings in Securities

In accordance with the Best Practices Guide issued by SGX-ST, the Company notifies all employees that they are prohibited from trading in the Company's shares one month prior to the announcement of the Company's full year results and 14 days before the announcement of the first quarter, half year and third quarter financial results.

The Company has also issued a policy on Insider Trading to all employees which advises them on the relevant laws relating to insider trading which are applicable at all times.

Directors' Report

Year Ended 31 December 2005

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 31 December 2005.

Directors

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

Allan Yap
Foo Der Rong
Richard Lui Siu Tsuen
Chee Teck Kwong Patrick
Tao Yeoh Chi
John Chen Seow Phun
Tan Kong King
Lien Kait Long (Appointed on 1 June 2005)
Derek Cheong Kheng Beng (Appointed on 1 June 2005)

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the 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, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Allan Yap		
PSC Corporation Ltd		
- options to subscribe for ordinary shares at $0.086 between 20/8/04 and 19/8/13	5,000,000	5,000,000
Foo Der Rong		
PSC Corporation Ltd		
- ordinary shares	2,922,500	2,922,500
- options to subscribe for ordinary shares at $0.086 between 20/8/04 and 19/8/13	4,000,000	4,000,000
Richard Lui Siu Tsuen		
PSC Corporation Ltd		
- options to subscribe for ordinary shares at $0.086 between 20/8/04 and 19/8/13	2,000,000	2,000,000
Chee Teck Kwong Patrick		
PSC Corporation Ltd		
- options to subscribe for ordinary shares at $0.085 between 20/8/04 and 19/8/08	1,000,000	1,000,000
Tao Yeoh Chi		
PSC Corporation Ltd		
- options to subscribe for ordinary shares at $0.085 between 20/8/04 and 19/8/08	1,000,000	1,000,000
John Chen Seow Phun		
PSC Corporation Ltd		
- options to subscribe for ordinary shares at $0.085 between 20/8/04 and 19/8/08	2,000,000	2,000,000

Directors' Report
Year Ended 31 December 2005

Directors' Interests (cont'd)

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 of the financial year, or date of appointment if later, or at the end of the financial year.

There was no change in any of the above mentioned interests in the Company, in respect of directors holding office at the end of the financial year, between the end of the financial year and 21 January 2006.

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 as disclosed in this report and in notes 26 and 32 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

The PSC Executives' Share Option Scheme 2003 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

Other information regarding the Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the Scheme is 10% of the issued share capital of the Company.
- Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 5 business days immediately preceding the date of grant ("Market Price") or at a price of up to 20% discount of the Market Price.
- Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant.
- Unless they are cancelled or lapsed prior to the expiry date, options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

Directors' Report
Year Ended 31 December 2005

Share Options (cont'd)

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of $0.05 each of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2005	Options cancelled	Options exercised	Options outstanding at 31/12/2005	Number of option holders at 31/12/2005	Exercise period
20/8/2003	$0.086	22,250,000	(2,100,000)	(500,000)	19,650,000	23	20/8/2004–19/8/2013
20/8/2003	$0.085	5,000,000	(1,000,000)	-	4,000,000	3	20/8/2004–19/8/2008
		27,250,000	(3,100,000)	(500,000)	23,650,000		

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

Details of options granted to directors of the Company under the Scheme are as follows:

	Options granted for financial year ended 31 December 2005	Aggregate options granted since commencement of Scheme to 31 December 2005	Aggregate options cancelled since commencement of Scheme to 31 December 2005	Aggregate options outstanding as at 31 December 2005
Name of director				
Allan Yap	-	5,000,000	-	5,000,000
Foo Der Rong	-	4,000,000	-	4,000,000
Chan Yeuk Wai*	-	1,000,000	(1,000,000)	-
Richard Lui Siu Tsuen	-	2,000,000	-	2,000,000
Chee Teck Kwong Patrick	-	1,000,000	-	1,000,000
Tao Yeoh Chi	-	1,000,000	-	1,000,000
Chua Keng Hiang*	-	1,000,000	(1,000,000)	-
John Chen Seow Phun	-	2,000,000	-	2,000,000
Total	-	17,000,000	(2,000,000)	15,000,000

* The options cancelled during the year were due to resignation of the respective directors.

Since the commencement of the Scheme, no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

Directors' Report
Year Ended 31 December 2005

Audit Committee

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

- Chee Teck Kwong Patrick (Chairman), Non-Executive Independent Director
- Tao Yeoh Chi, Non-Executive Independent Director
- Lien Kait Long, Non-Executive Independent Director (Appointed on 1 June 2005)
- John Chen Seow Phun, Non-Executive Director

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

The Audit Committee has held 5 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;
- 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 Listing Manual of the Singapore Exchange).

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, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

On behalf of the Board of Directors

Allan Yap
Director

Foo Der Rong
Director

10 March 2006

Statement By Directors
Year Ended 31 December 2005

In our opinion:

(a) the financial statements set out on pages 53 to 103 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 31 December 2005 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date; 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

Allan Yap
Director

Foo Der Rong
Director

10 March 2006

Report of the Auditors to the Members of PSC Corporation Ltd

We have audited the accompanying financial statements of PSC Corporation Ltd for the year ended 31 December 2005 as set out on pages 53 to 103. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 31 December 2005 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company 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
Certified Public Accountants

Singapore
10 March 2006

Balance Sheets
as at 31 December 2005

	Note	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Non-current assets					
Property, plant and equipment	3	73,868,008	65,552,233	20,418,900	12,877,976
Subsidiaries	4	-	-	45,198,055	23,904,185
Associates	5	45,691,947	40,949,919	27,163,530	27,163,530
Other financial assets	6	10,920,215	12,794,202	-	-
Other receivable		4,567,281	-	-	-
Intangible assets	7	4,296,908	3,245,110	-	-
Deferred tax assets	8	1,176,450	1,100,000	-	-
		140,520,809	123,641,464	92,780,485	63,945,691
Current assets					
Other financial assets	6	4,713,512	2,633,120	4,713,512	2,633,120
Non-financial assets	10	395,176	410,176	45,000	90,000
Property held for development	11	594,327	581,134	-	-
Inventories	12	35,435,367	25,482,071	9,923,878	10,436,665
Trade and other receivables	14	63,235,907	54,443,155	54,319,043	53,986,872
Cash and cash equivalents	18	36,470,592	51,621,571	18,188,539	44,905,715
		140,844,881	135,171,227	87,189,972	112,052,372
Total assets		**281,365,690**	**258,812,691**	**179,970,457**	**175,998,063**
Equity attributable to equity holders of the Company					
Share capital	19	93,372,791	93,347,791	93,372,791	93,347,791
Reserves	21	98,910,704	91,440,745	56,667,679	57,706,489
		192,283,495	184,788,536	150,040,470	151,054,280
Minority interests		21,316,922	5,889,283	-	-
Total equity		213,600,417	190,677,819	150,040,470	151,054,280
Non-current liabilities					
Interest-bearing liabilities	22	1,623,611	28,233,131	-	-
Deferred tax liabilities	8	5,389,460	621,253	336,783	44,198
		7,013,071	28,854,384	336,783	44,198
Current liabilities					
Trade and other payables	23	49,951,033	33,237,521	28,781,965	23,886,299
Interest-bearing liabilities	22	8,447,293	4,361,057	-	-
Current tax payable		2,353,876	1,681,910	811,239	1,013,286
		60,752,202	39,280,488	29,593,204	24,899,585
Total liabilities		67,765,273	68,134,872	29,929,987	24,943,783
Total equity and liabilities		**281,365,690**	**258,812,691**	**179,970,457**	**175,998,063**

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

Consolidated Profit and Loss Account

Year Ended 31 December 2005

	Note	Group 2005 $	2004 $
Continuing operations			
Revenue	24	169,790,004	141,060,444
Cost of sales		(130,506,601)	(109,914,758)
Gross profit		39,283,403	31,145,686
Other operating income		12,663,402	3,484,495
Distribution expenses		(21,558,307)	(17,705,663)
Administrative expenses		(18,998,722)	(14,489,888)
Other operating expenses		(2,045,237)	(946,753)
Profit from continuing operations	25	9,344,539	1,487,877
Finance costs	27	(286,414)	(190,268)
Share of results of associates	5	4,748,285	2,414,346
Profit from continuing operations before taxation		13,806,410	3,711,955
Income tax expense	28	(1,769,012)	(487,071)
Profit after taxation from continuing operations		12,037,398	3,224,884
Discontinued operations			
Loss for the year from discontinued operations	9	(784,874)	(253,640)
Profit for the year		11,252,524	2,971,244
Attributable to:			
Equity holders of the Company		10,645,544	2,563,486
Minority interests		606,980	407,758
Profit for the year		11,252,524	2,971,244
Earnings per share (cents)			
Basic – continuing operations		0.61	0.20
Basic – discontinued operations		(0.04)	(0.02)
Basic	29	0.57	0.18
Diluted – continuing operations		0.61	0.20
Diluted – discontinued operations		(0.04)	(0.02)
Diluted	29	0.57	0.18

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

Consolidated Statement of Changes in Equity

Year Ended 31 December 2005

	Note	Share capital $	Share premium $	Other capital reserves $	Currency translation reserve $	Accumulated profits $	Total $	Minority interest $	Total Equity $
Group									
At 1 January 2004		55,676,994	29,706,954	2,735,056	1,958,220	41,387,376	131,464,600	3,830,317	135,294,917
Effect of adopting FRS 28 *(revised)*	37	-	-	-	-	1,073,062	1,073,062	-	1,073,062
At 1 January 2004, restated		55,676,994	29,706,954	2,735,056	1,958,220	42,460,438	132,537,662	3,830,317	136,367,979
Issuance of shares	19	37,670,797	18,067,080	-	-	-	55,737,877	-	55,737,877
Share issue expenses		-	(632,380)	-	-	-	(632,380)	-	(632,380)
Acquisition of a subsidiary		-	-	-	-	-	-	1,726,286	1,726,286
Exchange differences on translation of financial statements of:									
- subsidiaries		-	-	-	(208,869)	-	(208,869)	(37,638)	(246,507)
- associates		-	-	-	(1,645,912)	-	(1,645,912)	-	(1,645,912)
Net (loss)/profit recognised directly in equity		-	(632,380)	-	(1,854,781)	-	(2,487,161)	1,688,648	(798,513)
Net profit for the year		-	-	-	-	2,563,486	2,563,486	407,758	2,971,244
Total recognised income and expense for the year		-	(632,380)	-	(1,854,781)	2,563,486	76,325	2,096,406	2,172,731
Dividend paid	30	-	-	-	-	(3,563,328)	(3,563,328)	(37,440)	(3,600,768)
At 31 December 2004		93,347,791	47,141,654	2,735,056	103,439	41,460,596	184,788,536	5,889,283	190,677,819

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

Consolidated Statement of Changes in Equity
Year Ended 31 December 2005

	Note	Share capital $	Share premium $	Other capital reserves $	Fair value reserve $
Group					
At 31 December 2004, as previously reported		93,347,791	47,141,654	2,735,056	-
Effect of adopting FRS 28 *(revised)*	37	-	-	-	-
At 31 December 2004, restated		93,347,791	47,141,654	2,735,056	-
Effect of adopting FRS 39	37	-	-	-	861,328
At 1 January 2005, restated		93,347,791	47,141,654	2,735,056	861,328
Issuance of shares	19	25,000	18,000	-	-
Acquisition of a subsidiary		-	-	-	-
Disposal of subsidiary		-	-	-	-
Exchange differences on translation of financial statements of:					
- subsidiaries		-	-	-	-
- associates		-	-	-	-
Reversal on disposal of available-for-sale investments		-	-	-	(107,698)
Change in fair value of quoted equity securities available-for-sale		-	-	-	(951,670)
Net (loss)/profit recognised directly in equity		-	-	-	(1,059,368)
Net profit for the year		-	-	-	-
Total recognised income and expense for the year		-	-	-	(1,059,368)
Dividend paid	30	-	-	-	-
At 31 December 2005		93,372,791	47,159,654	2,735,056	(198,040)

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

Currency translation reserve $	Accumulated profits $	Total $	Minority interest $	Total Equity $
103,439	40,387,534	183,715,474	5,889,283	189,604,757
-	1,073,062	1,073,062	-	1,073,062
103,439	41,460,596	184,788,536	5,889,283	190,677,819
-	-	861,328	-	861,328
103,439	41,460,596	185,649,864	5,889,283	191,539,147
-	-	43,000	-	43,000
-	-	-	16,525,570	16,525,570
(1,905,143)	-	(1,905,143)	(1,729,006)	(3,634,149)
209,686	-	209,686	61,535	271,221
193,477	-	193,477	-	193,477
-	-	(107,698)	-	(107,698)
-	-	(951,670)	-	(951,670)
(1,501,980)	-	(2,561,348)	14,858,099	12,296,751
-	10,645,544	10,645,544	606,980	11,252,524
(1,501,980)	10,645,544	8,084,196	15,465,079	23,549,275
-	(1,493,565)	(1,493,565)	(37,440)	(1,531,005)
(1,398,541)	50,612,575	192,283,495	21,316,922	213,600,417

Consolidated Statement of Changes in Equity
Year Ended 31 December 2005

	Note	Share capital $	Share premium $	Other capital reserves $	Retained profits $	Total $
Company						
At 1 January 2004		55,676,994	29,356,168	610,950	15,573,228	101,217,340
Issuance of shares	19	37,670,797	18,067,080	-	-	55,737,877
Share issue expenses		-	(632,380)	-	-	(632,380)
Net loss for the year		-	-	-	(1,705,229)	(1,705,229)
Dividend paid	30	-	-	-	(3,563,328)	(3,563,328)
At 31 December 2004		93,347,791	46,790,868	610,950	10,304,671	151,054,280
At 1 January 2005		93,347,791	46,790,868	610,950	10,304,671	151,054,280
Issuance of shares	19	25,000	18,000	-	-	43,000
Net profit for the year		-	-	-	436,755	436,755
Dividend paid	30	-	-	-	(1,493,565)	(1,493,565)
At 31 December 2005		93,372,791	46,808,868	610,950	9,247,861	150,040,470

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

Consolidated Statement of Cash Flows

Year Ended 31 December 2005

	Group 2005 $	Group 2004 $
Operating activities		
Profit before taxation of continuing operations	13,806,410	3,711,955
Adjustments for:		
Depreciation and amortisation	5,198,604	2,769,793
Dividend income	(387,798)	(446,831)
Loss on disposal of property, plant and equipment	44,931	83,916
Loss/(gain) on disposal of quoted equity securities	200,197	(1,000)
Gain on disposal of subsidiaries	(48,021)	-
Loss on dilution of interest in an associate	-	107,055
Inventories written off	44,368	20,025
Finance costs	286,414	190,268
Interest income	(1,175,471)	(574,955)
Property, plant and equipment impaired and written off	685,340	62,612
Share of results of associates	(4,748,285)	(2,414,346)
Negative goodwill arising from acquisition of a subsidiary	(7,920,177)	-
Impairment loss:		
- unquoted equity securities	123,550	-
- unquoted debt securities	118,327	-
- investment in an associate	203,240	-
Fair value loss on quoted equity securities	126,278	-
Bad debts written off (trade)	103,136	39,888
Operating profit before working capital changes – continuing operations	6,661,043	3,548,380
Changes in working capital:		
Inventories	(5,314,443)	(8,879,864)
Trade and other receivables	(865,004)	(12,619,838)
Trade and other payables	10,050,204	4,795,898
Cash generated from/(used in) operations	10,531,800	(13,155,424)
Income taxes paid	(1,324,376)	(1,621,444)
Cash flows from operating activities – continuing operations	9,207,424	(14,776,868)

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

Consolidated Statement of Cash Flows
Year Ended 31 December 2005

	Note	Group 2005 $	Group 2004 $
Investing activities			
Interest received		1,206,617	671,649
Dividend income received		280,204	321,829
Net cash outflow from acquisition of a subsidiary	31	(13,776,843)	(2,332,215)
Net cash outflow from disposal of subsidiaries	9	(661,625)	-
Repatriation of funds by an associate		-	1,725,140
Proceeds from disposal of:			
- property, plant and equipment		1,892,132	3,025,887
- quoted equity securities		1,372,416	-
- quoted debt securities		1,995,620	1,000,000
- unquoted debt securities		-	9,649,200
Purchase of interests in associates		-	(8,569,000)
Purchase of property, plant and equipment		(11,964,096)	(6,006,813)
Purchase of quoted equity securities		(3,595)	(637,500)
Purchase of unquoted debt securities		(4,204,620)	-
Cash flows from investing activities – continuing operations		(23,863,790)	(1,151,823)
Financing activities			
Interest paid		(120,509)	(281,839)
Proceeds from issuance of shares, net of issue expense		43,000	55,105,499
Dividends paid		(1,493,565)	(3,563,328)
Finance lease payables		(119,717)	(216,832)
Fixed deposit used to secure bank facilities		(4,450,843)	-
Proceeds from bank loans		2,379,790	418,728
Repayment of bank loans		(457,610)	(103,657)
Trust receipts		(867,482)	(385,000)
Cash flows from financing activities – continuing operations		(5,086,936)	50,973,571
Net cash flows from discontinued operations	9	1,016,624	(383,674)
Net (decrease)/increase in cash and cash equivalents		(18,726,678)	34,661,206
Cash and cash equivalents at beginning of year		49,649,937	15,009,842
Effect of exchange rate changes on balances held in foreign currencies		41,416	(21,111)
Cash and cash equivalents at end of year	18	30,964,675	49,649,937

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

Notes to the Financial Statements
Year Ended 31 December 2005

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 10 March 2006.

1 Domicile and Activities

PSC Corporation Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 348 Jalan Boon Lay, Singapore 619529.

The principal activities of the Company are those relating to the supply of provisions and household consumer products. The Company also provides management services to the Econ Minimart and I-Econ chain of stores. The principal activities of the subsidiaries are set out in note 4 to the financial statements.

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

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance.

In 2005, the Group adopted the following new/revised FRSs which are relevant to its operations:

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

The effects of adopting the new/revised FRSs in 2005 are set out in note 37.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.1 Basis of preparation (cont'd)

The financial statements are presented in Singapore dollars, unless otherwise stated. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at fair value: certain property, plant and equipment, financial assets and financial liabilities.

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The Group has not applied the following standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 106 *Exploration for and Evaluation of Mineral Resources*
- Amendments to FRS 19 *Employee Benefits - Actuarial gains and losses, Group plans and Disclosures*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement - Cash Flow Hedge Accounting of Forecast Intragroup Transactions*
- INT FRS 104 *Determining whether an Arrangement contains a Lease*
- INT FRS 105 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

The initial application of these standards and interpretations are not expected to have any material impact on the Group's financial statements.

The Group has not considered the impact of accounting standards issued after the balance sheet date.

2.2 Consolidation

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. 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 are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Notes to the Financial Statements

Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.2 Consolidation (cont'd)

Investments in associates are stated in the Company's balance sheet at cost less impairment losses. In the Group's financial statements, they are accounted for using the equity method of accounting. The Group's investment in these entities includes goodwill on acquisition.

When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is fully written down and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

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

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

2.3 Foreign currencies

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Singapore dollars at rates of exchange closely approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates.

Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. Exchange differences arising on translation are recognised directly in equity. On disposal, accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

2.4 Property, plant and equipment

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

Property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reductions of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the profit and loss account. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.4 Property, plant and equipment (cont'd)

No depreciation is provided on freehold land. Leasehold buildings are depreciated on the straight-line basis over the respective remaining periods of the leases from the dates of acquisition which range between 16 years and 55 years. Leasehold improvements are depreciated on the straight-line basis over the remaining lease periods. Other property, plant and equipment are depreciated on the straight-line basis to write off their costs over their estimated useful lives as follows:

Freehold buildings	50 years
Renovations	3 to 10 years
Furniture, fittings and office equipment	6 to 10 years
Warehouse equipment	6 to 10 years
Motor vehicles	4 to 10 years
Plant and machinery	6 to 10 years
Computers	3 to 5 years

2.5 Properties held for development

Properties held for development consists of land held for the purpose of development and future sale. Development properties are stated at cost, less any allowance considered necessary by the directors.

2.6 Intangible assets

Goodwill on consolidation

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses.

Goodwill arising on acquisition of associates is included in investment in associates.

Goodwill is tested for impairment on an annual basis as described in note 2.12.

Other intangible assets

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses.

i) Trademarks

Trademarks are amortised and recognised in the profit and loss account as an expense using a straight-line method over their useful lives of 3 to 10 years.

ii) Development costs

The development costs incurred in the development of video programs, comprising cost of materials, direct labour and an appropriate proportion of overheads, are stated at cost less accumulated amortisation and impairment losses. Development costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years. Amortisation commences when the video programs are available for sale.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.6 Intangible assets (cont'd)

iii) Royalties and licences

Royalties and licences paid to third parties are capitalised and amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

2.7 Other financial assets

Debt and equity securities are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the profit and loss account. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit and loss account. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the profit and loss account.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the balance sheet date.

Financial instruments classified as available-for-sale investments are recognised by the Group on the date it commits to purchase the investments, and derecognised on the date a sale is committed.

2.8 Non-financial assets

Transferable country club memberships are stated at the lower of cost and net realisable value.

2.9 Derivatives

Derivative financial instruments are used to manage exposures to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit and loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

2.10 Inventories

Trading goods

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.10 Inventories (cont'd)

Manufactured corrugated paper products

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials is determined on a specific identification basis. In the case of work-in-progress and finished goods, cost includes raw materials, direct expenditure and an attributable portion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Contract work-in-progress

Contract work-in-progress at the balance sheet date is recorded at the net amount of costs incurred plus attributable profits and after deducting progress billings.

The accounting policy for contract revenue is set out in note 2.17 below. Contract costs comprise cost that relate directly to the contracts, attributable to the contract activity in general and that can be allocated to the specific contract, and other cost chargeable to the customer within the terms of the contract. When the outcome of a contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management and exclude fixed deposits held to secure bank facilities.

2.12 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is charged to the profit and loss account unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.12 Impairment (cont'd)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the profit and loss account even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the profit and loss account is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account.

Reversal of impairment

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the profit and loss account. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account, the impairment loss is reversed, with the amount of the reversal recognised in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. However, an impairment loss in respect of goodwill is not reversed.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.13 Income tax

Income tax on the results for the financial year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

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

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.14 Repurchase of share capital

When share capital recognised as equity is repurchased, the issued share capital is reduced by the par value of the shares repurchased and transferred to a capital redemption reserve. The costs associated with the repurchase, comprising the purchase consideration plus costs incidental to the acquisition, are set off against accumulated profits.

2.15 Liabilities and interest-bearing liabilities

Trade and other payables are stated at cost. Interest-bearing liabilities are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost using the effective interest method. The difference between proceeds and redemption value is recognised in the profit and loss account over the period of the borrowings.

2.16 Employee benefits

The Group provides for unused leave entitlements, including additional long service leave entitlements, recognising the cost of such entitlements evenly over the periods to which they relate.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

2.17 Revenue recognition

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services or other sales taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Construction contracts

Revenue from construction contracts is recognised on the percentage of completion method measured by reference to the percentage of actual costs incurred to date against budgeted costs. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the profit and loss account.

Hotel operations and healthcare consultancy

Revenue arising from hotel operations and healthcare consultancy is recognised when the relevant services are rendered.

Education business

Fee income is recognised over the period of the course.

Notes to the Financial Statements
Year Ended 31 December 2005

2 Summary of Significant Accounting Policies (cont'd)

2.17 Revenue recognition(cont'd)

Rental, interest and dividend income

Rental income and interest income from bank deposits are accrued on a time-apportioned basis.

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

2.18 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

2.19 Finance costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale. The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

2.20 Discontinued operations

A discontinued operation is a component of the Group's business that has either been disposed of, or classified as held for sale, and represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view for resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

2.21 Financial guarantee

The Group has not adopted amendments to FRS 39 and FRS 104 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2006.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

The Group does not expect the amendments to have any impact on the financial statements for the period commencing 1 January 2006.

Notes to the Financial Statements
Year Ended 31 December 2005

3 Property, Plant and Equipment

	Leasehold buildings $	Freehold Land $	Freehold buildings $	Leasehold improvements $	Renovations $
Group					
Cost					
At 1 January 2004	9,245,944	6,865,656	43,901,932	3,063,141	1,858,932
Additions	-	-	-	1,009,884	1,737,464
Disposals	-	(3,903,715)	-	-	(180,897)
Acquired in business combinations	1,765,292	-	-	-	339,840
Written off	-	-	-	-	(64,802)
Translation differences on consolidation	-	(276,744)	(115,202)	-	(6,317)
At 31 December 2004	11,011,236	2,685,197	43,786,730	4,073,025	3,684,220
At 1 January 2005	11,011,236	2,685,197	43,786,730	4,073,025	3,684,220
Additions	225,593	-	1,158,974	5,560,384	2,549,602
Disposals	-	-	(1,323,651)	-	(319,047)
Acquired in business combinations	20,691,728	-	-	-	-
Disposal of subsidiaries	-	-	(38,551,926)	-	(60,515)
Written off	-	-	-	-	(56,178)
Translation differences on consolidation	(154,456)	67,644	469,427	-	5,680
At 31 December 2005	31,774,101	2,752,841	5,539,554	9,633,409	5,803,762
Accumulated depreciation and impairment losses					
At 1 January 2004	3,363,750	1,192,766	3,728,119	1,099,191	1,449,779
Depreciation for the year	253,538	-	795,390	92,758	284,552
Disposals	-	(1,146,659)	-	-	(36,669)
Acquired in business combinations	51,511	-	-	-	122,981
Written off	-	-	-	-	(64,802)
Translation differences on consolidation	-	(46,107)	5,154	-	(3,375)
At 31 December 2004	3,668,799	-	4,528,663	1,191,949	1,752,466

Notes to the Financial Statements
Year Ended 31 December 2005

Furniture, fittings and office equipment $	Warehouse equipment $	Motor vehicles $	Plant and machinery $	Computers $	Total $
2,534,722	1,292,468	5,750,855	13,310,558	2,392,547	90,216,755
1,406,822	147,139	928,776	375,966	845,843	6,451,894
(189,393)	(19,089)	(449,201)	(6,528)	(22,913)	(4,771,736)
70,464	468,939	360,994	-	86,805	3,092,334
(146,280)	-	(819)	(38,104)	(84,413)	(334,418)
(54,311)	-	(25,836)	(76,908)	(19,659)	(574,977)
3,622,024	1,889,457	6,564,769	13,564,984	3,198,210	94,079,852
3,622,024	1,889,457	6,564,769	13,564,984	3,198,210	94,079,852
434,252	243,813	949,605	571,028	270,845	11,964,096
(728,146)	(2,479)	(1,216,186)	(681,124)	(80,124)	(4,350,757)
1,514,050	180,843	1,085,966	42,097,476	561,860	66,131,923
(15,009)	-	-	(7,016,908)	(14,052)	(45,658,410)
(65,268)	(69,849)	-	(275,461)	(29,928)	(496,684)
31,890	(2,374)	13,952	(135,133)	11,125	307,755
4,793,793	2,239,411	7,398,106	48,124,862	3,917,936	121,977,775
1,812,818	1,086,550	1,992,066	9,023,767	1,503,207	26,252,013
310,072	92,783	661,560	959,916	274,286	3,724,855
(58,459)	(19,089)	(387,511)	(6,528)	(7,011)	(1,661,926)
23,682	250,339	157,157	-	39,684	645,354
(107,973)	-	(150)	(38,104)	(60,777)	(271,806)
(40,280)	-	(9,782)	(50,707)	(15,774)	(160,871)
1,939,860	1,410,583	2,413,340	9,888,344	1,733,615	28,527,619

Notes to the Financial Statements
Year Ended 31 December 2005

3 Property, Plant and Equipment (cont'd)

	Leasehold buildings $	Freehold Land $	Freehold buildings $	Leasehold improvements $	Renovations $
Group					
Accumulated depreciation and impairment losses					
At 1 January 2005	3,668,799	-	4,528,663	1,191,949	1,752,466
Depreciation for the year	471,882	-	21,942	181,383	463,488
Disposals	-	-	(152,505)	-	(86,034)
Impairment loss	-	571,211	-	-	-
Acquired in business combinations	-	-	-	-	-
Disposal of subsidiaries	-	-	(1,571,939)	-	(31,984)
Written off	-	-	-	-	(13,566)
Translation differences on consolidation	990	-	26,005	-	2,016
At 31 December 2005	4,141,671	571,211	2,852,166	1,373,332	2,086,386
Carrying amount					
At 1 January 2004	5,882,194	5,672,890	40,173,813	1,963,950	409,153
At 31 December 2004	7,342,437	2,685,197	39,258,067	2,881,076	1,931,754
At 1 January 2005	7,342,437	2,685,197	39,258,067	2,881,076	1,931,754
At 31 December 2005	27,632,430	2,181,630	2,687,388	8,260,077	3,717,376

Notes to the Financial Statements
Year Ended 31 December 2005

	Furniture, fittings and office equipment $	Warehouse equipment $	Motor vehicles $	Plant and machinery $	Computers $	Total $
	1,939,860	1,410,583	2,413,340	9,888,344	1,733,615	28,527,619
	344,116	208,357	776,100	1,013,755	418,352	3,899,375
	(415,842)	(1,575)	(1,062,833)	(663,156)	(31,748)	(2,413,693)
	-	-	-	-	-	571,211
	1,219,178	129,871	567,426	21,570,222	409,637	23,896,334
	(3,916)	-	-	(4,439,077)	(11,067)	(6,057,983)
	(19,704)	(69,849)	-	(270,281)	(9,564)	(382,964)
	20,113	(1,697)	2,655	12,073	7,713	69,868
	3,083,805	1,675,690	2,696,688	27,111,880	2,516,938	48,109,767
	721,904	205,918	3,758,789	4,286,791	889,340	63,964,742
	1,682,164	478,874	4,151,429	3,676,640	1,464,595	65,552,233
	1,682,164	478,874	4,151,429	3,676,640	1,464,595	65,552,233
	1,709,988	563,721	4,701,418	21,012,982	1,400,998	73,868,008

Notes to the Financial Statements
Year Ended 31 December 2005

3 Property, Plant and Equipment (cont'd)

	Leasehold building $	Leasehold improvements $	Renovations $	Furniture, fittings and office equipment $
Company				
Cost				
At 1 January 2004	8,500,000	3,063,141	1,229,306	987,356
Additions	-	1,009,884	1,085,999	477,864
Disposals	-	-	-	(17,820)
At 31 December 2004	8,500,000	4,073,025	2,315,305	1,447,400
At 1 January 2005	8,500,000	4,073,025	2,315,305	1,447,400
Additions	17,028	5,560,384	2,444,200	300,746
Disposals	-	-	(78,637)	-
At 31 December 2005	8,517,028	9,633,409	4,680,868	1,748,146
Accumulated depreciation				
At 1 January 2004	3,131,578	1,099,191	1,121,623	835,557
Depreciation for the year	223,685	92,758	87,459	60,276
Disposals	-	-	-	(17,699)
At 31 December 2004	3,355,263	1,191,949	1,209,082	878,134
At 1 January 2005	3,355,263	1,191,949	1,209,082	878,134
Depreciation for the year	224,185	181,383	247,002	91,734
Disposals	-	-	(4,305)	-
At 31 December 2005	3,579,448	1,373,332	1,451,779	969,868
Carrying amount				
At 1 January 2004	5,368,422	1,963,950	107,683	151,799
At 31 December 2004	5,144,737	2,881,076	1,106,223	569,266
At 1 January 2005	5,144,737	2,881,076	1,106,223	569,266
At 31 December 2005	4,937,580	8,260,077	3,229,089	778,278

(a) Included in the net book value of property, plant and equipment of the Group are assets with net book value of $588,345 (2004: $687,503), which are acquired under finance leases.

(b) Certain assets of the Group have been pledged for banking facilities, details of which are provided in note 22.

Notes to the Financial Statements
Year Ended 31 December 2005

Warehouse equipment $	Motor vehicles $	Plant and machinery $	Computers $	Total $
589,263	2,174,153	598,224	1,598,781	18,740,224
74,146	107,144	900	607,118	3,363,055
(2,200)	-	(2,220)	(7,863)	(30,103)
661,209	2,281,297	596,904	2,198,036	22,073,176
661,209	2,281,297	596,904	2,198,036	22,073,176
157,334	46,526	186,000	187,384	8,899,602
-	-	(38,000)	(1,280)	(117,917)
818,543	2,327,823	744,904	2,384,140	30,854,861
519,404	292,814	425,991	926,457	8,352,615
15,210	223,176	33,621	131,645	867,830
(2,200)	-	(2,220)	(3,126)	(25,245)
532,414	515,990	457,392	1,054,976	9,195,200
532,414	515,990	457,392	1,054,976	9,195,200
33,974	230,068	34,622	240,850	1,283,818
-	-	(37,999)	(753)	(43,057)
566,388	746,058	454,015	1,295,073	10,435,961
69,859	1,881,339	172,233	672,324	10,387,609
128,795	1,765,307	139,512	1,143,060	12,877,976
128,795	1,765,307	139,512	1,143,060	12,877,976
252,155	1,581,765	290,889	1,089,067	20,418,900

During the year, the Group acquired property, plant and equipment with an aggregate cost of $11,964,096 (2004: $6,451,894), of which $Nil (2004: $150,302) was acquired by means of finance leases. Cash payments of $11,964,096 (2004: $6,301,592) were made to purchase the property, plant and equipment.

During the year, the Group reassessed the carrying value of freehold land held by a subsidiary. Based on an independent valuation performed, the carrying amount of the freehold land has been written down by $571,211, and included in Other operating expenses.

Notes to the Financial Statements
Year Ended 31 December 2005

4 Subsidiaries

	Company 2005 $	Company 2004 $
Unquoted ordinary shares, at cost	47,818,055	26,304,185
Impairment losses	(2,620,000)	(2,400,000)
	45,198,055	23,904,185

Details of significant subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2005 %	Effective equity held by the Group 2004 %
@	Topseller Pte Ltd and its subsidiary:	Marketing and sale of agency lines and proprietary brands	Singapore	100	100
@	A.T. Chemical Pte Ltd	Dormant	Singapore	-	100
@	Econ Minimart Services Pte Ltd	Dormant	Singapore	100	100
@	Tipex Trading Pte Ltd and its subsidiaries:	Supply of provisions and household products	Singapore	74	74
@	Tips Trading Pte Ltd	Supply of shelving	Singapore	74	74
^	Tips Industry (M) Sdn. Bhd.	Packaging and sale of paper products	Malaysia	74	74
^	Beautex Marketing (M) Sdn. Bhd.	Dormant	Malaysia	74	74
^	Socma Trading (M) Sdn. Bhd. and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100
^	Econfood Manufacturing (M) Sdn. Bhd.	Packaging of edible oils	Malaysia	100	100
^	Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@	PSC Investment Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
@	Mountain Investment Pte Ltd	Dormant	Singapore	-	100
@	Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100

Notes to the Financial Statements
Year Ended 31 December 2005

4 Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2005 %	2004 %
@	Fortune Food Marketing Pte Ltd	Sale of soya bean products and noodles	Singapore	100	100
@	PSC Resort Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
γ	Palm Meadow Sdn. Bhd.	Property investment	Malaysia	100	100
∞	Tat Seng Packaging Group Ltd and its subsidiary:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	-
#	Tat Seng Packaging (Suzhou) Co Ltd	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	64	-
@	Topseller Development Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
^	Flobina Sdn. Bhd.	Property investment	Malaysia	100	100
@	PSC International Pte Ltd and its subsidiaries:	Investment holding	Singapore	100	100
^	The Playford Hotel Pty Ltd	Hotel ownership	Australia	-	70
@	Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
Ω	Health Solutions (Malaysia) Sdn. Bhd.	Construction of hospital turnkey projects and provision of health care consultancy and hospital management services	Malaysia	95	95
*	Health Solutions Medical Services (Vietnam) Co., Ltd	Provision of healthcare consultancy and healthcare and medical services	Vietnam	95	95
@	Education Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
@	Cornell Education Group Pte. Ltd.	Provision of education services	Singapore	-	100

Notes to the Financial Statements
Year Ended 31 December 2005

4 Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group 2005 %	2004 %
@	InnoForm Media Pte Ltd and its subsidiaries:	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Singapore	51	51
β	InnoForm Media (HK) Limited	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Hong Kong	51	51
^	InnoForm Media (Taiwan) Co. Limited	Importer, exporter and distribution of compact discs, tapes and records of all kinds	Taiwan	40.8	40.8
^	InnoForm Media (M) Sdn. Bhd.	Production and distribution of tapes and compact discs	Malaysia	51	51
@	InnoForm Publishing Pte. Ltd.	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Singapore	51	51
@	I-Econ Management Services Pte. Ltd. and its subsidiary:	Franchise ownership	Singapore	100	100
@	I-View Media Pte. Ltd.	Provision of advertising and broadcasting services	Singapore	100	100
@	I-Meat Pte. Ltd.	Retailer of meat and meat products	Singapore	100	100
@	PSC Supply Chain Management Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
@	PSC Tibbett & Britten Logistics Pte. Ltd.	Dormant	Singapore	-	51

@ Audited by KPMG Singapore.
^ Audited by other member firms of KPMG International.
Ω Audited by Deloitte & Touche, Malaysia.
γ Audited by Goh Joon Hai & Co., Malaysia.
* Audited by Grant Thornton, Vietnam.
∞ Audited by Ernst & Young, Singapore.
Audited by an associate firm of Ernst & Young, Singapore.
β Audited by Au Choi Yun & Co., Hong Kong.

Notes to the Financial Statements
Year Ended 31 December 2005

5 Associates

	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Investment in associates	45,691,947	40,949,919	27,163,530	27,163,530

Details of significant associates are as follows:

	Name of associate	Principal activities	Place of incorporation and business	Effective equity held by the Group 2005 %	the Group 2004 %	the Company 2005 %	the Company 2004 %
&	Health Solutions (Australia) Pty Ltd	Provision of health care consultancy and hospital management services	Australia	46.5	46.5	-	-
~	Health Solutions (WA) Pty Ltd	Provision of health care consultancy and hospital management services	Australia	38.9	38.9	-	-
Ω	Health Solutions (S.E. Asia) Sdn. Bhd.	Construction of hospital turnkey projects and provision of health care consultancy and hospital management services	Malaysia	28.5	28.5	-	-
α	HSI Philippines Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	38	38	-	-
√	Harbin Puwei Real Estate Development Co Ltd	Development of property	People's Republic of China	40	40	-	-
+	Longkou Luzhibei Preserved Fruit Company Limited	Manufacture and distribution of preserved fruits	People's Republic of China	40	40	-	-
#	Sanya Fu Dao Tourism Co Ltd	Dormant	People's Republic of China	40	40	-	-
+	Topseller Chemical (China) Company Limited	Supply of washing powder and detergents	People's Republic of China	40	40	-	-
**	Intraco Limited	Engineering and projects packaging, trading of food and food processing, systems integrator, specialised distributor of telecommunication, data communication and semiconductor products, and commodities trading	Singapore	29.9	29.9	29.9	29.9
δ	China Worldbest Health Solutions Holding Co Ltd	Consulting, contract management, equipment trading and supplies and hospital ownership and operation	People's Republic of China	31.3	33.3	31.3	33.3

Notes to the Financial Statements
Year Ended 31 December 2005

5 Associates (cont'd)

√ Audited by Harbin Public Accountant Office, People's Republic of China.
+ Audited by Yantai Longkou Company Accountant, People's Republic of China.
# Audited by Sanya Tianya CPA Office, People's Republic of China.
~ Audited by Ernst & Young, Australia.
Ω Audited by Deloitte & Touche, Malaysia.
** Audited by KPMG Singapore.
α Audited by Jaime B Santos & Associates, Philippines.
& Not required to be audited by law of country of incorporation.
δ Audited by Zhong Xing Cai Certified Public Accountants Co Ltd.

The Group's share of results of certain associates has been recognised to the extent of the carrying amount of the investments. The current year's unrecognised share of losses amounted to $177,173 (2004: $295,813) and the accumulated unrecognised share of losses amounted to $1,842,878 (2004: $1,665,705).

The financial information of the associates are as follows:

	Associates	
	2005 $	2004 $
Assets and liabilities		
Total assets	222,337,327	215,953,573
Total liabilities	77,774,156	87,529,604
Results		
Revenue	480,355,998	488,257,412
Profit after taxation	17,261,557	5,397,155

6 Other Financial Assets

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Non-current investments				
Quoted equity securities	10,920,215	12,715,651	-	-
Unquoted equity securities	-	78,551	-	-
	10,920,215	12,794,202	-	-
Current investments				
Quoted debt securities	-	1,995,620	-	1,995,620
Unquoted debt securities	4,198,675	-	4,198,675	-
Quoted equity securities	514,837	637,500	514,837	637,500
	4,713,512	2,633,120	4,713,512	2,633,120

Notes to the Financial Statements
Year Ended 31 December 2005

6 Other Financial Assets (cont'd)

With the adoption of FRS 39, the Group states available-for-sale investments at fair value. The differences between the fair values and the carrying amounts of these investments at 1 January 2005 are taken to the opening balance of the fair value reserve at that date.

The weighted average effective interest rates of debt securities at the balance sheet date and the periods in which they reprice or mature, whichever is earlier, are as follows:

Group and Company	Effective interest rate %	Fixed interest -- rate maturing -- within 1 year $	1 to 5 years $	Total $
2005				
Current	2.0	-	4,198,675	4,198,675
2004				
Current	4.9	1,995,620	-	1,995,620

7 Intangible Assets

Group	Goodwill on consolidation $	Trademarks $	Development costs $	Royalties $	Licences $	Total $
Cost						
At 1 January 2004	139,597	363,050	-	-	-	502,647
Acquisition of subsidiaries	1,108,690	-	469,052	945,091	1,968,968	4,491,801
Additions	-	-	164,397	41,380	304,053	509,830
Translation differences	-	-	(96)	(1,381)	(30,603)	(32,080)
At 31 December 2004	1,248,287	363,050	633,353	985,090	2,242,418	5,472,198
At 1 January 2005	1,248,287	363,050	633,353	985,090	2,242,418	5,472,198
Disposal of subsidiary	(139,597)	-	-	-	-	(139,597)
Additions	-	-	338,955	177,206	1,947,787	2,463,948
Translation differences	-	-	60	961	18,977	19,998
At 31 December 2005	1,108,690	363,050	972,368	1,163,257	4,209,182	7,816,547
Accumulated amortisation						
At 1 January 2004	8,143	363,050	-	-	-	371,193
Acquisition of subsidiaries	-	-	210,860	559,864	844,096	1,614,820
Amortisation charge for the year	6,980	-	39,072	51,666	143,357	241,075
At 31 December 2004	15,123	363,050	249,932	611,530	987,453	2,227,088
At 1 January 2005	15,123	363,050	249,932	611,530	987,453	2,227,088
Disposal of subsidiary	(15,123)	-	-	-	-	(15,123)
Amortisation charge for the year	-	-	231,705	251,849	815,675	1,299,229
Translation differences	-	-	(286)	442	8,289	8,445
At 31 December 2005	-	363,050	481,351	863,821	1,811,417	3,519,639

Notes to the Financial Statements
Year Ended 31 December 2005

7 Intangible Assets (cont'd)

Group	Goodwill on consolidation $	Trademarks $	Development costs $	Royalties $	Licences $	Total $
Carrying amount						
At 1 January 2004	131,454	-	-	-	-	131,454
At 31 December 2004	1,233,164	-	383,421	373,560	1,254,965	3,245,110
At 1 January 2005	1,233,164	-	383,421	373,560	1,254,965	3,245,110
At 31 December 2005	1,108,690	-	491,017	299,436	2,397,765	4,296,908

Impairment tests for cash-generating units ("CGU") containing goodwill

Goodwill is primarily allocated to the CGU within the education business segment operating largely in Singapore.

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management covering a three-year period. The key assumptions used include gross margin, growth rate and discount rate of 60%, 3% per annum and 5% per annum respectively.

Management determined the key assumptions based on past performance and its expectation for market development, and the specific risks relating to the segment.

8 Deferred Taxation

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

Group	At 1 January 2005 $	(Charged)/credited to profit and loss account (Note 28) $	Acquisition of subsidiary $	Translation differences $	At 31 December 2005 $
Deferred tax assets					
Property, plant and equipment	8,336	63,022	-	-	71,358
Other financial assets	127,339	(50,227)	-	-	77,112
Tax value of loss carry forward	1,107,111	(7,111)	-	-	1,100,000
Other items	126,212	(23,289)	-	626	103,549
Total	1,368,998	(17,605)	-	626	1,352,019
Deferred tax liabilities					
Property, plant and equipment	(605,275)	(159,924)	(4,417,214)	(1,377)	(5,183,790)
Intangible assets	(284,976)	(68,945)	-	-	(353,921)
Other items	-	(27,318)	-	-	(27,318)
Total	(890,251)	(256,187)	(4,417,214)	(1,377)	(5,565,029)

Notes to the Financial Statements
Year Ended 31 December 2005

8 Deferred Taxation (cont'd)

Company	At 1 January 2005 $	(Charged)/ credited to profit and loss account $	At 31 December 2005 $
Deferred tax assets			
Other financial assets	120,493	(46,218)	74,275
Other items	32,114	34,288	66,402
Total	152,607	(11,930)	140,677
Deferred tax liabilities			
Property, plant and equipment	(196,805)	(252,696)	(449,501)
Other items	-	(27,959)	(27,959)
Total	(196,805)	(280,655)	(477,460)

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 taxation authority. The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Deferred tax assets	1,176,450	1,100,000	-	-
Deferred tax liabilities	(5,389,460)	(621,253)	(336,783)	(44,198)
	(4,213,010)	478,747	(336,783)	(44,198)

The benefit of the following temporary differences has not been recognised:

	Group	
	2005 $	2004 $
Tax losses	4,804,003	11,168,913
Deductible temporary difference	140,101	103,659
	4,944,104	11,272,572

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries concerned can utilise the benefits.

9 Discontinued Operations/Disposal of Subsidiaries

Discontinued operations

During the year, the Group sold its subsidiary, The Playford Hotel Pty Ltd, comprising its Hotel division – a separate business segment. The consideration for the disposal was scheduled to be received as follows:

a. S$959,250 on disposal
b. A$750,000 by 30 June 2006
c. A$750,000 by 30 June 2007
d. A$3,750,000 by 30 June 2008

Notes to the Financial Statements
Year Ended 31 December 2005

9 Discontinued Operations/Disposal of Subsidiaries (cont'd)

The results of the discontinued operations are as follows:

	Group	
	2005 $	2004 $
Revenue	6,033,992	19,058,032
Expenses	(6,200,852)	(19,311,672)
Loss before taxation from discontinued operations	(166,860)	(253,640)
Income tax expense	-	-
Loss after tax from discontinued operations but before loss on sale of discontinued operations	(166,860)	(253,640)
Loss on sale of discontinued operations	(618,014)	-
Loss for the year from discontinued operations	(784,874)	(253,640)
Operating cash flows	1,867,147	2,739,739
Investing cash flows	-	(271,272)
Financing cash flows	(850,523)	(2,852,141)
Total cash flows	1,016,624	(383,674)

Disposal of other subsidiaries

The Group also disposed of its shareholdings in Cornell Education Group Pte Ltd and is in the process of deregistering the following subsidiaries under the Singapore Companies Act, Chapter 50 during the year:

- A.T. Chemical Pte Ltd
- Mountain Investment Pte Ltd
- PSC Tibbett & Britten Logistics Pte Ltd

The effects of the disposal of the discontinued operations and other subsidiaries are as follows:

	2005 $
Property, plant and equipment	39,600,427
Other assets	435,507
Inventories	259,897
Trade and other receivables	1,637,152
Cash and cash equivalents	1,929,204
Trade and other payables	(4,312,235)
Interest-bearing liabilities	(27,327,996)
Minority interests	(1,729,006)
Net assets disposed of	10,492,950
Realised exchange gain on disposal	(1,905,143)
Loss on disposal	(569,993)
Total cash consideration	8,017,814
Cash consideration received	1,267,579
Cash and cash equivalents disposed of	(1,929,204)
Net cash outflow	(661,625)

Notes to the Financial Statements
Year Ended 31 December 2005

10 Non-Financial Assets

	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Transferable country club memberships	395,176	410,176	45,000	90,000

11 Property Held for Development

	Group 2005 $	Group 2004 $
Land and other related costs:		
At 1 January	581,134	604,498
Translation differences	13,193	(23,364)
At 31 December	594,327	581,134

12 Inventories

	Note	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Raw materials		6,088,407	2,876,943	-	-
Work-in-progress		209,936	36,808	-	-
Finished goods		28,365,844	22,215,444	9,923,878	10,436,665
Packing materials		330,735	32,597	-	-
		34,994,922	25,161,792	9,923,878	10,436,665
Contract work-in-progress	13	440,445	320,279	-	-
		35,435,367	25,482,071	9,923,878	10,436,665

13 Contract Work-In-Progress

	Group 2005 $	Group 2004 $
Project costs	23,924,175	22,972,551
Add:		
Attributable profit	3,349,485	3,205,378
	27,273,660	26,177,929
Less:		
Progress billings	26,833,215	25,857,650
	440,445	320,279

Notes to the Financial Statements
Year Ended 31 December 2005

14 Trade and Other Receivables

	Note	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Trade receivables		47,942,645	35,235,362	8,732,617	8,848,211
Allowance for doubtful receivables		(2,676,060)	(2,352,222)	(497,806)	(444,806)
Net trade receivables		45,266,585	32,883,140	8,234,811	8,403,405
Deposits, prepayments and other receivables	15	10,483,600	11,965,351	7,275,564	7,885,432
Amounts due from:					
- subsidiaries	16	-	-	38,750,929	37,640,296
- associates	17	7,485,722	9,594,664	57,739	57,739
		63,235,907	54,443,155	54,319,043	53,986,872

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, engage in a wide spectrum of manufacturing and distribution activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable 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.

15 Deposits, Prepayments and Other Receivables

	Group 2005 $	Group 2004 $	Company 2005 $	Company 2004 $
Deposits	7,204,811	7,505,386	6,532,698	6,775,394
Prepayments	879,665	1,370,579	243,444	526,738
Non-trade receivables	2,257,497	3,018,203	359,626	515,632
Interest receivable	141,627	71,183	139,796	67,668
	10,483,600	11,965,351	7,275,564	7,885,432

16 Amounts Due from Subsidiaries

	Company 2005 $	Company 2004 $
Interest-bearing loans	5,000,000	6,261,575
Current accounts:		
- trade	5,298,629	7,022,060
- non-trade	38,757,300	32,636,661
	49,055,929	45,920,296
Allowance for doubtful receivables	(10,305,000)	(8,280,000)
	38,750,929	37,640,296

Notes to the Financial Statements
Year Ended 31 December 2005

16 Amounts Due from Subsidiaries (cont'd)

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand. The interest-bearing loans are unsecured and repayable on demand. At the balance sheet date, the loans bear interests as follows:

(i) 5% (2004: 5%) per annum on $5,000,000 (2004: $5,000,000)

(ii) Nil (2004: 6%) per annum on A$1,050,000, equivalent to $Nil (2004: $1,261,575)

17 Amounts Due from Associates

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Interest-bearing loan	-	1,338,550	-	-
Current accounts:				
- mainly non-trade	7,485,722	8,256,114	57,739	57,739
	7,485,722	9,594,664	57,739	57,739

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand. The interest-bearing loan was repaid during the year.

18 Cash and Cash Equivalents

	Note	Group		Company	
		2005 $	2004 $	2005 $	2004 $
Cash at bank and in hand		6,957,372	11,565,557	567,273	7,715,596
Fixed deposits with banks		29,513,220	40,056,014	17,621,266	37,190,119
		36,470,592	51,621,571	18,188,539	44,905,715
Bank overdrafts	22	(1,055,074)	(1,971,634)	-	-
Deposits pledged		(4,450,843)	-	-	-
		30,964,675	49,649,937	18,188,539	44,905,715

Included in fixed deposits is $3,045,000 (2004: $2,925,000) relating to security deposits from customers of the Company.

The weighted average effective interest rates per annum relating to cash and cash equivalents, excluding bank overdrafts, at the balance sheet date for the Group and Company are 2.50% (2004: 1.18%) and 2.67% (2004: 1.29%) respectively. Interest rates reprice at intervals of up to one month.

Notes to the Financial Statements
Year Ended 31 December 2005

19 Share Capital

	2005 Number of shares	2005 $	2004 Number of shares	2004 $
Authorised:				
Ordinary shares of $0.05 each	4,000,000,000	200,000,000	2,000,000,000	100,000,000
Issued and fully paid:				
Ordinary shares of $0.05 each				
At 1 January	1,866,955,825	93,347,791	1,113,539,875	55,676,994
Issue of shares under share options scheme	500,000	25,000	-	-
Issue of private placement shares	-	-	220,000,000	11,000,000
Issue of rights issue shares	-	-	533,415,950	26,670,797
At 31 December	1,867,455,825	93,372,791	1,866,955,825	93,347,791

By an ordinary resolution passed at the Annual General Meeting held on 28 April 2005, the Company's authorised share capital was increased to $200,000,000 by the creation of an additional 2,000,000,000 ordinary shares of $0.05 each.

20 Equity Compensation Benefits

The PSC Executives' Share Option Scheme 2003 (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 8 July 2003. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Tao Yeoh Chi (Chairman), Chee Teck Kwong Patrick and John Chen Seow Phun.

The Company's employees who are given awards in the Scheme are granted options to buy shares in the Company. The options can only be exercised after a certain period (the "Option Period"), depending on the type of options granted to the employees. During the Option Period, the employees have no right to the shares or the ability to exercise any rights of a shareholder.

Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 5 business days immediately preceding the date of grant ("Market Price") or at a price of up to 20% discount of the Market Price.

Under the Scheme, a non-discounted option vests 1 year after the date of grant and a discounted option vests 2 years after the date of grant. Unless they are cancelled or have lapsed prior to the expiry date, options granted will expire 120 months after the date of grant, except for options granted to non-executive directors which will expire 60 months after the date of grant.

As at the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of $0.05 each of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2005	Options cancelled	Options exercised	Options outstanding at 31/12/2005	Number of option holders at 31/12/2005	Exercise period
20/8/2003	$0.086	22,250,000	(2,100,000)	(500,000)	19,650,000	23	20/8/2004 – 19/8/2013
20/8/2003	$0.085	5,000,000	(1,000,000)	-	4,000,000	3	20/8/2004 – 19/8/2008
		27,250,000	(3,100,000)	(500,000)	23,650,000		

Options exercised in 2005 resulted in 500,000 shares being issued at $0.086 each. No options were exercised in 2004.

Notes to the Financial Statements
Year Ended 31 December 2005

21 Reserves

The application of the share premium account is governed by section 69 of the Companies Act, Chapter 50.

The currency translation reserve comprises all 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.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised.

Other capital reserves include the reserve arising from bonus shares issued by a subsidiary, capital redemption reserve and goodwill on consolidation arising from acquisition of subsidiaries, of $2,500,000 (2004: $2,500,000), $610,950 (2004: $610,950) and $375,894 (2004: $375,894) respectively.

22 Interest-Bearing Liabilities

		Group	
	Note	2005 $	2004 $
Non-current liabilities			
Secured bank loans		1,424,448	27,927,634
Finance lease liabilities		199,163	305,497
		1,623,611	28,233,131
Current liabilities			
Bank overdrafts	18	1,055,074	1,971,634
Secured bank loans		1,259,298	1,238,134
Bank term draft		5,833,724	-
Trust receipts		156,843	1,001,587
Finance lease liabilities		142,354	149,702
		8,447,293	4,361,057
Total borrowings		10,070,904	32,594,188

Borrowings (excluding finance lease liabilities)

(i) Included in bank overdrafts of the Group is an amount of $824,000 (2004: $1,283,265), secured by a standby letter of credit from a bank of $1,470,000 (2004: $1,470,000) which is undertaken and guaranteed by the Company.

(ii) The secured bank loans comprise:

(a) Term loans of $2,271,546 (2004: $1,719,109), secured by legal mortgage over the following assets owned by a subsidiary:

(1) leasehold building with a net book value of $1,679,932 (2004: $1,705,694) as at 31 December 2005;

(2) property with a market value of $2,100,000 (2004: $2,100,000) owned by a minority shareholder; and

(3) corporate guarantee from the Company and personal guarantee from a minority shareholder.

The term loans are repayable by monthly instalments over a period of 5 and 20 years.

(b) Term loan of a newly acquired subsidiary amounting to $412,200 (2004: $Nil) are secured by the leasehold land and certain buildings of the subsidiary with net book values of approximately RMB58,737,000 or $12,106,000. These loans are repayable within one to six months after the financial year end. Interests are payable at 5.22% per annum.

Notes to the Financial Statements
Year Ended 31 December 2005

22 Interest-Bearing Liabilities (cont'd)

(iii) The interest free bank term draft of $5,833,724 with original term of 1 to 6 months is secured by fixed deposits placed with the bank of $4,450,843.

Maturity of borrowings (excluding finance lease liabilities):

	Group 2005 $	Group 2004 $
Within 1 year	8,304,939	4,211,355
After 1 year but within 5 years	460,492	27,927,634
After 5 years	963,956	-
Total borrowings	9,729,387	32,138,989

Finance Lease Liabilities

As at 31 December 2005, obligations under finance leases are repayable as follows:

Group	2005 Payments $	2005 Interest $	2005 Principal $	2004 Payments $	2004 Interest $	2004 Principal $
Within 1 year	170,896	28,541	142,355	179,574	29,872	149,702
After 1 year but within 5 years	226,570	34,960	191,610	363,101	57,604	305,497
After 5 years	7,737	185	7,552	-	-	-
	405,203	63,686	341,517	542,675	87,476	455,199

Effective interest rates and repricing/maturity analysis:

Group	Effective interest rate %	Floating interest $	Fixed interest maturing within 1 year $	Fixed interest maturing 1 to 5 years $	Total $
2005					
Bank overdrafts	6.00 – 6.50	1,055,074	-	-	1,055,074
Secured bank loans:					
- RMB fixed rate loan	5.22	-	412,200	-	412,200
- S$ floating rate loan	4.75 – 6.50	2,271,546	-	-	2,271,546
Trust receipts	3.85 – 5.55	156,843	-	-	156,843
Finance lease liabilities	2.50 – 6.90	-	142,355	199,162	341,517
		3,483,463	554,555	199,162	4,237,180
2004					
Bank overdrafts	6.50 – 6.75	1,971,634	-	-	1,971,634
Secured bank loans:					
- A$ fixed rate loan	5.32 – 5.62	-	-	25,496,200	25,496,200
- A$ floating rate loan	5.46	1,950,459	-	-	1,950,459
- S$ floating rate loan	3.75 – 4.50	1,719,109	-	-	1,719,109
Trust receipts	3.45 – 6.75	1,001,587	-	-	1,001,587
Finance lease liabilities	2.30 – 6.90	-	149,702	305,497	455,199
		6,642,789	149,702	25,801,697	32,594,188

Notes to the Financial Statements
Year Ended 31 December 2005

23 Trade and Other Payables

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Trade payables and accruals	41,329,893	26,720,361	13,168,620	12,815,647
Retention monies payable	569,312	563,107	-	-
Amounts due to:				
- subsidiaries:				
- trade	-	-	636,236	853,880
- non-trade	-	-	10,954,798	7,069,748
- associates (mainly non-trade)	29,618	83,691	-	-
- minority shareholder of				
a subsidiary (non-trade)	1,000,000	1,000,000	-	-
Other payables	7,022,210	4,870,362	4,022,311	3,147,024
	49,951,033	33,237,521	28,781,965	23,886,299

The non-trade amounts due to subsidiaries, associates and minority shareholder of a subsidiary are unsecured, interest-free and are repayable on demand.

24 Revenue

	Group	
	2005 $	2004 $
Sale of goods	168,898,627	140,117,309
Revenue from construction contracts and healthcare consultancy	817,015	752,135
Fee income from education business	74,362	191,000
	169,790,004	141,060,444

25 Profit from Continuing Operations

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

	Group	
	2005 $	2004 $
Bad debts recovered (trade)	(20,944)	(3,289)
Dividend income	(387,798)	(446,831)
(Gain)/loss on disposal of:		
- quoted equity securities	200,197	(1,000)
- property, plant and equipment	44,931	83,916
- subsidiaries	(48,021)	-
Interest income:		
- debt securities	(377,720)	(426,968)
- fixed deposits	(797,751)	(147,987)
Negative goodwill on acquisition of a subsidiary	(7,920,177)	-

Notes to the Financial Statements
Year Ended 31 December 2005

25 Profit from Continuing Operations (cont'd)

	Group 2005 $	Group 2004 $
Amortisation of:		
- goodwill on consolidation	-	6,980
- development cost	231,705	39,072
- royalties	251,849	51,666
- licences	815,675	143,357
Bad debts written off (trade)	103,136	39,888
Consultancy fees paid to a director of a subsidiary	10,556	10,674
Depreciation of property, plant and equipment	3,899,375	2,528,718
Exchange (gain)/loss	(519,442)	775,316
Inventories written off	44,368	20,025
Loss on dilution of interest in an associate	-	107,055
Non-audit fees paid to:		
- auditors of the Company	25,693	21,350
- other auditors	3,504	-
Operating lease expenses	1,491,398	1,311,324
Impairment loss on:		
- unquoted equity securities	123,550	-
- unquoted debt securities	118,327	-
- investment in an associate	203,240	-
Fair value loss on quoted equity securities	126,278	-
Professional fees paid to firms in which directors of the Company is a member	60,000	144,000
Impairment loss on property, plant and equipment	571,211	-
Property, plant and equipment written off	114,129	62,612
Staff costs	22,331,493	15,829,551
Contribution to defined contribution plans included in staff costs	1,383,251	1,409,477

26 Compensation to Key Management Personnel

The key management personnel compensation are as follows:

	Group 2005 $	Group 2004 $
Short-term employee benefits	2,731,046	2,644,780

27 Finance Costs

	Group 2005 $	Group 2004 $
Interest paid and payable to:		
- banks	238,792	159,022
- others	47,622	31,246
	286,414	190,268

Notes to the Financial Statements
Year Ended 31 December 2005

28 Income Taxes

	Group 2005 $	Group 2004 $
Current tax expense		
Current year	1,544,025	1,189,478
Overprovided in prior years	(48,805)	(2,314)
	1,495,220	1,187,164
Deferred tax expense		
Movements in temporary differences	500,250	(846,939)
Changes in tax rates	-	123,295
Benefit of tax losses recognised	(166,572)	208,966
Overprovided in prior years	(59,886)	(185,415)
	273,792	(700,093)
Income tax expense	1,769,012	487,071

Reconciliation of effective tax rate

	Group 2005 %	Group 2005 $	Group 2004 %	Group 2004 $
Profit before tax		13,806,410		3,711,955
Income tax using Singapore tax rate at 20%	20.0	2,761,282	20.0	742,391
Effect of reduction in tax rates	-	-	3.3	123,295
Effect of different tax rates in other countries	1.6	218,108	(2.7)	(101,697)
Income not subject to tax	(20.6)	(2,849,914)	(27.2)	(1,008,401)
Deferred tax benefit not recognised	3.2	446,235	31.7	1,177,091
Expenses not deductible for tax purposes	10.3	1,427,922	21.0	779,464
Utilisation of previously unrecognised tax losses	(1.2)	(166,572)	(29.6)	(1,100,000)
Overprovided in prior years	(0.8)	(108,692)	(5.1)	(187,729)
Others	0.3	40,643	1.7	62,657
Income tax expense	12.8	1,769,012	13.1	487,071

29 Earnings Per Share

	Group 2005 $	Group 2004 $
Basic earnings per share is based on:		
Net profit for the year	10,645,544	2,563,486
	No. of shares	**No. of shares**
Weighted average number of shares outstanding during the year	1,867,198,291	1,411,673,963

Notes to the Financial Statements
Year Ended 31 December 2005

29 Earnings Per Share (cont'd)

In calculating diluted earnings per share, the weighted average number of ordinary share is adjusted for the effect of all dilutive potential ordinary shares:

	Group	
	2005 No. of shares	2004 No. of shares
Weighted average number of shares issued, used in the calculation of basic earnings per share	1,867,198,291	1,411,673,963
Dilutive effect of share options	-	4,153,715
Weighted average number of ordinary shares (diluted)	1,867,198,291	1,415,827,678

Options to purchase 19,650,000 ordinary shares at $0.086 per share and 4,000,000 ordinary shares at $0.085 per share were outstanding as at 31 December 2005 but were not included in the computation of diluted earnings per share because these options were antidilutive.

30 Dividends

	Group	
	2005 $	2004 $
Final dividend paid of 0.10 cents per share, less tax at 20% in respect of 2004	1,493,565	-
Final dividend paid of 0.25 cents per share, less tax at 20% in respect of 2003	-	2,227,080
Special dividend paid of 0.15 cents per share, less tax at 20% in respect of 2003	-	1,336,248
	1,493,565	3,563,328

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for.

	Group	
	2005 $	2004 $
Final dividend proposed of 0.20 cents (2004: 0.10 cents) per share less tax at 20% (2004: 20%)	2,987,929	1,493,565

31 Acquisition of Subsidiary

On 18 October 2005, the Group acquired 50.78% share in Tat Seng Packaging Group Ltd for $16,961,750 satisfied in cash. Subsequently, through a mandatory unconditional cash offer for all the remaining shares in issue in the subsidiary, the Group acquired an additional 13.17% of the subsidiary for $4,400,663 satisfied in cash. The total consideration of the acquisition of $21,513,871 included all related acquisition expenses.

The principal activities of Tat Seng Packaging Group Ltd and its subsidiary are set out in note 4 to the financial statements. The acquisition was accounted for using the purchase method. During the period from 18 October to 31 December 2005, Tat Seng Packaging Group Ltd and its subsidiary contributed a net profit of $38,190 to the consolidated net profit for the year.

Notes to the Financial Statements
Year Ended 31 December 2005

31 Acquisition of Subsidiary (cont'd)

The effects of acquisition of subsidiaries are set out below:

	Recognised values 2005 $	2004 $
Net assets acquired		
Property, plant and equipment	42,256,548	2,453,564
Other assets	42,115	1,768,323
Inventories	4,864,728	985,721
Trade and other receivables	7,737,028	2,331,885
Cash and cash equivalents	9,779,257	452,385
Trade and other payables	(13,135,312)	(2,047,347)
Current tax payable	(1,167,531)	(300,073)
Long-term liabilities	(4,417,215)	(2,247,103)
Minority interests	(16,525,570)	(1,721,445)
Net assets acquired	29,434,048	1,675,910
(Negative goodwill)/goodwill on acquisition	(7,920,177)	1,108,690
Purchase consideration	21,513,871	2,784,600
Cash and bank balances acquired	(7,737,028)	(452,385)
Net cash outflow	13,776,843	2,332,215

The negative goodwill arising from the acquisition of Tat Seng Packaging Group Ltd has been reflected under Other operating income, and is attributable to the excess of the fair value of the tangible net assets acquired over the purchase consideration. Fair value adjustments amounting to $3,364,505 and $672,901 were made to the carrying value of property, plant and equipment amounting to $38,892,043 and deferred tax liability of $3,744,314, in arriving at the recognised value of $42,256,548 and $4,417,215 respectively. The Group is in the process of assessing the fair value of potential intangible assets arising from the acquired business.

32 Significant Related Party Transactions

For the purpose 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.

During the financial year:

(a) the Company entered into contracts with a company controlled by a director of the Company for the provision of advisory and consultancy services for an aggregate amount of $60,000 (2004: $144,000).

(b) there were the following significant transactions carried out by the Group with its associates in the normal course of business on terms agreed between the parties:

Notes to the Financial Statements
Year Ended 31 December 2005

32 Significant Related Party Transactions (cont'd)

	2005 $	2004 $
Purchases	331,970	1,118,814
Construction services rendered	387,872	244,226
Hire of motor vehicles payable	13,221	14,899
Management and administrative fees receivable	169,341	411,252
Interest income received/receivable	-	2,187
Rental income received/receivable	58,679	58,679
Administrative fee receivable	419,609	-

33 Contingent Liabilities - Unsecured

Company

(a) As at 31 December 2005, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of $13,958,567 (2004: $43,094,597).

(b) The Company has given formal undertakings, which are unsecured, to provide financial support to certain of its subsidiaries. As at 31 December 2005, the deficits in shareholders' funds of these subsidiaries amounted to $15,145,728 (2004: $14,677,080).

Group

A legal claim was filed by an architect against a subsidiary and its associate (the "companies") in Malaysia for payment of architectural services rendered by the architect and another party (the "architects"). The claim totalled to RM148,711 and US$338,794 (equivalent to a total of $629,712 at 31 December 2005) plus interest and costs.

The directors of the subsidiary are of the opinion that the claim has no merit as the drawings submitted by the architects were incomplete and did not meet the government's contractual requirements. Accordingly, no provision for any liability arising from the claim has been made in the financial statements.

Pursuant to a summary judgement of the High Court in 1999, the subsidiary had issued a bank guarantee amounting to RM798,643 (equivalent to $351,858 at 31 December 2005) in favour of the architects, which was called upon by the architects.

The companies had appealed against the summary judgement and the Court of Appeal has allowed the appeal, reinstating the counterclaim for general damages. Pursuant to a court order obtained in 2004, the companies have received a refund of RM456,000 (equivalent to $200,900 at 31 December 2005) from the architect, with the remaining balance repayable in monthly instalments of RM7,000 (equivalent to $3,084 at 31 December 2005) each until the companies receive in full the total sum of the guarantee called and interest due and payable. However, as at 31 December 2005, the architect has since ceased payment. The matter is now proceeding to trial.

Notes to the Financial Statements
Year Ended 31 December 2005

34 Commitments

As at 31 December 2005, the Group and the Company have the following commitments:

(a) Capital commitments in respect of leasehold improvement contracts as follows:

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Contracted but not provided for	547,032	5,382,493	-	5,370,000
Authorised but not contracted for	-	1,062,000	-	1,062,000
	547,032	6,444,493	-	6,432,000

(b) Future minimum lease payments in respect of non-cancellable operating lease commitments as follows:

	Group		Company	
	2005 $	2004 $	2005 $	2004 $
Payable:				
- Within 1 year	1,505,524	1,888,320	666,864	607,864
- After 1 year but within 5 years	3,906,776	5,129,276	2,634,956	2,420,756
- After 5 years	17,989,112	40,609,891	10,549,112	10,175,776
	23,401,412	47,627,487	13,850,932	13,204,396

Included in the commitments for future minimum lease payments is annual land rent relating to the leasehold building owned by the Company built on land subject to a 60-year lease commencing from 1 May 1967. The annual land rent payable under the lease agreement, which is subject to review every five years, is $587,059 (2004: $587,059).

35 Financial Instruments

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.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash is placed with financial institutions which are regulated.

At the balance sheet date, credit risk is concentrated mainly in cash and fixed deposits with banks. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than Singapore dollars. The currencies giving rise to this risk are primarily Australian dollars, Hong Kong dollars, Malaysian Ringgit, Renminbi and New Taiwan dollars.

Notes to the Financial Statements
Year Ended 31 December 2005

35 Financial Instruments (cont'd)

Foreign currency risk (cont'd)

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level. Where necessary, the Group uses forward foreign exchange contracts to hedge its foreign currency risk.

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's investment portfolio, which includes debt securities with secondary or resale markets to ensure portfolio liquidity, and debt obligations.

The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

Liquidity risk

The Group monitors 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.

36 Segment Information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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

Inter-segment pricing is determined on an arm's length basis.

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 interest-earnings assets and revenue, borrowings and expenses and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group comprises the following main business segments:

Consumer business	:	Supply of provisions and household consumer products, retail franchising, manufacture and sale of soya bean products and noodles.
Packaging	:	Manufacture and sale of corrugated paper products and other packaging products.
Healthcare	:	Construction of hospital turnkey projects and provision of health-care consultancy and hospital management services.
Education	:	Provision of education services and development, distribution and licensing of education and entertainment products.

Notes to the Financial Statements
Year Ended 31 December 2005

36 Segment Information (cont'd)

Geographical Segments

The Group's business is managed in four principal geographical areas, namely, Singapore, Malaysia, China and Australia (associates' operations).

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.

(a) Business Segments

Group	Consumer business $	Healthcare $	Packaging $	Education $	Others $	Total continuing operations $	Hotel (Discontinued) $	Total operations $
2005								
Total revenue	150,461,985	817,014	10,885,143	7,625,862	-	169,790,004	6,033,992	175,823,996
Segment results	3,702,140	(1,911,068)	188,773	711,431	(395,140)	2,296,136	427,423	2,723,559
Unallocated results						7,048,403	-	7,048,403
Profit from operations						9,344,539	427,423	9,771,962
Finance costs						(286,414)	(594,283)	(880,697)
Share of results of associates						4,748,285	-	4,748,285
Taxation						(1,769,012)	-	(1,769,012)
Profit/(loss) after tax						12,037,398	(166,860)	11,870,538
Loss on sale of discontinued operations						-	(618,014)	(618,014)
						12,037,398	(784,874)	11,252,524
2004								
Total revenue	138,308,009	752,135	-	2,000,300	-	141,060,444	19,058,031	160,118,475
Segment results	3,206,567	(2,142,905)	-	44,668	(495,252)	613,078	1,534,470	2,147,548
Unallocated results						874,799	-	874,799
Profit from operations						1,487,877	1,534,470	3,022,347
Finance costs						(190,268)	(1,788,110)	(1,978,378)
Share of results of associates						2,414,346	-	2,414,346
Taxation						(487,071)	-	(487,071)
Profit/(loss) after tax						3,224,884	(253,640)	2,971,244

The unallocated results for 2005 include the negative goodwill on acquisition of a subsidiary.

Notes to the Financial Statements
Year Ended 31 December 2005

36 Segment Information (cont'd)

(a) Business Segments (cont'd)

Group	Consumer business $	Healthcare $	Packaging $	Education $	Others $	Total continuing operations $	Hotel (Discontinued) $	Total operations $
2005								
Assets and Liabilities								
Segment assets	122,139,116	8,264,747	63,004,907	11,999,354	8,029,062	213,437,186	-	213,437,186
Investments in associates	21,190,137	21,351,237	-	-	3,150,573	45,691,947	-	45,691,947
	143,329,253	29,615,984	63,004,907	11,999,354	11,179,635	259,129,133	-	259,129,133
Unallocated assets						22,236,557	-	22,236,557
Total assets						281,365,690	-	281,365,690
Segment liabilities	37,926,973	1,022,226	8,705,884	2,288,395	7,555	49,951,033	-	49,951,033
Unallocated liabilities						17,814,240	-	17,814,240
Total liabilities						67,765,273	-	67,765,273
2004								
Assets and Liabilities								
Segment assets	130,175,568	10,448,636	-	10,766,073	8,711,224	160,101,501	41,233,949	201,335,450
Investments in associates	19,453,091	18,475,589	-	-	3,021,239	40,949,919	-	40,949,919
	149,628,659	28,924,225	-	10,766,073	11,732,463	201,051,420	41,233,949	242,285,369
Unallocated assets						16,527,322	-	16,527,322
Total assets						217,578,742	41,233,949	258,812,691
Segment liabilities	27,798,570	1,024,674	-	2,054,220	6,949	30,884,413	2,353,108	33,237,521
Unallocated liabilities						34,897,351	-	34,897,351
Total liabilities						65,781,764	2,353,108	68,134,872

Notes to the Financial Statements
Year Ended 31 December 2005

36 Segment Information (cont'd)

(a) Business Segments (cont'd)

Group	Consumer business $	Healthcare $	Packaging $	Education $	Others $	Total continuing operations $	Hotel (Discontinued) $	Total operations $
2005								
Non-Cash Expenses								
Amortisation	-	-	-	1,299,229	-	1,299,229	-	1,299,229
Depreciation of and impairment loss on property, plant and equipment	2,565,521	176,229	820,369	337,256	-	3,899,375	382,833	4,282,208
	2,565,521	176,229	820,369	1,636,485	-	5,198,604	382,833	5,581,437
2004								
Non-Cash Expenses								
Amortisation	-	-	-	241,075	-	241,075	-	241,075
Depreciation of and impairment loss on property, plant and equipment	2,280,653	157,896	-	90,168	-	2,528,717	1,196,138	3,724,855
	2,280,653	157,896	-	331,243	-	2,769,792	1,196,138	3,965,930
2005								
Capital Expenditure								
Capital expenditure	10,120,891	87,534	420,542	185,041	1,150,088	11,964,096	-	11,964,096
2004								
Capital Expenditure								
Capital expenditure	5,784,472	289,711	-	82,932	-	6,157,115	294,779	6,451,894

Notes to the Financial Statements
Year Ended 31 December 2005

36 Segment Information (cont'd)

(b) Geographical Segments

	Singapore $	Malaysia $	China $	Total continuing operations $	Hotel (Discontinued) $	Total operations $
2005						
Total revenue	122,685,082	38,246,314	8,858,608	169,790,004	6,033,992	175,823,996
Segment assets	156,460,551	40,510,071	16,466,564	213,437,186	-	213,437,186
Capital expenditure	9,174,603	2,359,963	429,530	11,964,096	-	11,964,096
2004						
Total revenue	107,299,924	33,146,954	613,566	141,060,444	19,058,032	160,118,476
Segment assets	124,491,183	34,357,242	1,253,076	160,101,501	41,233,949	201,335,450
Capital expenditure	5,046,405	1,110,710	-	6,157,115	294,779	6,451,894

37 Changes in Accounting Policies

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2005.

The changes in accounting policies arising from the adoption of FRS 39 *Financial Instrument: Recognition and Measurement,* FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*, FRS 103 *Business Combinations*, FRS 36 *(revised) Impairment of Assets*, FRS 38 *(revised) Intangible Assets*, and FRS 28 *(revised) Investment in Associates* are summarised below.

FRS 39 *Financial Instruments: Recognition and Measurement*

The adoption of FRS 39 resulted in the Group measuring its available-for-sale investments at fair values. Previously, investments in debt and equity securities were stated at cost less an allowance for diminution in value.

The adoption of FRS 39 has been accounted for by increasing the opening balance at 1 January 2005 of the fair value reserve by $861,328. Comparatives have not been restated.

FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*

The results of discontinued operations are presented separately on the profit and loss account. Comparatives relating to discontinued operations have also been presented in a similar manner.

FRS 103 *Business Combinations,* FRS 36 *(revised) Impairment of Assets and* FRS 38 *(revised) Intangible Assets*

The adoption of FRS 103, FRS 36 *(revised)* and FRS 38 *(revised)* has resulted in a change in the accounting policy for goodwill.

Notes to the Financial Statements
Year Ended 31 December 2005

37 Changes in Accounting Policies (cont'd)

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired. Negative goodwill is recognised immediately in the profit and loss account, instead of being systematically amortised over its useful life. This has resulted in the recognition of negative goodwill of $7,920,177 for the acquisition of a subsidiary during the year.

Had goodwill been amortised in accordance with the previous policy, the net profit attributable to shareholders for the financial year ended 31 December 2005 would have decreased by $101,616.

FRS 28 *(revised) Investment in Associates*

With the adoption of FRS 28 *(revised)*, the Group accounted for the associates' results under the equity method using financial statements with periods which are co-terminous with the Group. The change in accounting policy has resulted in an increase in the Group's opening accumulated profits of 1 January 2004 and 1 January 2005 by $1,073,062. The consolidated income statement of the Group for the financial years ended 31 December 2005 and 31 December 2004 were not significantly affected by the accounting policy change.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards.

The changes in accounting policies have the following impact on the net profit for the year:

	Group	
	2005	**2004**
	$	**$**
Net profit before changes in accounting policies	10,345,888	2,563,486
Effects of adopting FRS 39	198,040	-
Effects of adopting FRS 103, 36 *(revised)* and 38 *(revised)*	101,616	-
Net profit for the year	10,645,544	2,563,486

38 Comparative Information

Comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in note 37 and to be consistent with current year presentation.

Additional Information

Year Ended 31 December 2005

1 Directors' Remuneration

Company's directors receiving remuneration from the Group:

	No. of Directors 2005 $	2004 $
Remuneration band:		
$500,001 to $750,000	2	2
$250,001 to $500,000	-	-
$250,000 and below	9*	6
	11	8

* Two directors from the remuneration band resigned during the financial year.

2 Properties Held by the Group

Description of properties held by the Group is as follows:

Location	Description	Tenure
348 Jalan Boon Lay, Singapore 619529	Two-storey warehouse with annexed office block used by the Group both for its operations and for rental income	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
348 Jalan Boon Lay, Singapore 619529	Single-storey factory used by a subsidiary for its operations	60-year lease from 1 May 1967 and an option to renew for 22 years, 3 months and 30 days
28, Senoko Drive, Singapore 758214	Factory cum office building used by a subsidiary for its operations	30-year lease from 16 December 1979 and extension for an additional 30 years
Lot MLO 1101, Kampong Bukit Kulai, Johor, Malaysia	Factory used by a subsidiary for its operations	Freehold
Lot MLO 1102 and 1103, Mukim of Sedenak, Kulai, Malaysia	Vacant land	Freehold
Lot 249, GPP 4841 Town Area XXI District of Melaka Tengah, Melaka, Malaysia	Vacant land	Freehold
Wilayah Pengembangan Sekupang Patam, Batam, Indonesia	Vacant land	30-year lease from 11 March 1986
PTD 63419 HSD 248337, PTD 63421 HSD 248339 and PTD 63422 HSD 248340 Mukim of Pulai District of Johor Bahru, Malaysia	Vacant land	Freehold

Additional Information
Year Ended 31 December 2005

2 Properties Held by the Group (cont'd)

Location	Description	Tenure
10 Ubi Crescent #05-80, 86-90 Singapore 408564	Flatted factory units used by a subsidiary for its operations	60-year lease from 5 July 1997
Suzhou Jiangsu Province Wanting Town, 88 Wendu Road, People's Republic of China	Factory premises, office building, dormitory and development	50-year lease from: - 33,333 sq m from 15 October 1995 - 12,667 sq m from 23 September 1998 - 12,798 sq m from 13 February 2001

3 Material Contracts

Except as disclosed in note 32 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer or each director of the Company during the financial year.

4 Usage of Proceeds from Private Placement and Rights Issue

A private placement of 220,000,000 fully-paid ordinary shares of $0.05 each at a consideration of $0.12 per share, was made by the Company in 2004. The Company received net proceeds of $26,060,000 from the private placement, of which utilisation as at 31 December 2005 were as follows:

	$
Working capital	8,280,000
Investment in healthcare associate in the People's Republic of China	8,569,000
Increase in equity interest in healthcare associate in Australia	1,261,575
Purchase of 51% equity interest in InnoForm Media Pte Ltd	
and extension of shareholder loan	3,784,600
Purchase of 50.78% equity interest in Tat Seng Packaging Group Ltd	4,164,825
	26,060,000

In addition, a rights issue of 533,415,950 fully-paid ordinary shares of $0.05 each at an issue price of $0.055 for each rights share was made by the Company in 2004 to existing shareholders in the proportion of two shares for every five shares held ("Rights Issue"). The Company received net proceeds of $29,045,497 from the Rights Issue and the amount of which utilisation as at 31 December 2005 were as follows:

	$
Purchase of 50.78% equity interest in Tat Seng Packaging Group Ltd	12,796,925
Purchase of additional 13.17% equity in Tat Seng through offer shares	4,400,663
	17,197,588

资产负债表
截至2005年12月31日

	附注	集团 2005 $	集团 2004 $	公司 2005 $	公司 2004 $
非流动资产					
产业及机器设备	3	73,868,008	65,552,233	20,418,900	12,877,976
子公司	4	-	-	45,198,055	23,904,185
联号公司	5	45,691,947	40,949,919	27,163,530	27,163,530
其他金融资产	6	10,920,215	12,794,202	-	-
其他应收账款		4,567,281	-	-	-
无形资产	7	4,296,908	3,245,110	-	-
递延税款资产	8	1,176,450	1,100,000	-	-
		140,520,809	123,641,464	92,780,485	63,945,691
流动资产					
其他金融资产	6	4,713,512	2,633,120	4,713,512	2,633,120
非金融资产	10	395,176	410,176	45,000	90,000
有待开发房地产	11	594,327	581,134	-	-
存货	12	35,435,367	25,482,071	9,923,878	10,436,665
应收账款及其他应收款	14	63,235,907	54,443,155	54,319,043	53,986,872
现金和现金等同物	18	36,470,592	51,621,571	18,188,539	44,905,715
		140,844,881	135, 171,227	87,189,972	112,052,372
资产合计		**281,365,690**	**258,812,691**	**179,970,457**	**175,998,063**
归属股东之权益					
资本	19	93,372,791	93,347,791	93,372,791	93,347,791
储备	21	98,910,704	91,440,745	56,667,679	57,706,489
		192,283,495	184,788,536	150,040,470	151,054,280
少数股东权益		21,316,922	5,889,283	-	-
股东权益合计		213, 600,417	190,677,819	150,040,470	151,054,280
非流动负债					
附息借贷	22	1,623,611	28,233,131	-	-
递延应付资产	8	5,389,460	621,253	336,783	44,198
		7,013,071	28,854,384	336,783	44,198
流动负债					
应付账款和其他应付款	23	49,951,033	33,237,521	28,781,965	23,886,299
附息借贷	22	8,447,293	4,361,057	-	-
应付当期税款		2,353,876	1,681,910	811,239	1,013,286
		60,752,202	39,280,488	29,593,204	24,899,585
负债合计		67,765,273	68,134,872	29,929,987	24,943,783
负债及股东权益合计		**281,365,690**	**258,812,691**	**179,970,457**	**175,998,063**

附注内容是财务报表的组成部分之一。

综合损益表
年度终止至2005年12月31日

	附注	集团 2005 $	集团 2004 $
持续性营业活动			
收入	24	169,790,004	141,060,444
售出产品成本		(130,506,601)	(109,914,758)
毛利		39,283,403	31,145,686
其他营业收入		12,663,402	3,484,495
分销费用		(21,558,307)	(17,705,663)
行政费用		(18,998,722)	(14,489,888)
其他营业费用		(2,045,237)	(946,753)
持续性营业活动之盈利	25	9,344,539	1,487,877
财务费用	27	(286,414)	(190,268)
联号公司盈利	5	4,748,285	2,414,346
持续性营业活动之税前盈利		13,806,410	3,711,955
所得税	28	(1,769,012)	(487,071)
持续性营业活动之税后盈利		12,037,398	3,224,884
终止之营业活动			
本期终止营业活动之亏损	9	(784,874)	(253,640)
本期盈利		11,252,524	2,971,244
可归属:			
归属股东之权益		10,645,544	2,563,486
少数股东权益		606,980	407,758
本期盈利		11,252,524	2,971,244
每股盈利（分）			
基额 – 持续性营业活动		0.61	0.20
基额 – 终止营业活动		(0.04)	(0.02)
基额	29	0.57	0.18
摊薄 – 持续性营业活动		0.61	0.20
摊薄 – 终止营业活动		(0.04)	(0.02)
摊薄	29	0.57	0.18

附注内容是财务报表的组成部分之一。

Shareholding Statistics

13 March 2006

Number of Issued and Fully Paid Shares	:	1,867,455,825
Class of Shares	:	Ordinary Shares with equal voting rights
Issued and Fully Paid Share Capital	:	S$140,792,609.09

SUBSTANTIAL SHAREHOLDERS as at 13 March 2006

	NUMBER OF SHARES HELD		SHAREHOLDING
SUBSTANTIAL SHAREHOLDERS	**DIRECT INTEREST**	**DEEMED INTEREST**	**PERCENTAGE %**
Pemscorp Pte Ltd	437,583,000	-	23.43 (1)
QAF Limited	-	437,583,000	23.43 (1)
Andree Halim	-	437,583,000	23.43 (2)
Rich Life Holdings Pte Ltd	433,175,506	-	23.20
Hanny Magnetics (B.V.I.) Limited	-	452,978,506	24.26 (3)
Hanny Holdings Limited	-	452,978,506	24.26 (4)
Famex Investment Limited	-	452,978,506	24.26 (4)
Mankar Assets Limited	-	452,978,506	24.26 (4)
ITC Investment Holdings Limited	-	468,137,506 (5)	25.07 (4)
ITC Corporation Limited	-	468,137,506	25.07 (4)
Galaxyway Investments Limited	-	468,137,506	25.07 (4)
Chinaview International Limited	-	468,137,506	25.07 (4)
Dr Chan Kwok Keung, Charles	-	468,137,506	25.07 (4)

Notes:

(1) Pemscorp Pte Ltd is a wholly-owned subsidiary of QAF Limited. QAF Limited is deemed to be interested in the shares held by Pemscorp Pte Ltd.

(2) Pursuant to Section 7(4)(b) of the Companies Act, Andree Halim is deemed to have an interest through QAF Limited, which is deemed to have an interest through its wholly-owned subsidiary Pemscorp Pte Ltd, by virtue of his controlling interest in QAF Limited.

(3) Hanny Magnetics (B.V.I.) Limited is deemed to be interested in the 433,175,506 shares and 19,803,000 shares held by Rich Life Holdings Pte Ltd and Cyber Generation Limited respectively, both of which are wholly-owned subsidiaries of Hanny Magnetics (B.V.I.) Limited.

(4) Dr Chan Kwok Keung, Charles is deemed to have an interest through Chinaview International Limited, which is deemed to have an interest through Galaxyway Investments Limited, which is deemed to have an interest through ITC Corporation Limited, which is deemed to have an interest through ITC Investment Holdings Limited, which is deemed to have an interest through Mankar Assets Limited, which is deemed to have an interest through Famex Investment Limited, which is deemed to have an interest through Hanny Holdings Limited, which is deemed to have an interest through Hanny Magnetics (B.V.I) Limited.

(5) ITC Investment Holdings Limited is deemed to be interested in 452,978,506 shares through Hanny Magnetics (B.V.I.) Limited and 15,159,000 shares owned in High Prime Limited, its wholly owned subsidiary.

Shareholding Statistics

13 March 2006

DIRECTORS' SHAREHOLDING as at 21 January 2006

DIRECTOR	HOLDINGS IN THE NAME OF DIRECTOR OR IN WHICH DIRECTOR HAS A DIRECT INTEREST	HOLDINGS IN WHICH THE DIRECTOR IS DEEMED TO HAVE AN INTEREST
Foo Der Rong	2,922,500	-

ANALYSIS OF SHAREHOLDERS as at 13 March 2006

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	132	1.79	33,193	0.00
1,000 – 10,000	2,019	27.31	14,590,153	0.78
10,001 – 1,000,000	5,176	70.01	350,755,824	18.78
1,000,001 and above	66	0.89	1,502,076,655	80.44
	7,393	100.00	1,867,455,825	100.00

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2006, 50.93% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by SGX-ST is therefore complied with.

MAJOR SHAREHOLDERS LIST – TOP 20 as at 13 March 2006

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	Pemscorp Pte Ltd	437,583,000	23.43
2.	OCBC Securities Private Ltd	291,313,506	15.60
3.	DBS Vickers Securities (S) Pte Ltd	290,399,350	15.55
4.	Southern Nominees (S) Sdn Bhd	95,000,000	5.09
5.	United Overseas Bank Nominees Pte Ltd	84,699,465	4.53
6.	DBS Nominees Pte Ltd	64,153,087	3.43
7.	HL Bank Nominees (S) Pte Ltd	41,868,000	2.24
8.	CIMB-GK Securities Pte Ltd	33,302,552	1.78
9.	OCBC Nominees Singapore Pte Ltd	31,139,455	1.67
10.	Citibank Nominees Singapore Pte Ltd	12,849,200	0.69
11.	Sim Huat Hoe	6,663,750	0.36
12.	HSBC (Singapore) Nominees Pte Ltd	6,300,400	0.34
13.	Tan Ling San	4,975,875	0.27
14.	Goh Kai Kui	4,500,000	0.24
15.	Tan Koon Poh	4,437,850	0.24
16.	Law Ah Yi	4,182,900	0.22
17.	UOB Kay Hian Pte Ltd	3,804,450	0.20
18.	Philip Securities Pte Ltd	3,717,750	0.20
19.	Kim Eng Securities Pte Ltd	3,656,000	0.20
20.	Eyu Chin Wat @ Yeo An Hai or Lim Siew Lian	3,562,000	0.19
		1,428,108,590	76.47

Notice of Annual General Meeting

(Incorporated In The Republic Of Singapore)
(Company Registration No. 197400888M)

NOTICE IS HEREBY GIVEN that the Thirty-Second Annual General Meeting of PSC Corporation Ltd will be held at 348 Jalan Boon Lay, Singapore 619529 on Wednesday, 26 April 2006 at 11:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended 31 December 2005 and the Auditors' Report thereon. **[Resolution 1]**

2. To declare a Final Dividend of 0.20 cents per share less 20% income tax for the year ended 31 December 2005. **[Resolution 2]**

3. To re-elect the following Directors retiring in accordance with the Article 87 of the Company's Articles of Association:

   (a) Mr. Allan Yap **[Resolution 3a]**
   (b) Mr. Tao Yeoh Chi **[Resolution 3b]**

   To re-elect following Directors retiring in accordance with the Article 93 of the Company's Articles of Association:

   (a) Mr. Derek Cheong **[Resolution 3c]**
   (b) Mr. Lien Kait Long **[Resolution 3d]**

4. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 4]**

5. To approve the payment of Directors' Fees of S$368,250 for the year ended 31 December 2005. (2004: S$351,000) **[Resolution 5]**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions 6 to 9 with or without amendments as ordinary resolutions:

6. "That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and the listing rules of The Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to: **[Resolution 6]**

   (i) allot and issue shares in the Company; and

   (ii) issue convertible securities and (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) allot and issue any shares in the Company pursuant to the conversion or exercise of convertible securities issued while this Resolution was in force, (whether by way of rights, bonus or otherwise) 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, provided that:-

(a) the aggregate number of shares (including any shares to be issued pursuant to the conversion or exercise of convertible securities) in the Company to be issued pursuant to this Resolution does not exceed 50 per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including any shares to be issued pursuant to the conversion or exercise of convertible securities) to be issued

Notice of Annual General Meeting

(Incorporated In The Republic Of Singapore)
(Company Registration No. 197400888M)

other than on a pro rata basis to the shareholders of the Company does not exceed 20 per cent (20%) of the issued share capital of the Company for the time being (as calculated in accordance with sub-paragraph (b) below);

(b) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the issued share 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 on issue at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares; and

(c) 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."

7. "That pursuant to Section 161 of the Companies Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the Options granted under the PSC Executives' Share Option Scheme (including to allot and issue shares as may be required to be issued pursuant to the exercise of Options granted while this Resolution is in force notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time of the allotment and issue of the shares) provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed ten per cent (10%) of the total issued share capital of the Company from time to time." **[Resolution 7]**

8. "That for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as defined below) at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of: **[Resolution 8]**

(i) market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable,

be and is hereby authorised and approved generally and unconditionally (the "Share Buy Back Mandate").

That, unless revoked or varied by the Company in general meeting, the Share Buy Back Mandate continue to be in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier (the "Relevant Period").

Notice of Annual General Meeting

(Incorporated In The Republic Of Singapore)
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That the Directors of the Company be hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents and approving amendments, alterations and modifications to any document required by the Share Buy Back Mandate) as they or he may consider expedient, necessary or deem fit to give effect to the transactions contemplated or authorised by this Resolution.

In this Resolution:

"Prescribed Limit" means the number of issued Shares representing eight per cent (8%) of the issued ordinary share capital of the Company (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of passing of this Resolution or such reduced issued share capital of the Company pursuant to a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period;

"Maximum Price" in relation to a Share to be purchased or acquired means the purchase price which shall not exceed the sum constituting five per cent (5%) above the Average Closing Market Price of the Shares; and

"Average Closing Market Price" means the average of the last dealt prices of the Shares for the five consecutive trading days on which the Shares are transacted on the SGX-ST immediately preceding the date of the market purchase by the Company, or as the case may be, the date of the making of an offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the said five day period."

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 8 May 2006, for the purpose of determining the Members' entitlements to the dividends to be proposed at the Annual General Meeting of the Company to be held on 26 April 2006.

Duly completed registrable transfers in respect of shares of the Company received by the Company's Share Registrar, M & C Services Private Limited, of 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906 up to 5.00 p.m. on 5 May 2006 will be registered to determine Members' entitlements to such dividends. Members whose Securities Accounts with The Central Depository (Pte) Ltd are credited with shares of the Company as at 5.00 p.m. on 5 May 2006 will be entitled to such proposed dividends.

The proposed dividends, if approved by Members at the Annual General Meeting, will be paid on 18 May 2006.

BY ORDER OF THE BOARD

Angela Chan
Company Secretary
Singapore

10 April 2006

Notice of Annual General Meeting

(Incorporated In The Republic Of Singapore)
(Company Registration No. 197400888M)

NOTES:-

1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead.

2) A proxy need not be a member of the Company.

3) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation shall be either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

EXPLANATORY NOTES ON THE SPECIAL BUSINESS TO BE TRANSACTED:-

1) Proposed ordinary Resolution 6, if passed, will empower the Directors to issue shares in the Company, convertible securities and/or shares pursuant to convertible securities of the Company up to an amount not exceeding in total 50 per cent (50%) of the issued ordinary share capital of the Company with a sub-limit of 20 per cent (20%) of shares issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of ordinary shares that may be issued, the percentage of issued share capital shall be based on the issued share capital of the Company at the time that Resolution 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options on issue at the time that Resolution 6 is passed, and (b) any subsequent consolidation or subdivision of shares.

2) Proposed ordinary Resolution 7, if passed, will empower the Directors to issue shares pursuant to the exercise of Options granted under the PSC Executives' Share Option Scheme 2003 which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003.

3) Proposed ordinary Resolution 8, if passed, will empower the Directors to purchase or acquire, from the date of the above meeting to the date of the next Annual General Meeting, an aggregate amount not exceeding eight per cent (8%) of the issued share capital of the Company as at the date of this Resolution. More details of the Share Buy Back Mandate to be renewed is set out in the letter to shareholders enclosed with this Notice.

常年股东大会通告

(于新加坡共和国注册成立)
(公司注册号码197400888M)

本公司第 32 届常年股东大会将于2006年4月26日，星期三，早上11时正，于新加坡邮区619529，惹兰文礼348号举行。大会主要议程如下:

普通事项

1. 接纳截至2005年12月31日止财政年之董事报告及已审核帐目和审计师报告。 **[决议案一]**

2. 宣布在截至2005年12月31日止财政年派发每股 0.2 分的年终股息 (须扣除 20% 所得税)。 **[决议案二]**

3. 根据公司章程第 87 条款，重选以下退休的董事:

   (a) Allan Yap先生 **[决议案三 (a)]**
   (b) Tao Yeoh Chi先生 **[决议案三 (b)]**

根据公司章程第 93 条款，重选以下退休的董事:

   (a) Derek Cheong先生 **[决议案三 (c)]**
   (b) Lien Kait Long先生 **[决议案三 (d)]**

4. 再次委任 KPMG 会计公司为审计师，并授权董事会决定其酬金。 **[决议案四]**

5. 批准截至 2005年12月31日止财政年之董事酬劳 S$368,250 (2004年:S$351,000)。 **[决议案五]**

特别事项

仔细考虑且在适当情况之下，通过以下决议案 6 至 9 为普通修正决议案或无修正决议:

6. 根据公司法第 50 章第 161 节以及新加坡证券交易所之上市规定，授权董事会: **[决议案六]**

   (i) 分配和核发公司之股份; 以及

   (ii) 核发可兑换证券以及转换或行使此决议有效期间发出的可兑换证券时，分配和核发本公司之任何股份 (尽管此决议之授权已经到期)

   在董事会认为适当之情况下，于任何时候按议题之条款向合适人士核发本公司之股份 (不论是以认股证、红利或其他的方式核发) 其条件如下:

(a) 按本决议核发之股份总额 (包括任何因转换或行使可兑换证券而核发的股份) 不得超过本公司现已核发股份的百分之五十 (50%) (按下节 b 计算)，其中，若非按比率向公司股东发行股份，核发普通股份之总额则不得超过公司现有已核发股份资本的百分之二十 (20%) (按下节 b 计算)。

(b) 按新加坡证券交易所所指示之计算方式，为决定上节 a 将核发股份之总额，现有已核发股份资本之比例应在调整以下股份之后，根据在本决议通过时，公司现有已核发的股份为准:

   (i) 在本决议案通过之际，待核发的可兑换证券或任何选股权在转换或行使所产生的新股份; 以及

   (ii) 任何后续的股份合并或再分股份; 以及

(c) 按本决议所赋予之授权除非在公司股东大会上遭撤销或修改，否则应持续有效至下届常年股东大会或依法律要求召开之下届常年股东大会日期 (以较早者为准) 为止。

常年股东大会通告

(于新加坡共和国注册成立)
(公司注册号码197400888M)

7. 按公司法第161章，赋予董事会授权在任何时候核发因行使按普威执行人员选股权计划核发的选股权而须核发的股份 (包括只要所行使的选股权是在此决议有效时核发的，即使在行使选股权而须核发股份时，此决议所赋予的授权已经无效)，其条件是按此计划核发的股份总额在任何时候不得超过现有已核发股份资本的百分之十 (10%)。 **[决议案七]**

8. 按公司法第 76C 节和第 76E 节，董事会行使公司的所有权利收购公司股份资本中的每股 S$0.05 缴足核发普通股，其条件是总额不得超过“规定限额” (如以下之定义)，以及由董事会决定之收购价不得超过“最高价” (如以下之定义)。收购方式如下:

   (i) 在新加坡证券交易所收购；以及/或

   (ii) 场外购买 (若在新加坡证券交易所以外之场所交易)；根据由董事会认为适当而决定或拟定之任何平等机会计划，而且计划必须遵守公司法定下之所有条例，或是当时适用之任何其他法律、条例和新加坡证券交易所之规定,

   此概括性和无条件授权及核准 ("股票回购授权")。

   按本决议所赋予之股票回购授权除非在公司股东大会上遭撤销或修改，否则应持续有效至下届常年股东大会或依法律要求召开之下届常年股东大会日期 (以较早者为准) 为止。

   公司董事获授权完成和执行所有他们/他认为有利、必要、适当之职务 (包括且不受限，执行相关文件以及核准股票回购授权所须之任何文件之修订、更改和修饰)，以使此决议所预期或授权之交易能够生效。

在本决议中:

"规定限额" 为截至此决议通过日期相等于本公司发行普通股份资本之百分之八 (8%) 之核发股份 (不包括由公司所持有的、作为库存股的任何普通股)，或者公司在“有关期间”任何时间按照适用“公司法令”条款减少股本之后的缩减股本。

"最高价" 为所将收购之股份之收购价不得超过股票平均闭市价以及百分之五溢价之总和；以及

"平均闭市价" 为本公司在市场内进行收购当日或提出收购建议当日 (使用于场外交易) 前之连续五个交易日之最后交易价，而且根据新加坡证券交易所之上市规定反映于所指之五天期间后发生之任何企业行动。

登记截止日期通告

为决定股东从本公司将于2006年5月8日常年股东大会上之提案股息派发所应享有之股息权利，本公司股东之股票转让将于2006年4月26日截止登记注册。

本公司股票注册处 M&C 服务私人有限公司 (新加坡邮区068906，罗敏申路 138 号，The Corporate Office，门牌#17-00)，截至2006年5月5日营业时间下午 5 时止，所受理有关本公司之完整登记转让将予以登记，以决定股东应享之提案股息。股东在中央托收私人有限公司之证券户头内，若于2006年5月5日下午5时前，记有本公司股份，将享有该提案股息。

该提案股息如在常年股东大会上获通过，则将在2006年5月18日派发支付。

奉董事会令

Angela Chan
公司秘书
于新加坡
2006年4月10日

常年股东大会通告

(于新加坡共和国注册成立)
(公司注册号码197400888M)

附注:-

1) 每位有权参加股东大会及在会上投票之股东，得以委派一名代表代其出席及投票，

2) 股东代表无须为公司股东，

3) 股东代表委派书，若以个人名义，须由委派股东或其律师签署；若以公司名义，则必须加盖公司印章或由代表公司之律师或其授权职员签署，

4) 股东代表委派书须于股东大会召开前的至少 48 小时送交本公司注册办事处 (新加坡邮区619529，惹兰文礼348号)，方为有效。

特别事项附注 :-

1) 决议案 6 若通过，将授权公司董事会核发公司股票、可兑换债券和/或依据公司可兑换债券来核发股票，其总数额最多不超过所核发的公司普通股本的百分之五十 (50%)，附加限制为除按照股东比例核发股票以外的股票的百分之二十 (20%)。为了确定可以核发的合计普通股数量，已核发股本百分比应根据决议案 6 通过之时公司已核发股本、并且根据以下情况调整后计算：(a) 截至决议案 6 通过时因任何可兑换债券的兑换或股票认购权的行使而核发的新股，以及 (b) 任何随后的股票合并或者拆分，而

2) 决议案 7 若通过，将授权公司董事按照2003年7月8日举行的公司临时全体会议上批准的2003年度普威公司执行人员股票认购权计划 (PSC Executives'Share Option Scheme 2003) 对所行使的股票认购权核发股票。

3) 决议案 8 若通过，将授权董事会从上述会议之日期至下一届常年股东大会之日期之间，收购相等于此决议通过日之不超过本公司核发普通股份资本之百分之八 (8%) 之核发股份，更多有关此待更新之股票回购授权，收录在附于此通知书的信件中。

Proxy Form – Annual General Meeting

PSC Corporation Ltd

(Incorporated In The Republic Of Singapore)
(Company Registration No. 197400888M)

Total Number of Shares held	

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

I/We ______________________________ NRIC/Passport No.: ______________
of ____
being (a) member/members of the abovenamed Company hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
(a)			
and/or (delete as appropriate)			
(b)			

or failing him/her, the Chairman of the Meeting (defined below), as my/our proxy to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Thirty-Second Annual General Meeting of members of the Company (the "Meeting") to be held at 348 Jalan Boon Lay, Singapore 619529 on 26 April 2006 at 11 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the space provided whether you wish your proxy to vote For or Against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy will vote as the proxy deems fit.)

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
	ORDINARY BUSINESS:		
1.	Adoption of Reports and Accounts		
2.	Declaration of Final Dividend		
3.	Re-election of Directors:		
	(a) Mr Allan Yap		
	(b) Mr Tao Yeoh Chi		
	(c) Mr Derek Cheong		
	(d) Mr Lien Kait Long		
4.	Re-appointment of Auditors		
5.	Approval of Directors' Fees		
SPECIAL BUSINESS:			
6.	Authority for Directors to issue shares and convertible securities		
7.	Authority for Directors to issue shares pursuant to the exercise of Options granted under PSC Executives' Share Option Scheme		
8.	Authority for Directors to buy back Shares		

Dated this ________ day of ____________________ 2006

____
Signature(s) or Common Seal of Shareholder

IMPORTANT
PLEASE READ NOTES OVERLEAF

Notes:

1) Please insert the number of shares in the Company you hold, either in the Depository Register (as defined in Section 130A of the Companies Act) or in the Register of Members, or both. If no number is inserted, the proxy form will be deemed to relate to all the shares in the Company held by you.

2) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the appointments shall be deemed invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3) If any other proxy other than the Chairman of the Meeting is to be appointed, please delete the words "The Chairman of the Meeting" and insert the name(s) and particulars of the proxy/proxies to be appointed in the box provided. If the box is left blank or is incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy. If the Chairman of the Meeting is appointed as a proxy, this instrument shall be deemed to confer on him the right to nominate a person to vote on his behalf on a show of hands.

4) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney duly authorised in writing. In the case of a corporation, it must be executed either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation. A corporation who is a member may authorise by a 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.

5) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

6) A company shall be entitled to reject an instrument appointing a proxy/proxies if it is incomplete, improperly completed, illegible, or where the true intentions of the appointor is not ascertainable from the instructions contained in the instrument. The Company may also reject any instrument appointing a proxy/proxies where the appointor is not shown to have shares in the Company entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PSC CORPORATION LTD

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