



PSC Corporation Ltd

The Consumer Essentials Group

Enriching Lives

CORPORATE GOVERNANCE STATEMENT
& FINANCIAL REPORT
2009

Corporate Governance Statement

The Company is committed to complying with the Code of Corporate Governance 2005 ("Code") 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. For easy reference, sections of the Code under discussion are specifically identified.

1 BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

1.1 Role of the Board

The Board of Directors (the "Board") comprises 3 Executive Directors and 5 Non-Executive Directors. 3 of the 5 Non-Executive Directors are Independent Directors. The Board's primary role is to protect and enhance long-term shareholder value. To fulfill this, apart from its statutory responsibilities, the Board performs the following roles:

- provides entrepreneurial leadership and sets the overall strategy and direction for the Group;
- approves major funding proposals, investment and divestment proposals of the Company;
- reviews the performance of management by establishing management's goals and monitoring the achievement of those goals;
- reviews and endorses the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee;
- supervises executive management, ensures that the Company has the necessary resources to meet its goals and establishes a framework of prudent and effective controls to assess and manage risks;
- oversees the processes of risk management, financial reporting and compliance and evaluates the adequacy of internal controls; and
- assumes the responsibilities for corporate governance.

1.2 Board Processes

To assist the Board in the discharge of its oversight function, various Board committees, namely, the Audit Committee ("AC"), Nominating Committee ("NC") and the Remuneration Committee ("RC") have been constituted with clearly defined terms of reference. The terms of reference set out the duties, authorities and operating procedures which are reviewed and monitored regularly. The minutes of the meetings of these committees are circulated among the Board.

The schedule of all Board and Board committee meetings for a calendar year is usually given to all directors well in advance. Besides the scheduled quarterly Board meetings, the Board meets on ad-hoc basis as warranted by particular circumstances. Board meetings will be convened when they are deemed necessary, to review the Group's operations, conduct strategic review of the business affairs and address other specific significant matters that arose. The Company's Articles of Association provides for meetings of Directors by way of telephone and video conferencing. 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.

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1.3 Directors' meeting held in Financial Year 2009

The Board held 5 meetings during the financial year. 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	2
Mr. Foo Der Rong	5
Dr. John Chen Seow Phun	5
Mr. Chee Teck Kwong Patrick	5
Mr. Tao Yeoh Chi	5
Mr. Lien Kait Long	5
Mr. Chan Sek Nin Jackey	4
Mr. Teo Kee Bock	5

The directors were appointed based on their experience, stature and potential to contribute to the proper guidance of the Group and its businesses. As such, we believe that each individual director's contributions can be reflected in ways other than the reporting of attendances at Board meetings and/or Board committee meetings.

1.4 Matters Requiring Board Approval

The directors have identified a few areas for which the Board has direct responsibility for decision making (which are embodied in its internal guidelines) 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;
- authorisation of major transactions;
- approval of Board changes and appointments on Board committees;
- increase in investment in businesses and subsidiaries;
- divestment in any of the Group companies; and
- commitments to term loans and lines of credit from banks and financial institutions by the Company.

While matters relating in particular to the Company's objectives, strategies and policies require the Board's direction and approval, Management is responsible for the day to day operation and administration of the Company in accordance with the objectives, strategies and policies set by the Board.

1.5 Training of Directors

Our directors are provided with extensive background information about our Group's history, mission, values and business operations. Changes to regulations and accounting standards are monitored closely by management. To keep pace with such regulatory changes, the Company provides opportunities for ongoing education on Board processes and best practices as well as updates on relevant new laws and regulations. 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. The Company has set up a more formal procedure for the issue of the appointment letter setting out the directors' duties and obligations. Newly appointed directors shall also be briefed on the business and organisational structure of the Group and its strategic directions.

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1.6 Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

All directors exercise independent judgements and make decisions objectively in the best interest of the Company. The assessment criteria in the Chairman's assessment of directors include intensity of participation at meetings, quality of interventions and special contribution.

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

As at the date of this report, the Board comprises 8 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 appointments over the preceding three years
Dr. Allan Yap	10 May 2002 / 24 April 2009	Executive Chairman	Executive Chairman of Intraco Limited Executive Chairman of Tat Seng Packaging Group Ltd Chairman, Executive Director of Hanny Holdings Limited Executive Director of Wing On Travel (Holdings) Limited Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Chairman and Director of MRI Holdings Limited Executive Director of See Corporation Limited	Vice Chairman and Director of China Strategic Holdings Limited Executive Director of Big Media Group Limited
Mr. Foo Der Rong	1 September 2002	Managing Director and Chief Executive Officer	Executive Director of Intraco Limited Executive Director of Tat Seng Packaging Group Ltd	Independent Director of Sino Techfibre Limited and China Farm Equipment Limited

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1.6 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 appointments over the preceding three years
Dr. John Chen Seow Phun	9 June 2003 / 25 April 2007	Deputy Chairman/ Non-Executive Director Member of Audit, Nominating and Remuneration Committee	Non-Executive Chairman and Independent Director of Matex International Limited Chairman and Independent Director of Fu Yu Corporation Limited Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd Independent Director of Thai Village Holdings Ltd, OKP Holdings Ltd, Hiap Seng Engineering Ltd, Hongguo International Holdings Limited and HLH Group Limited (previously known as PDC Corp Ltd)	Director of Intraco Limited
Mr. Chee Teck Kwong Patrick	1 August 1990 / 25 April 2007	Non-Executive/ Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Chairman and Independent Director of CSC Holdings Limited Independent Director of Ramba Energy Limited, Tat Seng Packaging Group Ltd, Singapore Windsor Holdings Ltd, Hengxin Technology Ltd, China Infrastructure Holdings Limited and Hai Leck Holdings Limited	
Mr. Tao Yeoh Chi	13 November 1997 / 25 April 2008	Non-Executive/ Independent Director Chairman of Remuneration Committee and Member of Audit Committee	Non-Executive Independent Director of Ban Joo & Company Ltd and China Eratat Sports Fashion Group	

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1.6 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 appointments over the preceding three years
Mr. Lien Kait Long	1 June 2005 / 24 April 2009	Non-Executive/ Independent Director Chairman of Nominating Committee and Member of Audit Committee	Director of China Enterprises Limited Independent Director of Tat Seng Packaging Group Ltd, 8Telecom International Holdings Co., Ltd, China Jishan Holdings Limited, Memstar Technology Ltd, MRI Holdings Limited, Ocean International Holdings Limited, Falcon Energy Group Limited, Youcan Foods International Limited, CMZ Holdings Ltd, Kian Ho Bearings Ltd. and Novena Holdings Limited	Director of China Strategic Holdings Limited and its subsidiaries Director of China Development Corporation Limited and its subsidiaries Director of Delong Holdings Limited
Mr. Chan Sek Nin Jackey	5 July 2007 / 25 April 2008	Non-Executive Director	Chief Operating Officer of Hanny Holdings Limited Non-Executive Independent Director of SMI Corporation Limited	
Mr. Teo Kee Bock	15 January 2008 / 25 April 2008	Executive Director	Chairman and Managing Director of Super Coffeemix Manufacturing Ltd Chairman and Director of Fuji Offset Plates Manufacturing Ltd	

Please also refer to the "Board of Directors" section of the annual report for information relating to the directors.

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1.6 Board Composition and Balance (cont'd)

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;
- to form a strong independent element on the Board, it 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. Article 87 of the Articles of Association of the Company states that one third of the directors shall retire from office by rotation with the exception of the director holding office as Managing Director.

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 taking into account the scope and nature of the Company's operations. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience to enable management to benefit from a diverse perspective of issues that are brought before the Board. The NC is of the view that the Board comprises directors capable of exercising objective judgment on the corporate affairs of the Company independently of management and that no individual or small group of individuals dominate the Board's decision-making process.

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 NC, 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. Candidates may be suggested by directors or management or sourced from external sources. The NC will interview the candidates and assess them based on objective criteria approved by the Board such as integrity, independent mindedness, possession of the relevant skills required or skills needed to complement the existing Board members, ability to commit the time and effort to carry out his responsibilities, good decision making track record, relevant experience and financial literacy. The NC will make a recommendation to the Board on the appointment. 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.

1.7 Independent Members of the Board of Directors

The Board has 3 independent directors, representing at least one-third of the Board: Mr. Chee Teck Kwong Patrick, Mr. Tao Yeoh Chi and Mr. Lien Kait Long. The criteria for independence are based on the definition given in the Code, which 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 with a view of the best interest of the Company. The independence of each director is reviewed annually by the NC.

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1.8 Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

There is a distinct separation of responsibilities between the Executive Chairman and the Chief Executive Officer ("CEO"), which ensures that there is a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making at the top of the Company. These posts are held by Dr. Allan Yap and Mr. Foo Der Rong respectively.

The Chairman leads the Board and is responsible for the effective working of the Board including:

- scheduling of meetings (with the assistance of the company secretary) to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- preparing the meeting agenda (in consultation with the CEO);
- ensuring that the Board meetings are held when necessary;
- facilitating contributions from the non-executive directors and encouraging constructive relationships between the directors;
- exercising control over the quality, quantity and timeliness of information flow to the Board and ensuring effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders; and
- encouraging high standards of corporate governance.

1.9 Board Membership

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

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 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 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. The NC Chairman is also a director who is not a substantial shareholder and is not directly associated ⁽¹⁾ with a substantial shareholder.

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1.9 Board Membership (cont'd)

The NC is regulated by its terms of reference and its key functions include:-

- reviewing the Board structure, size and composition;
- assessing nominees or candidates for appointment and election to the Board and the various Board committees overseeing the induction process for directors;
- assessing the effectiveness and contributions of the Board as a whole;
- assessing the contribution of each individual director to the effectiveness of the Board, in particular when a director has multiple board representations and having regard to the director's contribution and performance;
- reviewing the independence of the directors on an annual basis; and
- deciding a director is able to and has been adequately carrying out his duties as director of the Company based on internal guidelines such as attendance, contactability and responsiveness.

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.

The NC held 1 meeting during the financial year. The number of meetings attended by each member of the NC during the financial year is as follows:

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

Note:

- (1) Under the Code, a director would be considered to be "directly associated" to a substantial shareholder when the director is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder.

1.10 Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

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 uses an objective performance criteria to conduct Board assessments via the circulation of assessment forms to the directors for their evaluation of various Board issues and processes such as the Board structure, conduct of Board meetings, review of the Company's corporate strategy and planning, ensuring and reviewing the Company's risk management and internal control processes, review of the Company's performance, review of the Board's compensation evaluations and communication with the Company's shareholders. The results of the Board assessment are discussed by the NC and suggestions arising from the assessments are circulated to the Board for consideration of the appropriate measures to be taken.

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1.10 Board Performance (cont'd)

The individual directors' assessments implemented by the NC are based on the director's self assessment, the parameters of which include contribution and performance based on factors such as attendance, preparedness and participation. The evaluations are discussed by the NC and any appropriate action taken.

Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The financial indicators set out in the Code 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.

1.11 Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

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 circulated to all directors prior to the scheduled meetings so that members may better understand the issues beforehand, allowing for more time at such meetings for questions that members may have. The Board papers provided include background or explanatory information relating to matters to be brought before the Board. A presentation is made to the Directors at the Board meeting on budgets, forecasts and variances from the budget disclosed.

All directors have separate and independent access to the advice and services of the company secretary. At least one of the company secretaries attends the Board and Board Committee meetings and assists the Chairman of the Board and Board Committee meetings in ensuring that the relevant procedures are followed and that applicable rules and regulations are complied with as well as ensuring good information flow within the Board and its committees, between senior management and the non-executive directors, facilitating orientation and assisting with professional development as required. The appointment and removal of the company secretary is a matter which is approved by the Board.

The Board also has separate and independent access to the Company's senior management.

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

2 REMUNERATION MATTERS

2.1 Procedure for developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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.

The RC comprises solely of non-executive directors, the majority of whom, including the Chairman, is independent. The RC comprises 3 members – Mr. Tao Yeoh Chi (Chairman, and Independent Director), Mr. Chee Teck Kwong Patrick (Independent Director) and Dr. John Chen Seow Phun.

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2.1 Procedure for developing Remuneration Policies (cont'd)

The RC meets at least once each year and at other times as required. The RC held 1 meeting during the financial year. The number of meetings attended by each member during the financial year is as follows:

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

The RC is responsible for recommending to the Board a framework of remuneration for the directors and senior management which is submitted to the whole Board for endorsement. The RC reviews and approves recommendations on remuneration policies and packages for directors and senior management in the interests of improved corporate performance.

The RC's 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' fees, salaries, allowances, bonuses, options, profit sharing (where applicable) and benefits-in-kind.

In setting out the remuneration packages, the RC would take into consideration pay and employment conditions within the industry and in comparable companies. The remuneration packages should take into account the Company's relative performance and the performance of the individual directors / senior management.

The RC's recommendations are submitted to the entire Board. Each member of the RC shall abstain from voting on any resolution concerning his own remuneration.

The Directors' fees to be paid for any one year are submitted for shareholders' approval at the AGM.

2.2 Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The remuneration packages of the CEO and the executive directors are determined based on the framework recommended by the RC. In doing so, the RC reviews the length of the fixed appointment period, the notice period for termination and the terms of the compensation package in the event of the termination of any executive directors' contracts of service to ensure that the terms of such clauses are not onerous to the Company. The executive directors' framework of remuneration includes a fixed element as well as a variable element in the form of a bonus and a profit sharing incentive which is linked to the Company's performance.

All non-executive Directors are paid a Director's fee, with additional fees for serving as the chairman or member of a Board committee and attendance fees for Board and Board committee meetings. These fees are recommended by the RC and submitted to the Board for endorsement. The remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-executive directors should not be over-compensated to the extent that their independence may be compromised.

The Company has implemented the PSC Executives' Share Option Scheme 2003 ("ESOS") for the Company's executives, including its directors. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. Information on the ESOS is set out in the Directors' Report. The RC is responsible for reviewing, approving and administering the ESOS.

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2.3 Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The remuneration of the Directors from the Company for the financial year ended 31 December 2009 is as follows:

Directors	Base Salary	Bonus	Profit Sharing	Director Fees ⁽³⁾	Allowance ⁽¹⁾	Share Options ⁽⁴⁾	TOTAL
Range S\$250,000 and below							
Dr. John Chen Seow Phun	0.00%	0.00%	0.00%	68.20%	0.00%	31.80%	100%
Mr. Chee Teck Kwong Patrick	0.00%	0.00%	0.00%	74.31%	0.00%	25.69%	100%
Mr. Tao Yeoh Chi	0.00%	0.00%	0.00%	76.96%	0.00%	23.04%	100%
Mr. Lien Kait Long	0.00%	0.00%	0.00%	80.03%	0.00%	19.97%	100%
Mr. Chan Sek Nin Jackey	0.00%	0.00%	0.00%	68.76%	0.00%	31.24%	100%
Mr. Richard Lui Siu Tsuen (resigned on 9 January 2009)	100%	0.00%	0.00%	0.00%	0.00%	0.00%	100%
Mr. Teo Kee Bock	45.28%	26.04%	0.00%	0.00%	3.03%	25.65%	100%
Range S\$2,000,001 to S\$2,250,000							
Mr. Foo Der Rong	21.24%	5.26%	59.88%	0.65% ⁽²⁾	1.03%	11.94%	100%
Range S\$3,500,001 to S\$3,750,000							
Dr. Allan Yap	12.91%	3.15%	69.40%	0.00%	0.78%	13.76%	100%

Notes:

- (1) Employer's CPF contribution is included here.
- (2) Director Fees from the Group.
- (3) Fees are subject to the approval of the shareholders at the forthcoming AGM.
- (4) Share Options were granted on 22 January 2009 by the Company.

2.4 Remuneration of Employees Related to Directors

As at 31 December 2009, 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 2009:

Remuneration Band	Base Salary	Bonus	Profit Sharing	Director Fees	Allowances and other benefits ⁽¹⁾	Share Options ⁽²⁾	TOTAL
Range S\$500,000 and below	70.68%	17.67%	0.00%	2.43%	5.57%	3.65%	100%

Notes:

- (1) Employer's CPF contribution is included here.
- (2) Share Options were granted on 22 January 2009 by the Company.

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2.5 Remuneration of Top 5 Key Management Executives

Remuneration of the top 5 key management executives from the Company (who are not also directors) which falls within bands of S\$750,000 and below is set out as follows:

Key Management Executives	Base Salary	Bonus	Profit Sharing	Director Fees ⁽¹⁾	Allowance ⁽²⁾	Share Options ⁽⁴⁾	TOTAL
Range S\$500,001 to S\$750,000							
Tang Yick Chong	56.36%	15.65%	15.65%	4.78%	3.40%	4.16%	100%
Range S\$250,001 to S\$500,000							
Teo Wai Leng, Lena	55.42%	17.96%	16.68%	1.60%	4.70%	3.64%	100%
Foo Der Chyang, Desmond	70.68% ⁽³⁾	17.67%	0.00%	2.43%	5.57%	3.65%	100%
Wong Juan Meng	59.70%	16.59%	16.59%	0.00%	2.22%	4.90%	100%
Range S\$250,000 and below							
Wong Sook Cheng, Annie	68.66%	16.02%	3.58%	0.00%	7.94%	3.80%	100%

Notes:

- (1) Director Fees from the Group.
- (2) Employer's CPF contribution is included here.
- (3) Remuneration from a subsidiary.
- (4) Share Options were granted on 22 January 2009 by the Company.

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.

3 ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

In presenting the annual financial statements and quarterly announcements to shareholders as well as any price sensitive reports to the public, the Board aims to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

The Board is provided with an analysis of the management accounts at the quarterly Board meetings which presents a balanced and understandable assessment of the Company's performance, position and prospects.

3.1 Audit Committee

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authorities and duties.

The AC comprises 4 members, all of whom are non-executive directors and the majority of whom, including the Chairman, is independent. The AC's members are Mr. Chee Teck Kwong Patrick (Chairman, and Independent Director), Mr. Tao Yeoh Chi (Independent Director), Dr. John Chen Seow Phun and Mr. Lien Kait Long (Independent Director). At least 2 members have accounting or related financial management expertise or experience.

The AC's main objective is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, overseeing the external audit process, reviewing the financial information to be disclosed to the public and ensuring that arrangements are in place for the independent investigation and follow up of reports by staff of improprieties in financial reporting and other matters. To achieve this, the AC ensures that its members have the appropriate qualifications to provide independent, objective and effective oversight.

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3.1 Audit Committee (cont'd)

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

- (a) review the audit plans of the external and internal auditors;
- (b) review the external and internal auditors' reports;
- (c) review the co-operation given by the Company's officers to the external and internal auditors;
- (d) review the adequacy of the internal audit function;
- (e) evaluate 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) review the financial statements of the Company and the Group before their submission to the Board;
- (g) review 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) nominate external auditors for appointment or re-appointment and approve the remuneration and terms of engagement of the external auditor;
- (i) review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual issued by SGX-ST, and by such amendments made thereto from time to time; and
- (j) review interested person transactions (as defined in Chapter 9 of the Listing Manual issued by SGX-ST) to ensure that they are on normal commercial terms and arm's 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 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. 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. Based on the information provided to the AC, nothing has come to the AC's attention that the system of internal controls and risk management is inadequate.

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 has recommended the re-appointment of KPMG LLP as external auditors at the forthcoming AGM of the Company.

The amount of non-audit fees paid to the external auditors for the financial year ended 31 December 2009 was S\$73,700. 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.

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. SGX-ST has distributed the Guidebook to all members of the Board. Where appropriate, the AC will adopt relevant best practices set out in the Guidebook, which will be used as references to assist the AC in performing its functions.

Corporate Governance Statement

3.1 Audit Committee (cont'd)

The AC held 5 meetings during the financial year. The number of meetings attended by each member during the financial year is as follows:

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	4
Mr. Lien Kait Long	Non-executive / Independent	5

3.2 Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board 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.

Based on the discussions with the auditors and the management's responses to the auditors' recommendations for improvements to the Group's internal controls, the Board is satisfied that there are adequate internal controls to safeguard the assets and ensure the integrity of financial statements.

3.3 Whistle-Blowing Policy

The Group has adopted a constructive whistle-blowing policy and guideline in order to detect and deter any fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement, financial reports and records of the Company.

Demonstrating its pledge to good corporate governance, the Group provides an avenue for employees to bring their complaints responsibly to report any possible improprieties in matters of financial reporting or other matters that they may encounter to the AC or any other committees established by the AC for such purpose without fear of reprisal. The establishment of the whistle-blowing structure also augments the Group's ability to detect potential fraud, providing another level of comfort and assurance to investors.

Corporate Governance Statement

3.4 Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

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 functionally to the Chairman of the AC and administratively to the CEO. 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.

The AC has reviewed the annual internal audit plan FY2009 and is satisfied that the internal audit functions have been adequately carried out.

4 COMMUNICATION WITH OUR SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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.

Corporate Governance Statement

4 COMMUNICATION WITH OUR SHAREHOLDERS (cont'd)

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 Company's Articles allow a shareholder to appoint more than 2 proxies to attend a shareholder's meeting on his behalf. 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 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.

The Board also notes that there should be separate resolutions on each substantially separate issue that are to be tabled at the general meeting.

5 DEALINGS IN SECURITIES

The Company has adopted its own internal Code of Conduct to provide guidance to all officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with Rule 1207(18) of the Listing Manual 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 three quarters of the Company's financial results.

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

6 INTERESTED PERSON TRANSACTIONS

The Company is required to comply with the requisite rules under Chapter 9 of the Listing Manual issued by SGX-ST for interested person transactions. To ensure compliance with Chapter 9, the AC meets quarterly to review if the Company will be entering into an interested person transaction in order to ensure that the interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the shareholders. Save as disclosed in the audited financial statements of this Annual Report, there are no interested person transactions for the financial year ended 31 December 2009.

7 MATERIAL CONTRACTS

Save as disclosed in the audited financial statements of this Annual Report, there are no material contracts of the Company or its subsidiaries involving the interest of the CEO, directors or controlling shareholder subsisting at the end of the financial year ended 31 December 2009 or have been entered into since the end of the previous financial year.

8 RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as deliberate on appropriate measures to control and mitigate these risks. Management is accountable to the Board for ensuring the effectiveness of risk management and adherence to risk appetite limits.

On a day-to-day basis, business units have primary responsibility for risk management. The various business units provide the senior management with a timely assessment of key risk exposures and the associated management responses. These units also recommend risk appetite and control limits.

The significant risk management policies are as disclosed in the audited financial statements of this Annual Report.

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

Directors

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

Allan Yap
Foo Der Rong
Chee Teck Kwong Patrick
Tao Yeoh Chi
John Chen Seow Phun
Lien Kait Long
Chan Sek Nin Jackey
Teo Kee Bock

Directors' Interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares and share options in the Company and in related corporations (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 between 20/08/2004 and 19/08/2013	1,000,000	1,000,000
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	-	10,000,000
Foo Der Rong		
PSC Corporation Ltd		
- ordinary shares	876,750	876,750
- options to subscribe for ordinary shares between 20/08/2004 and 19/08/2013	800,000	800,000
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	-	5,000,000
Chee Teck Kwong Patrick		
PSC Corporation Ltd		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	-	800,000
Tao Yeoh Chi		
PSC Corporation Ltd		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	-	600,000

Directors' Report

Directors' Interests (cont'd)

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
John Chen Seow Phun		
PSC Corporation Ltd		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	-	1,000,000
Lien Kait Long		
PSC Corporation Ltd		
- ordinary shares	5,530	5,530
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	-	500,000
Chan Sek Nin Jackey		
PSC Corporation Ltd		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	-	500,000
Teo Kee Bock		
PSC Corporation Ltd		
- ordinary shares	633,900	633,900
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	-	1,000,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2010.

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 the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 26 and 37 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.

Directors' Report

Share options

The PSC Executives' Share Option Scheme (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 when the Scheme was first adopted on 8 July 2003. Pursuant to the EGM of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for options under the Scheme had been changed to 15% 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.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2009	Options granted	Options cancelled	Options outstanding at 31/12/2009	Number of option holders at 31/12/2009	Exercise period
20/08/2003	\$0.220	2,900,000	-	(440,000)	2,460,000	6	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	-	21,240,000	(210,000)	21,030,000	39	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	-	3,400,000	-	3,400,000	5	22/01/2010 – 21/01/2014
		2,900,000	24,640,000*	(650,000)	26,890,000		

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.

* The aggregate number of options granted on 22 January 2009 was 24,640,000.

Directors' Report

Share options (cont'd)

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

Name of director	Options granted for financial year ended 31 December 2009	Aggregate options granted since commencement of Scheme to 31 December 2009	Aggregate options expired since commencement of Scheme to 31 December 2009	Aggregate options outstanding as at 31 December 2009
Allan Yap	10,000,000	11,000,000	-	11,000,000
Foo Der Rong	5,000,000	5,800,000	-	5,800,000
Lien Kait Long	500,000	500,000	-	500,000
Chan Sek Nin Jackey	500,000	500,000	-	500,000
Teo Kee Bock	1,000,000	1,000,000	-	1,000,000
Chee Teck Kwong Patrick	800,000	1,000,000	200,000	800,000
Tao Yeoh Chi	600,000	800,000	200,000	600,000
John Chen Seow Phun	1,000,000	1,400,000	400,000	1,000,000
Total	19,400,000	22,000,000	800,000	21,200,000

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and 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.

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
- John Chen Seow Phun, non-executive director

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

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

Directors' Report

Audit Committee (cont'd)

The Audit Committee also reviewed the following:

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

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

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

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

On behalf of the Board of Directors

Allan Yap

Director

Foo Der Rong

Director

16 March 2010

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 25 to 93 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 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Allan Yap
Director

Foo Der Rong
Director

16 March 2010

Independent Auditors' Report

Members of the Company

PSC Corporation Ltd

We have audited the accompanying financial statements of PSC Corporation Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the income statement and statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 93.

Management's responsibility for the financial statements

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

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

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Independent Auditors' Report

Members of the Company

PSC Corporation Ltd

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

16 March 2010

Statements of Financial Position

As at 31 December 2009

		Group		Company	
	Note	2009 \$	2008 \$	2009 \$	2008 \$
Assets					
Property, plant and equipment	4	64,007,206	71,210,510	18,342,472	19,606,493
Intangible assets	5	1,182,227	11,491,952	-	-
Investment properties	6	1,829,299	1,875,750	-	-
Subsidiaries	7	-	-	46,218,053	47,718,055
Associates	8	38,822,856	43,702,249	21,039,559	33,604,290
Other financial assets	9	16,994,927	15,464,648	4,646,683	5,193,402
Deferred tax assets	10	699,834	337,033	-	-
Total non-current assets		123,536,349	144,082,142	90,246,767	106,122,240
Non-financial assets	11	269,000	274,500	45,000	45,000
Inventories	12	42,437,611	36,696,044	4,696,697	6,523,950
Trade and other receivables	14	110,114,454	86,027,987	80,552,215	48,424,446
Other financial assets	9	19,132,238	2,799,243	2,882,670	2,799,243
Cash and cash equivalents	17	85,151,504	97,575,469	53,149,558	56,274,695
Assets held for sale	18	29,559,768	-	-	-
Total current assets		286,664,575	223,373,243	141,326,140	114,067,334
Total assets		410,200,924	367,455,385	231,572,907	220,189,574
Equity					
Share capital	19	199,784,331	200,276,383	199,784,331	200,276,383
Reserves	19	77,198,037	55,955,331	10,631,956	480,277
		276,982,368	256,231,714	210,416,287	200,756,660
Minority interests		34,268,122	29,470,386	-	-
Total equity		311,250,490	285,702,100	210,416,287	200,756,660
Liabilities					
Loans and borrowings	20	96,704	1,234,406	-	-
Deferred income	23	114,192	142,127	-	-
Deferred tax liabilities	10	3,259,673	3,856,034	264,970	292,435
Total non-current liabilities		3,470,569	5,232,567	264,970	292,435
Trade and other payables	24	51,140,845	54,061,034	20,891,650	19,140,479
Loans and borrowings	20	29,120,538	20,974,508	-	-
Deferred income	23	14,819	9,894	-	-
Current tax payable		2,029,845	1,475,282	-	-
Liabilities held for sale	18	13,173,818	-	-	-
Total current liabilities		95,479,865	76,520,718	20,891,650	19,140,479
Total liabilities		98,950,434	81,753,285	21,156,620	19,432,914
Total equity and liabilities		410,200,924	367,455,385	231,572,907	220,189,574

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

Consolidated Income Statement

Year ended 31 December 2009

	Note	2009 \$	2008 \$
Revenue	25	331,224,767	303,234,727
Cost of sales		(244,021,476)	(229,533,300)
Gross profit		87,203,291	73,701,427
Other operating income		5,969,255	3,470,311
Distribution expenses		(39,137,326)	(35,310,755)
Administrative expenses		(33,966,644)	(31,908,082)
Other operating expenses		(1,105,425)	(1,919,631)
Results from operating activities		18,963,151	8,033,270
Finance income		6,377,935	1,731,307
Finance expense		(2,360,202)	(4,852,107)
Net finance income/(expense)	27	4,017,733	(3,120,800)
Share of profit of associates (net of income tax)		1,885,508	1,815,178
Profit before income tax		24,866,392	6,727,648
Income tax expense	28	(4,553,871)	(1,357,482)
Profit for the year	26	20,312,521	5,370,166
Profit attributable to:			
Owners of the Company		15,643,006	3,465,816
Minority interests		4,669,515	1,904,350
Profit for the year		20,312,521	5,370,166
Earnings per share			
Basic earnings per share (cents)	29	2.84	0.62
Diluted earnings per share (cents)	29	2.82	0.62

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2009

	2009 \$	2008 \$
Profit for the year	20,312,521	5,370,166
Other comprehensive income		
Translation differences relating to financial statements of foreign subsidiaries and associates	4,885,697	(3,619,347)
Net change in fair value of available-for-sale financial assets	1,793,420	(4,998,787)
Net change in fair value of available-for-sale financial assets transferred to income statement on disposal	(657,394)	847,891
Impairment loss on available-for-sale financial assets	1,578,095	3,769,682
Share of other reserve movement of an associate	(22,884)	6,500
Other comprehensive income for the year, net of income tax	<u>7,576,934</u>	<u>(3,994,061)</u>
Total comprehensive income for the year	<u>27,889,455</u>	<u>1,376,105</u>
Attributable to:		
Owners of the Company	21,850,997	(670,423)
Minority interests	6,038,458	2,046,528
Total comprehensive income for the year	<u>27,889,455</u>	<u>1,376,105</u>

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

Group	Issued capital \$	Treasury shares \$	Share capital \$
At 1 January 2008	202,363,853	-	202,363,853
Total comprehensive income for the year			
Profit or loss	-	-	-
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries and associates	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-
Net change in fair value of available-for-sale financial assets transferred to income statement on disposal	-	-	-
Impairment loss on available-for-sale financial assets	-	-	-
Share of other reserve movement of an associate	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Appropriation of accumulated profits to other capital reserve	-	-	-
Purchase of treasury shares	-	(2,087,470)	(2,087,470)
Dividend paid	-	-	-
Total contributions by and distributions to owners	-	(2,087,470)	(2,087,470)
Changes in ownership interests in subsidiaries that do not result in loss of control			
Issue of shares by a subsidiary	-	-	-
Total changes in ownership interests	-	-	-
Total transactions with owners	-	(2,087,470)	(2,087,470)
At 31 December 2008	202,363,853	(2,087,470)	200,276,383

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

Other capital reserve \$	Fair value reserve \$	Translation reserve \$	Accumulated profits \$	Total \$	Minority interest \$	Total equity \$
2,909,709	(569,975)	(3,391,233)	60,482,890	261,795,244	26,972,234	288,767,478
-	-	-	3,465,816	3,465,816	1,904,350	5,370,166
-	-	(3,693,040)	-	(3,693,040)	73,693	(3,619,347)
-	(4,761,568)	-	-	(4,761,568)	(237,219)	(4,998,787)
-	847,891	-	-	847,891	-	847,891
-	3,463,978	-	-	3,463,978	305,704	3,769,682
6,500	-	-	-	6,500	-	6,500
6,500	(449,699)	(3,693,040)	3,465,816	(670,423)	2,046,528	1,376,105
225,192	-	-	(225,192)	-	-	-
-	-	-	-	(2,087,470)	-	(2,087,470)
-	-	-	(2,805,637)	(2,805,637)	(38,376)	(2,844,013)
225,192	-	-	(3,030,829)	(4,893,107)	(38,376)	(4,931,483)
-	-	-	-	-	490,000	490,000
-	-	-	-	-	490,000	490,000
225,192	-	-	(3,030,829)	(4,893,107)	451,624	(4,441,483)
3,141,401	(1,019,674)	(7,084,273)	60,917,877	256,231,714	29,470,386	285,702,100

Consolidated Statement of Changes in Equity

Year ended 31 December 2009

Group	Issued capital \$	Treasury shares \$	Share capital \$
At 1 January 2009	202,363,853	(2,087,470)	200,276,383
Total comprehensive income for the year			
Profit or loss	-	-	-
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries and associates	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-
Net change in fair value of available-for-sale financial assets transferred to income statement on disposal	-	-	-
Impairment loss on available-for-sale financial assets	-	-	-
Share of other reserve movement of an associate	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Appropriation of accumulated profits to other capital reserve	-	-	-
Purchase of treasury shares	-	(492,052)	(492,052)
Dividend paid	-	-	-
Share-based payment transactions	-	-	-
Total contributions by and distributions to owners	-	(492,052)	(492,052)
Changes in ownership interests in subsidiaries that do not result in loss of control			
Acquisition of a subsidiary	-	-	-
Acquisitions of minority interest	-	-	-
Total changes in ownership interests	-	-	-
Total transactions with owners	-	(492,052)	(492,052)
At 31 December 2009	202,363,853	(2,579,522)	199,784,331

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

Other capital reserve \$	Fair value reserve \$	Translation reserve \$	Accumulated profits \$	Total \$	Minority interest \$	Total equity \$
3,141,401	(1,019,674)	(7,084,273)	60,917,877	256,231,714	29,470,386	285,702,100
-	-	-	15,643,006	15,643,006	4,669,515	20,312,521
-	-	3,562,879	-	3,562,879	1,322,818	4,885,697
-	1,747,295	-	-	1,747,295	46,125	1,793,420
-	(657,394)	-	-	(657,394)	-	(657,394)
-	1,578,095	-	-	1,578,095	-	1,578,095
(22,884)	-	-	-	(22,884)	-	(22,884)
(22,884)	2,667,996	3,562,879	15,643,006	21,850,997	6,038,458	27,889,455
468,863	-	-	(468,863)	-	-	-
-	-	-	-	(492,052)	-	(492,052)
-	-	-	-	-	(605,086)	(605,086)
1,075,585	-	-	-	1,075,585	-	1,075,585
1,544,448	-	-	(468,863)	583,533	(605,086)	(21,553)
-	-	-	-	-	232,040	232,040
(1,683,876)	-	-	-	(1,683,876)	(867,676)	(2,551,552)
(1,683,876)	-	-	-	(1,683,876)	(635,636)	(2,319,512)
(139,428)	-	-	(468,863)	(1,100,343)	(1,240,722)	(2,341,065)
2,979,089	1,648,322	(3,521,394)	76,092,020	276,982,368	34,268,122	311,250,490

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Note	2009 \$	2008 \$
Operating activities			
Profit for the year		20,312,521	5,370,166
Adjustments for:			
Income tax expense		4,553,871	1,357,482
Amortisation of intangible assets		8,143,459	7,651,117
Amortisation of deferred income		(20,142)	(4,064)
Bad debts recovered		(8,502)	(96,606)
Bad debts written off		31,139	328,734
Deferred expenditure written off		3,815	96,956
Depreciation of investment properties		27,260	28,039
Depreciation of property, plant and equipment		6,602,497	6,908,873
Impairment loss on non-financial assets		5,500	48,312
Impairment loss on amounts due from associates		264,631	2,200,560
Inventories written off		346,327	257,293
Negative goodwill arising from acquisition of an associate		-	(203,855)
(Gain)/loss on disposal of interest in associates		(1,502,600)	320,826
Gain on disposal of property, plant and equipment		(1,513)	(19,455)
Property, plant and equipment impaired and written off		306,788	77,279
Share-based payment transactions		1,075,585	-
Share of profit of associates (net of income tax)		(1,885,508)	(1,815,178)
Net finance (income)/expense		(4,017,733)	3,120,800
		<u>34,237,395</u>	<u>25,627,279</u>
Changes in working capital:			
Inventories		(7,670,268)	(1,529,231)
Trade and other receivables		(20,012,452)	(5,027,902)
Trade and other payables		4,929,335	5,174,219
Cash generated from operations		<u>11,484,010</u>	<u>24,244,365</u>
Income taxes paid		(2,488,942)	(3,738,916)
Cash flows from operating activities		<u>8,995,068</u>	<u>20,505,449</u>

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

Consolidated Cash Flow Statement

Year ended 31 December 2009

	Note	2009 \$	2008 \$
Investing activities			
Interest received		730,914	1,464,335
Dividends received		856,036	4,400,523
Purchase of property, plant and equipment		(3,317,259)	(4,879,759)
Purchase of intangible assets		(9,470,320)	(8,563,570)
Acquisition of subsidiary, net of cash acquired	31	(998,230)	(6,641,248)
Acquisitions of minority interest	31	(2,551,552)	-
Loan to an associate		-	(6,466,932)
Investment in an associate		-	(4,739,111)
Purchase of held-to-maturity investment		(15,544,000)	(11,489,293)
Proceeds from sale of:			
- associate		1,563,740	519,106
- property, plant and equipment		218,137	1,359,723
- quoted available-for-sale equity securities		-	13,200
Deferred proceeds from disposal of a subsidiary		-	4,905,000
Cash flows from investing activities		(28,512,534)	(30,118,026)
Financing activities			
Interest paid		(1,108,995)	(1,012,525)
Payment of finance lease liabilities		(337,891)	(311,904)
(Increase)/decrease in pledged deposits		(314,943)	2,590,803
Proceeds from borrowings		50,886,762	38,273,300
Repayment of borrowings		(38,723,906)	(45,497,136)
Purchase of treasury shares		(492,052)	(2,087,470)
Dividends paid		(605,086)	(2,844,013)
Cash flows from financing activities		9,303,889	(10,888,945)
Net decrease in cash and cash equivalents		(10,213,577)	(20,501,522)
Cash and cash equivalents at beginning of the year		94,171,170	114,518,058
Effect of exchange rate fluctuations on cash held		(311,077)	154,634
Cash classified as part of assets held for sale		(2,292,703)	-
Cash and cash equivalents at end of the year	17	81,353,813	94,171,170

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2010.

1. Domicile and activities

PSC Corporation Ltd (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 348 Jalan Boon Lay, Singapore 619529.

The financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

The Company is primarily involved in the supply of provisions and household consumer products. The Company also provides management services to its subsidiaries. The principal activities of the subsidiaries are set out in note 7 to the financial statements.

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. Assets and liabilities held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

(c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Notes 4 and 5 – assumptions on recoverable amounts relating to property, plant and equipment and goodwill
- Note 3(g) – classification of leases
- Notes 3(i) and 9 – impairment of available-for-sale equity investments

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 10 – utilisation of tax losses
- Note 31 – valuation of assets, liabilities and contingent liabilities acquired in a business combination
- Note 32 – valuation of financial instruments and employees share options

Notes to the Financial Statements

2. Basis of preparation (cont'd)

(e) Changes in accounting policies

(i) Overview

Starting as of 1 January 2009, on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements

(ii) Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors of the Company, which is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 108 *Operating Segments*. Previously operating segments were determined and presented in accordance with FRS 14 *Segment Reporting*. In addition, the Group has voluntarily, ahead of the required adoption date, adopted the Amendment to the FRS 108 *Operating Segments*. The Amendment to FRS 108 states that the total assets for each reportable segment are disclosed only if such amounts are regularly provided to the chief operating decision maker. As segment assets are not reported to the Board of Directors, the total assets for each reportable segment are not presented with the early adoption of the Amendment to FRS 108. The new accounting policy in respect of operating segment disclosures is presented as follows.

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

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly revenue and expenses relating to corporate assets and liabilities, and income tax expense.

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

(iii) Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

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

Notes to the Financial Statements

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Business combinations

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

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

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

(iii) Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income, expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iv) Acquisitions of minority interest

Acquisitions of minority interest are accounted for as equity transactions. Any difference between the amount by which the minority interests are adjusted and the consideration paid is recognised directly in equity.

(v) Transactions eliminated on consolidation

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

(vi) Accounting for subsidiaries and associates

Investments in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group has the following non-derivative financial assets: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

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

Loans and receivables comprise trade and other receivables.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (see note 3(i)(i)) and foreign currency differences on available-for-sale monetary items (see note 3(b)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities (cont'd)

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

(iii) Share capital

Ordinary shares

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

Repurchase of share capital (treasury shares)

Where share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. Where treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from accumulated profits.

(iv) Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in the income statement.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

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

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

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

The estimated useful lives for the current and comparative periods are as follows:

• freehold buildings	50 years
• leasehold buildings	Remaining lease periods of 38 to 50 years
• leasehold improvements	Remaining lease periods of 37 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 13 $\frac{1}{3}$ 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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Intangible assets

(i) Goodwill

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

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

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. Negative goodwill is recognised immediately in the income statement.

(ii) Trademarks

Trademarks are amortised and recognised in the income statement as an expense on a straight-line basis over their useful lives of 3 to 10 years. Amortisation commences from the date the trademarks are available for use.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(e) Intangible assets (cont'd)

(iii) Development costs

The development costs incurred in the development of video programmes, comprising the 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 programmes are available for sale.

Film rights acquired are stated at cost less accumulated amortisation and impairment losses. The costs of film rights are amortised at a rate of 70% in the first year, 20% to 30% in the second year and 0% to 10% in the third year. Amortisation commences when the films are available for sale.

(iv) 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 1 to 10 years. Licences paid to third parties that are contingent on sales revenue are capitalised and amortised at a rate of 70% in the first year and 30% in the second year. Amortisation commences when the royalties and licences are available for use.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the income statement as incurred.

(vi) Amortisation

Amortisation methods, useful lives and residual values of development costs, and royalties and licences are reviewed at each financial year-end and adjusted if appropriate.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation. The freehold land component of the investment properties is not depreciated. The freehold building component is depreciated on a straight-line basis over 50 years.

(g) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment properties, the leased assets are not recognised in the Group's statement of financial position. Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(h) 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 selling expenses. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

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 manufacturing overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3(m)(ii)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract work-in-progress is presented as part of inventories in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

(i) Impairment

(i) Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(i) Financial assets (including receivables) (cont'd)

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to the income statement. The cumulative loss that is removed from other comprehensive income and recognised in the income statement is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in the income statement. Changes in impairment attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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

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

(j) Assets and liabilities held for sale

Disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

(k) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

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

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

(l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(m) Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in the income statement in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

(iii) Healthcare consultancy

Revenue arising from healthcare consultancy is recognised in the income statement when the relevant services are rendered.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(n) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in the income statement as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are set off against staff costs upon receipt.

(o) Lease payments

When entities within the Group are lessees of a finance lease

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

When entities within the Group are lessees of an operating lease

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

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and property, plant and equipment, and are accounted for as described in notes 3(d) and 3(f). Rental income is recognised on a straight-line basis over the lease term.

(p) Finance income and finance expense

Finance income comprises interest income on funds invested (including held-to-maturity investments and fixed deposits), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the income statement, using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises interest expense on borrowings and impairment losses recognised on available-for-sale financial assets.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(q) Income tax

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

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

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

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

(r) Earnings per share

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

(s) Segment reporting

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

(t) New standards and interpretations not yet adopted

Except as disclosed in note 2(e)(ii), new standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these are expected to have a significant impact on the financial statements of the Group.

Notes to the Financial Statements

4. Property, plant and equipment

Group	Note	Freehold land \$	Freehold buildings \$	Leasehold buildings \$
Cost				
At 1 January 2008		3,214,204	3,866,482	29,664,962
Additions		-	-	39,595
Disposals		-	-	-
Reclassification		-	-	1,987,785
Write-offs		-	-	-
Assets acquired in business combination	31	-	-	-
Effect of movements in exchange rates		(169,579)	(59,889)	1,272,952
At 31 December 2008		3,044,625	3,806,593	32,965,294
At 1 January 2009		3,044,625	3,806,593	32,965,294
Additions		-	-	145,153
Disposals		-	-	-
Reclassification		-	-	-
Write-offs		-	-	(3,448)
Assets acquired in business combination	31	-	-	-
Effect of movements in exchange rates		(34,463)	(12,171)	(1,292,407)
Transfer to assets held for sale	18	-	-	(1,771,875)
At 31 December 2009		3,010,162	3,794,422	30,042,717
Accumulated depreciation and impairment losses				
At 1 January 2008		564,936	2,892,439	5,891,005
Depreciation charge for the year		-	20,834	1,145,912
Reclassification		-	-	-
Disposals		-	-	-
Write-offs		-	-	-
Effect of movements in exchange rates		(27,305)	(13,307)	121,224
At 31 December 2008		537,631	2,899,966	7,158,141
At 1 January 2009		537,631	2,899,966	7,158,141
Depreciation charge for the year		-	20,254	516,125
Disposals		-	-	-
Impairment loss		-	-	-
Write-offs		-	-	(621)
Effect of movements in exchange rates		(5,549)	(2,939)	(121,537)
Transfer to assets held for sale	18	-	-	(221,331)
At 31 December 2009		532,082	2,917,281	7,330,777
Carrying amounts				
At 1 January 2008		2,649,268	974,043	23,773,957
At 31 December 2008		2,506,994	906,627	25,807,153
At 31 December 2009		2,478,080	877,141	22,711,940

Notes to the Financial Statements

Leasehold improvements	Renovations	Furniture, fittings and office equipment	Warehouse equipment	Motor vehicles	Plant and machinery	Computers	Total
\$	\$	\$	\$	\$	\$	\$	\$
9,685,194	7,429,995	4,256,050	1,948,555	7,025,459	53,402,360	2,468,839	122,962,100
28,826	861,545	656,888	48,225	1,847,124	2,552,611	177,917	6,212,731
-	-	(66,416)	(1,100)	(1,666,588)	(1,075,533)	(15,516)	(2,825,153)
-	-	1,504,299	(945,576)	-	(1,840,725)	(705,783)	-
-	(154,690)	(206,428)	(1,570)	-	(93,419)	(30,794)	(486,901)
-	21,185	606,130	-	16,553	2,691,000	-	3,334,868
-	(15,675)	(51,965)	1,581	(36,506)	1,423,694	(21,133)	2,343,480
9,714,020	8,142,360	6,698,558	1,050,115	7,186,042	57,059,988	1,873,530	131,541,125
9,714,020	8,142,360	6,698,558	1,050,115	7,186,042	57,059,988	1,873,530	131,541,125
-	228,595	812,951	173,754	438,421	1,551,967	193,655	3,544,496
-	(11,220)	(32,321)	-	(591,461)	(20,615)	(856)	(656,473)
-	-	4,543	-	-	(4,543)	-	-
-	-	(244,619)	(1,900)	-	(932,606)	(67,020)	(1,249,593)
-	-	57,149	-	254,491	268,849	-	580,489
-	(3,539)	(32,188)	-	(24,910)	(1,066,885)	(4,402)	(2,470,965)
-	(501,803)	(1,283,773)	(305,164)	(535,527)	-	-	(4,398,142)
9,714,020	7,854,393	5,980,300	916,805	6,727,056	56,856,155	1,994,907	126,890,937
1,901,032	2,130,390	2,594,162	1,362,382	3,180,280	32,601,027	1,598,432	54,716,085
265,171	805,702	571,213	66,936	855,334	2,931,327	246,444	6,908,873
-	-	1,208,748	(770,064)	-	89,491	(528,175)	-
-	-	(37,149)	(504)	(1,193,467)	(250,326)	(3,439)	(1,484,885)
-	(115,858)	(175,005)	(1,570)	-	(87,267)	(29,922)	(409,622)
-	(9,398)	(36,881)	687	(14,499)	598,455	(18,812)	600,164
2,166,203	2,810,836	4,125,088	657,867	2,827,648	35,882,707	1,264,528	60,330,615
2,166,203	2,810,836	4,125,088	657,867	2,827,648	35,882,707	1,264,528	60,330,615
267,573	816,872	627,897	91,280	874,561	3,184,856	203,079	6,602,497
-	(4,797)	(23,410)	-	(397,397)	(13,389)	(856)	(439,849)
-	-	-	-	-	166,451	-	166,451
-	-	(204,871)	(665)	-	(836,526)	(66,573)	(1,109,256)
-	(2,127)	(20,379)	-	(9,292)	(768,304)	(3,961)	(934,088)
-	(360,471)	(676,003)	(275,705)	(199,129)	-	-	(1,732,639)
2,433,776	3,260,313	3,828,322	472,777	3,096,391	37,615,795	1,396,217	62,883,731
7,784,162	5,299,605	1,661,888	586,173	3,845,179	20,801,333	870,407	68,246,015
7,547,817	5,331,524	2,573,470	392,248	4,358,394	21,177,281	609,002	71,210,510
7,280,244	4,594,080	2,151,978	444,028	3,630,665	19,240,360	598,690	64,007,206

Notes to the Financial Statements

4. Property, plant and equipment (cont'd)

Company	Leasehold building \$	Leasehold improvements \$	Renovations \$
Cost			
At 1 January 2008	8,517,028	9,685,194	6,262,558
Additions	-	28,826	476,011
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2008	8,517,028	9,714,020	6,738,569
At 1 January 2009	8,517,028	9,714,020	6,738,569
Additions	-	-	220,327
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2009	8,517,028	9,714,020	6,958,896
Accumulated depreciation			
At 1 January 2008	4,028,318	1,901,032	1,228,465
Depreciation charge for the year	224,435	265,171	673,911
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2008	4,252,753	2,166,203	1,902,376
At 1 January 2009	4,252,753	2,166,203	1,902,376
Depreciation charge for the year	224,435	267,573	692,414
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2009	4,477,188	2,433,776	2,594,790
Carrying amounts			
At 1 January 2008	4,488,710	7,784,162	5,034,093
At 31 December 2008	4,264,275	7,547,817	4,836,193
At 31 December 2009	4,039,840	7,280,244	4,364,106

Notes to the Financial Statements

Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
1,077,675	414,172	2,129,757	363,579	1,065,993	29,515,956
2,348	18,700	729,018	-	132,032	1,386,935
(4,639)	(1,100)	(608,320)	(7,500)	(9,000)	(630,559)
(437)	-	-	-	(11,375)	(11,812)
1,074,947	431,772	2,250,455	356,079	1,177,650	30,260,520
1,074,947	431,772	2,250,455	356,079	1,177,650	30,260,520
834	134,954	-	-	149,265	505,380
(249)	-	(71,608)	(16,950)	(856)	(89,663)
(990)	(1,900)	-	(900)	(43,019)	(46,809)
1,074,542	564,826	2,178,847	338,229	1,283,040	30,629,428
444,949	150,991	856,907	145,188	528,118	9,283,968
95,002	37,146	217,897	34,466	164,710	1,712,738
(2,418)	(504)	(321,495)	(7,500)	-	(331,917)
(255)	-	-	-	(10,507)	(10,762)
537,278	187,633	753,309	172,154	682,321	10,654,027
537,278	187,633	753,309	172,154	682,321	10,654,027
92,391	58,871	219,962	33,685	142,543	1,731,874
(89)	-	(43,217)	(9,724)	(856)	(53,886)
(989)	(665)	-	(405)	(43,000)	(45,059)
628,591	245,839	930,054	195,710	781,008	12,286,956
632,726	263,181	1,272,850	218,391	537,875	20,231,988
537,669	244,139	1,497,146	183,925	495,329	19,606,493
445,951	318,987	1,248,793	142,519	502,032	18,342,472

Notes to the Financial Statements

4. Property, plant and equipment (cont'd)

Included in property, plant and equipment of the Group are assets with carrying amount of \$1,022,174 (2008: \$1,208,044), which are under finance leases.

During the year ended 31 December 2009, the Group acquired property, plant and equipment with an aggregate cost of \$3,544,496 (2008: \$6,212,731), of which \$79,014 (2008: \$986,100) was under finance leases. Cash payments of \$3,317,259 (2008: \$4,879,759) were made to purchase the property, plant and equipment.

The following property, plant and equipment are pledged as security for secured bank loans and credit facilities (note 20):

	Group	
	2009	2008
	\$	\$
Carrying amounts		
Leasehold buildings	16,445,740	18,514,112
Plant and machinery	8,565,715	11,717,802
	<u>25,011,455</u>	<u>30,231,914</u>

During the year, a subsidiary assessed the recoverable amount of its installation-in-progress as it has not been put into production since they were assembled. Arising therefrom, an impairment loss of \$166,451 was recognised on the installation-in-progress included in plant and machinery, which related to the packaging segment. The recoverable amount was estimated using the fair value less costs to sell approach. The impairment loss was recognised in other operating expenses in the income statement.

5. Intangible assets

	Note	Goodwill on consolidation	Trademarks	Development costs	Royalties	Licences	Total
		\$	\$	\$	\$	\$	\$
Group							
Cost							
At 1 January 2008		1,715,965	363,050	1,939,438	1,104,863	10,857,226	15,980,542
Acquisitions through business combination	31	931,946	-	214,356	-	830,185	1,976,487
Additions		-	-	932,898	113,415	8,764,098	9,810,411
Reclassification		-	-	5,528	384,540	(390,068)	-
Write-offs		(8,869)	-	(37,415)	-	-	(46,284)
Disposal		-	-	-	-	(1,861,000)	(1,861,000)
Effect of movements in exchange rates		(229)	-	(2,156)	18	(28,988)	(31,355)
At 31 December 2008		<u>2,638,813</u>	<u>363,050</u>	<u>3,052,649</u>	<u>1,602,836</u>	<u>18,171,453</u>	<u>25,828,801</u>
At 1 January 2009		2,638,813	363,050	3,052,649	1,602,836	18,171,453	25,828,801
Acquisitions through business combination	31	547,355	-	-	-	-	547,355
Additions		-	-	239,067	79,453	10,678,643	10,997,163
Reclassification		-	-	(20,026)	(384,539)	404,565	-
Write-offs		-	-	(4,800)	-	(2,078,211)	(2,083,011)
Effect of movements in exchange rates		19,011	-	(5,091)	(222)	(36,698)	(23,000)
Transfer to assets held for sale	18	(2,022,952)	-	(3,261,799)	(1,297,528)	(27,139,752)	(33,722,031)
At 31 December 2009		<u>1,182,227</u>	<u>363,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,545,277</u>

Notes to the Financial Statements

5. Intangible assets (cont'd)

	Note	Goodwill on consolidation \$	Trademarks \$	Development costs \$	Royalties \$	Licences \$	Total \$
Group							
Accumulated amortisation							
At 1 January 2008		-	363,050	1,147,382	1,037,571	6,021,496	8,569,499
Amortisation for the year		-	-	337,638	47,212	7,266,267	7,651,117
Reclassification		-	-	5,528	180,738	(186,266)	-
Disposal		-	-	-	-	(1,861,000)	(1,861,000)
Effect of movements in exchange rates		-	-	(1,345)	18	(21,440)	(22,767)
At 31 December 2008		-	363,050	1,489,203	1,265,539	11,219,057	14,336,849
At 1 January 2009		-	363,050	1,489,203	1,265,539	11,219,057	14,336,849
Amortisation for the year		-	-	361,753	61,331	7,720,375	8,143,459
Reclassification		-	-	-	(180,738)	180,738	-
Write-offs		-	-	-	-	(2,078,211)	(2,078,211)
Effect of movements in exchange rates		-	-	(2,861)	(221)	(33,383)	(36,465)
Transfer to assets held for sale	18	-	-	(1,848,095)	(1,145,911)	(17,008,576)	(20,002,582)
At 31 December 2009		-	363,050	-	-	-	363,050
Carrying amounts							
At 1 January 2008		1,715,965	-	792,056	67,292	4,835,730	7,411,043
At 31 December 2008		2,638,813	-	1,563,446	337,297	6,952,396	11,491,952
At 31 December 2009		1,182,227	-	-	-	-	1,182,227

Amortisation of intangible assets for the financial year is included in the following line items of the income statement:

	Group	
	2009 \$	2008 \$
Cost of sales	2,131,395	2,023,308
Distribution expenses	6,012,064	5,627,809
	<u>8,143,459</u>	<u>7,651,117</u>

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments as reported in note 30.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2009 \$	2008 \$
Media	-	2,022,952
Packaging	<u>1,182,227</u>	<u>615,861</u>

Notes to the Financial Statements

5. Intangible assets (cont'd)

The media and packaging businesses operate largely in Singapore and China respectively. The goodwill relating to the media business was transferred to assets held for sale in the current financial year.

The recoverable amounts of the cash generating units are based on their value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. The cash flow projections were based on the financial budget approved by the Group's management covering a five-year period for the packaging unit for both 2009 and 2008, and a three-year period for the media unit for 2008. The key assumptions used are as follows:

	Gross margin %	Growth rate %	Discount rate %
2009			
Packaging	14 to 26	3 to 6	7 to 10
2008			
Media	48	2	8
Packaging	11	3	6 to 10

Management determined the key assumptions based on past performance and its expectations of market developments, and the specific risks relating to the units.

6. Investment properties

	\$
Group	
Cost	
At 1 January 2008	2,026,144
Effect of movements in exchange rates	(97,929)
At 31 December 2008	1,928,215
Effect of movements in exchange rates	(19,902)
At 31 December 2009	1,908,313
Accumulated depreciation	
At 1 January 2008	26,366
Depreciation charge for the year	28,039
Effect of movements in exchange rates	(1,940)
At 31 December 2008	52,465
Depreciation charge for the year	27,260
Effect of movements in exchange rates	(711)
At 31 December 2009	79,014
Carrying amounts	
At 1 January 2008	1,999,778
At 31 December 2008	1,875,750
At 31 December 2009	1,829,299
Fair value amounts	
At 31 December 2008	2,622,132
At 31 December 2009	2,299,313

Notes to the Financial Statements

6. Investment properties (cont'd)

Included in investment properties are a number of resort apartments that are leased to the developer for a guaranteed rental period of 3 years with an option to renew for an additional 3 years, and a property held for development.

The fair values of the investment properties in 2009 are based on valuations performed by independent professional valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The valuations of the investment properties as at 31 December 2009 were based on the comparison and depreciated replacement cost method, where appropriate. In relying on the valuation reports, the directors have exercised their judgement and are satisfied that the valuation methods and estimates used are reflective of the current market conditions.

In 2008, the valuations of investment properties with a total carrying value of \$1,316,362 were based on the latest transacted price of those properties. The valuation of the remaining investment properties with a carrying value of \$559,388 was based on directors' valuation as at 31 December 2008.

7. Subsidiaries

	Company	
	2009	2008
	\$	\$
Equity investments at cost	47,718,053	47,718,055
Impairment losses	(1,500,000)	(1,500,000)
	46,218,053	46,218,055
Loan to a subsidiary	-	1,500,000
	46,218,053	47,718,055

The loan to a subsidiary was unsecured and bore interest at 4% per annum. The Company's exposure to credit risk on the loan for a subsidiary is disclosed in note 21.

Details of key subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2009	2008
			%	%
@ Topseller Pte Ltd	Marketing and sale of agency lines and proprietary brands	Singapore	100	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

Notes to the Financial Statements

7. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2009 %	2008 %
[^] 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.	Dormant	Malaysia	100	100
[^] Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@ PSC Investment Pte Ltd	Investment holding	Singapore	100	100
@ Fortune Food Manufacturing Pte Ltd and its subsidiary:	Manufacture of soya bean products and noodles	Singapore	100	100
@ Fortune Food Marketing Pte Ltd	Sale of soya bean products, yoghurt, noodles, and dry grocery products	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 subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	64
# Tat Seng Packaging (Suzhou) Co., Ltd. and its subsidiaries:	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	64	64
# Nantong Hengcheng Paper Industry Co., Ltd and its subsidiary:	Manufacture and sale of corrugated boards	People's Republic of China	44.8	-
# Nantong Tat Seng Packaging Co., Ltd	Manufacture and sale of corrugated boards	People's Republic of China	44.8	-
# Hefei Dansun Packaging Co., Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	51.2	51.2

Notes to the Financial Statements

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2009 %	2008 %
∞	United Packaging Industries Pte. Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	Singapore	64	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
@	Health Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	95
@	Health Solutions Holdings Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	95	89.7
√	Halyway Holding Ltd and its subsidiary:	Investment holding	Cyprus	95	-
√	HS Hellas S.A	Provision of hospital management and health support services	Greece	95	-
Ω	Health Solutions (Malaysia) Sdn. Bhd. and its subsidiaries:	Construction of hospital turnkey projects and provision of healthcare consultancy and hospital management services	Malaysia	95	89.7
Ω	Health Solutions Services Sdn. Bhd.	Provision of healthcare consultancy and project management	Malaysia	95	89.7
*	Health Solutions Medical Services (Vietnam) Co., Ltd.	Provision of healthcare consultancy and healthcare and medical services	Vietnam	95	89.7
∇	PT Health Solutions Indonesia	Provision of healthcare consultancy services	Indonesia	95	89.7
@	Education Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100

Notes to the Financial Statements

7. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2009 %	2008 %
@ InnoForm Media Pte Ltd and its subsidiaries:	Publisher, licensee, importer, exporter and distribution of entertainment programs (such as theatrical films, television programs, children edutainment and lifestyle programs)	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	51	40.8
^ InnoForm Media (M) Sdn. Bhd.	Production and distribution of tapes and compact discs	Malaysia	51	51
@ InnoForm Entertainment Pte. Ltd.	Exclusive collective licensing agent for music label companies for karaoke music and songs	Singapore	51	51
@ InnoForm Digital Media Pte. Ltd.	Supplying and leasing of karaoke-on-demand hardware and software	Singapore	26	26
@ Alliance Entertainment Singapore Pte. Ltd.	Motion picture, video distribution and services allied to motion picture, video production and distribution	Singapore	51	51
@ I-Econ Management Services Pte. Ltd.	Franchise ownership	Singapore	100	100
√ D & P Lifestyle Pte Ltd	General wholesale trading (including general importers and exporters) and wholesale on a fee or contract basis	Singapore	100	-

@ Audited by KPMG LLP, Singapore.

^ Audited by other member firms of KPMG International.

γ Audited by Goh Joon Hai & Co., Malaysia.

∞ Audited by Ernst & Young LLP, Singapore.

Audited by Ernst & Young, People's Republic of China.

Ω Audited by Moore Stephens AC, Malaysia.

* Audited by Grant Thornton, Vietnam.

▽ Audited by Grant Thornton, Indonesia.

β Audited by Keith Lam & Co., Hong Kong.

& Not required to be audited by law of country of incorporation.

√ Not required to be audited.

Notes to the Financial Statements

8. Associates

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Investment in associates	38,908,547	37,321,008	27,163,530	31,902,641
Impairment losses	(85,691)	(85,691)	(6,123,971)	(4,765,283)
	38,822,856	37,235,317	21,039,559	27,137,358
Loan to an associate	-	6,466,932	-	6,466,932
	38,822,856	43,702,249	21,039,559	33,604,290

Investment in associates at 31 December 2009 includes goodwill of \$897,006 (2008: \$897,006).

At the reporting date, the Group and the Company assess the carrying amount of its investment in associates to determine whether there is any indication of impairment. Based on the review, the Company recorded an impairment loss of \$1,358,688 (2008: \$2,080,908) on an associate during the year. The recoverable amount was determined using the fair value less costs to sell approach.

In 2008, the loan to an associate comprised a foreign currency loan of \$6,466,932 which formed part of the Company's net investment in the associate. The loan was unsecured and interest-free, and settlement was neither planned nor likely to occur in the foreseeable future. As the amount was, in substance, a part of the Company's net investment in the entity, it was stated at cost. The associate was disposed of during the year.

Details of key associates are as follows:

Name of associate	Principal activities	Country of incorporation	— Effective equity held by —			
			the Group	the Group	the Company	the Company
			2009	2008	2009	2008
			%	%	%	%
& Health Solutions (Australia) Pty Ltd) Provision of healthcare) consultancy and hospital) management services)	Australia	46.6	43.9	-	-
~ Health Solutions (WA) Pty Ltd))	Australia	44.5	42.0	-	-
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	26.9	-	-
α HSI Philippines Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	38	35.9	-	-
√ 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	-	-

Notes to the Financial Statements

8. Associates (cont'd)

Name of associate	Principal activities	Country of incorporation	— Effective equity held by —			
			the Group	the Group	the Company	the Company
			2009	2008	2009	2008
			%	%	%	%
** 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 and supplies and hospital ownership and operation	People's Republic of China	31.3	31.3	31.3	31.3
β Prime King Holdings Limited	Investment holding	British Virgin Islands	-	27.9	-	27.9
&	Not required to be audited by law of country of incorporation.					
~	Audited by Ernst & Young, Australia.					
Ω	Audited by Moore Stephens AC, Malaysia.					
α	Audited by Jaime B. Santos, Philippines.					
✓	Audited by Harbin Public Accountant Office, People's Republic of China.					
+	Audited by Yantai Yiji Accounting firm, People's Republic of China.					
**	Audited by KPMG LLP, Singapore.					
Δ	Audited by Zhong Xin Cai Guan Hua Certified Public Accountants, People's Republic of China.					
β	Audited by Hopkins CPA Limited, Hong Kong in 2008.					

The summarised financial information of the associates is as follows:

	Associates	
	2009	2008
	\$	\$
Assets and liabilities		
Total assets	196,488,963	250,623,256
Total liabilities	68,997,391	130,235,841
Results		
Revenue	293,551,430	378,545,908
Profit after taxation	7,968,340	1,136,182

The summarised financial information relating to associates is not adjusted for the percentage of ownership held by the Group.

The Group has not recognised losses relating to certain associates where the Group's share of losses exceeds the carrying amount of its investment in those associates. The Group's share of cumulative unrecognised losses is \$2,222,442 (2008: \$2,094,280), of which \$128,162 (2008: \$162,063) is its share of the current year's losses. The Group has no obligation in respect of these losses.

Notes to the Financial Statements

9. Other financial assets

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Non-current investments				
Available-for-sale financial assets	13,663,691	12,583,526	1,315,447	2,312,280
Held-to-maturity investments	3,331,236	2,881,122	3,331,236	2,881,122
	16,994,927	15,464,648	4,646,683	5,193,402
Current investments				
Held-to-maturity investments	19,132,238	2,799,243	2,882,670	2,799,243

Held-to-maturity investments are debt securities that have stated interest rates of 2% to 4% (2008: 2% to 4%) and mature within the next nine to seventeen months. The maximum exposure to credit risk of the debt securities at the reporting date is the carrying amount. All debt securities are denominated in Hong Kong dollars.

As at 31 December 2008 and 2009, certain of the Group's and the Company's available-for-sale financial assets were individually determined to be impaired on the basis of a prolonged decline in the fair value below cost. Impairment losses on these investments were recognised in the income statement in accordance with the accounting policy set out in note 3(i).

The Group's exposure to credit, currency and interest rate risks related to other financial assets is disclosed in note 21.

Sensitivity analysis - equity price risk

The available-for-sale financial assets of the Group and the Company relate to investments in quoted equity securities.

A 10% change in the underlying equity prices at the reporting date would increase/(decrease) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Group		Company	
	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$
2009				
Profit before tax	-	(185,400)	-	(127,800)
Equity	189,145	(3,745)	131,545	(3,745)
2008				
Profit before tax	-	(174,658)	-	(129,832)
Equity	1,258,353	(1,083,695)	231,228	(101,396)

The 2009 analysis for the Group excludes a quoted equity security with a carrying value of \$11,772,244 as the market in which the security was traded was not considered active during the year (see note 21).

Notes to the Financial Statements

10. Deferred tax assets and liabilities

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

Group	At 1 January 2008 \$	Recognised in income statement (Note 28) \$	Effect of movements in exchange rates \$
Deferred tax assets			
Property, plant and equipment	120,148	115,370	(78)
Other financial assets	25,890	(1,412)	1,324
Tax value of loss carry forward	693,697	320,609	(214)
Other items	77,070	318,650	3,881
Total	916,805	753,217	4,913
Deferred tax liabilities			
Property, plant and equipment	(3,681,277)	38,982	(81,738)
Intangible assets	(966,935)	(319,339)	1,376
Other financial assets	336,932	(398,540)	3,021
Total	(4,311,280)	(678,897)	(77,341)

Notes to the Financial Statements

Acquired in business combination (Note 31) \$	At 31 December 2008 \$	Recognised in income statement (Note 28) \$	Transfer to assets/ liabilities held for sale (Note 18) \$	Effect of movements in exchange rates \$	At 31 December 2009 \$
-	235,440	(96,294)	(71,846)	17	67,317
-	25,802	(24,325)	-	(1,477)	-
-	1,014,092	(319,356)	(75,577)	(427)	618,732
20,365	419,966	366,420	(223,395)	1,641	564,632
20,365	1,695,300	(73,555)	(370,818)	(246)	1,250,681
(146,783)	(3,870,816)	187,567	294,124	132,586	(3,256,539)
-	(1,284,898)	(134,089)	1,418,686	301	-
-	(58,587)	(537,209)	39,134	2,681	(553,981)
(146,783)	(5,214,301)	(483,731)	1,751,944	135,568	(3,810,520)

Notes to the Financial Statements

10. Deferred tax assets and liabilities (cont'd)

Company	At 1 January 2008 \$	Recognised in income statement \$	At 31 December 2008 \$	Recognised in income statement \$	At 31 December 2009 \$
Deferred tax assets					
Tax value of loss carry forward	-	647,245	647,245	(50,386)	596,859
Other items	167,346	(120,277)	47,069	(132)	46,937
Total	167,346	526,968	694,314	(50,518)	643,796
Deferred tax liabilities					
Property, plant and equipment	(614,244)	(336,085)	(950,329)	204,918	(745,411)
Other financial assets	(191,634)	155,214	(36,420)	(126,935)	(163,355)
Total	(805,878)	(180,871)	(986,749)	77,983	(908,766)

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 included in the statements of financial position as follows:

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Deferred tax liabilities	3,259,673	3,856,034	264,970	292,435
Deferred tax assets	699,834	337,033	-	-

Unrecognised deferred tax assets

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

	Group	
	2009 \$	2008 \$
Tax losses	2,810,307	5,487,781
Deductible temporary differences	1,281,238	1,159,998
	4,091,545	6,647,779

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. \$1,128,026 (2008: \$1,360,111) of the tax losses and deductible temporary differences will expire within the next 5 years. The remaining tax losses and deductible temporary differences do not expire under current tax legislation. 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 Group can utilise the benefits.

At 31 December 2009, the deferred tax liabilities for temporary differences of \$15,663,139 (2008: \$11,628,439) related to investments in subsidiaries were not recognised because the Company controls whether the liabilities will be incurred and it is satisfied that such liabilities will not be incurred in the foreseeable future.

Notes to the Financial Statements

11. Non-financial assets

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Transferable country club memberships	269,000	274,500	45,000	45,000

12. Inventories

	Note	Group		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Raw materials		14,821,335	11,882,047	-	-
Work-in-progress		653,574	524,600	-	-
Finished goods		25,926,787	23,823,944	4,696,697	6,523,950
Packing materials		844,303	457,660	-	-
		42,245,999	36,688,251	4,696,697	6,523,950
Contract work-in-progress	13	191,612	7,793	-	-
		42,437,611	36,696,044	4,696,697	6,523,950

In 2009, the allowance for write-down of finished goods amounting to \$36,335 (2008: \$63,841) and \$2,650 (2008: \$33,783) have been reversed by the Group and the Company respectively, when the related finished goods were sold above their carrying amounts. The reversal was included in other operating income.

13. Contract work-in-progress

	Group	
	2009	2008
	\$	\$
Project costs	191,612	7,793
Comprising:		
Work-in-progress	191,612	7,793

Notes to the Financial Statements

14. Trade and other receivables

	Note	Group		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Trade receivables		82,732,432	72,293,443	5,673,582	6,620,279
Impairment losses		(3,640,131)	(4,089,590)	(511,992)	(473,492)
Net trade receivables		79,092,301	68,203,853	5,161,590	6,146,787
Deposits		783,756	1,137,719	101,116	18,026
Non-trade receivables		19,498,946	6,580,260	15,985,939	3,040,369
Tax recoverable		632,819	1,509,001	481,736	1,333,140
Interest receivable		707,116	112,872	158,995	97,461
Amounts due from:					
- subsidiaries	15	-	-	58,552,942	37,708,818
- associates	16	8,569,938	7,233,681	11,174	11,174
Loans and receivables		109,284,876	84,777,386	80,453,492	48,355,775
Prepayments		829,578	1,250,601	98,723	68,671
		110,114,454	86,027,987	80,552,215	48,424,446

Included in the non-trade receivables as at the reporting date are amounts receivable of \$15,662,482 (2008: \$2,840,598) relating to proceeds on disposal of an associate and certain available-for-sale investments.

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 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 amounts provided for collection losses is inherent in the Group's trade receivables.

The Group's and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 21.

15. Amounts due from subsidiaries

	Company	
	2009	2008
	\$	\$
Interest-bearing loans	5,500,000	6,500,000
Current accounts:		
- trade	682,632	619,672
- non-trade	61,295,761	41,304,821
	67,478,393	48,424,493
Impairment losses	(8,925,451)	(10,715,675)
	58,552,942	37,708,818

The interest-bearing loans are unsecured and repayable on demand. At the reporting date, the loans bear interest at 4% to 5% (2008: 4% to 5%) per annum. The non-trade current account balances are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

16. Amounts due from associates

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current accounts:				
- trade	-	99	-	-
- non-trade	11,926,443	10,325,456	1,433,367	1,433,367
Impairment losses	(3,356,505)	(3,091,874)	(1,422,193)	(1,422,193)
	8,569,938	7,233,681	11,174	11,174

The non-trade amounts due from associates are unsecured, interest-free and repayable on demand.

The change in impairment loss in respect of amounts due from associates during the year was as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
At 1 January	3,091,874	891,314	1,422,193	57,739
Impairment loss recognised	264,631	2,200,560	-	1,364,454
At 31 December	3,356,505	3,091,874	1,422,193	1,422,193

17. Cash and cash equivalents

	Note	Group		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Cash at bank and in hand		22,762,900	20,844,927	954,398	356,412
Fixed deposits with banks		62,388,604	76,730,542	52,195,160	55,918,283
Cash and cash equivalents		85,151,504	97,575,469	53,149,558	56,274,695
Bank overdrafts	20	(1,425,661)	(1,347,212)	-	-
Deposits pledged		(2,372,030)	(2,057,087)	-	-
Cash and cash equivalents in the cash flow statement		81,353,813	94,171,170	53,149,558	56,274,695

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (note 20).

The Group's and the Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 21.

Notes to the Financial Statements

18. Assets and liabilities held for sale

As the Group had commenced efforts to sell its 51% equity interest in InnoForm Media Pte Ltd and its subsidiaries ("InnoForm Group") (which is included in the Group's consumer business segment), the assets and liabilities related to the InnoForm Group were classified as assets and liabilities held-for-sale on the statement of financial position as at 31 December 2009. The transaction is expected to be completed in March 2010. At 31 December 2009, the disposal group comprised assets of \$29,559,768 less liabilities of \$13,173,818.

	Note	Group 2009 \$
Assets classified as held for sale		
Property, plant and equipment	4	2,665,503
Intangible assets	5	13,719,449
Inventories		2,529,254
Trade and other receivables		8,350,973
Cash and cash equivalents		2,292,703
Deferred tax assets	10	1,886
		<u>29,559,768</u>
Liabilities classified as held for sale		
Trade and other payables		9,801,918
Loans and borrowings		1,977,287
Current tax payable		11,601
Deferred tax liabilities	10	1,383,012
		<u>13,173,818</u>

At the reporting date, property, plant and equipment with a total carrying amount of \$1,550,543 are pledged as security for the bank loans granted to the InnoForm Group.

19. Capital and reserves

Share capital

	2009 No. of shares	2008 No. of shares
Group and Company		
In issue at 1 January and 31 December	<u>561,226,746</u>	<u>561,226,746</u>

During the year ended 31 December 2009, the Company completed the buy-back of 2,307,000 (2008: 9,808,000) ordinary shares, representing 0.41% (2008: 1.75%) of the issued share capital on that date, under the terms of the Share Buy-Back Mandate dated 8 May 2003, approved by shareholders on 30 May 2003. The total consideration for share bought back on the market is \$492,052 (2008: \$2,087,470), being an average market price, including incidental costs, of \$0.21 (2008: \$0.21) per share. This amount is classified as a deduction from equity under "treasury shares". At 31 December 2009, the Company held 12,115,000 (2008: 9,808,000) of its own uncanceled shares.

Notes to the Financial Statements

19. Capital and reserves (cont'd)

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2009 was 549,111,746 (2008: 551,418,746).

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

All issued shares are fully paid.

Reserves

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Other capital reserve	2,979,089	3,141,401	1,075,585	-
Fair value reserve	1,648,322	(1,019,674)	32,069	(548,633)
Translation reserve	(3,521,394)	(7,084,273)	-	-
Accumulated profits	76,092,020	60,917,877	9,524,302	1,028,910
	<u>77,198,037</u>	<u>55,955,331</u>	<u>10,631,956</u>	<u>480,277</u>

Other capital reserve

Other capital reserve of the Group comprises mainly (i) the reserve arising from bonus shares issued by a subsidiary, (ii) the reserve arising from acquisition of minority interest, (iii) the share option reserve, and (iv) the statutory reserves of certain subsidiaries. In accordance with the relevant PRC regulations, certain subsidiaries in the PRC are required to appropriate at least 10% of their profit after tax in their annual statutory financial statements, as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiaries, to the statutory reserve until such reserve reaches 50% of the registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders. As at 31 December 2009, the statutory reserve included in other capital reserve is \$1,076,850 (2008: \$607,987).

Other capital reserve of the Company relates to the share option reserve comprising the cumulative value of employee services received for the issue of share options.

Fair value reserve

The fair value reserve of the Group and the Company comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Translation reserve

The translation reserve of the Group comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, whose functional currencies are different from the presentation currency of the Company and exchange differences on monetary items which form part of the Group's net investment in foreign operations provided certain conditions are met.

Notes to the Financial Statements

19. Capital and reserves (cont'd)

Dividends

The following dividends were declared and paid by the Group and the Company:

	Group and Company 2009	2008
	\$	\$
Final exempt dividend paid of 0.50 cents per share in respect of financial year ended 31 December 2007	-	2,805,637

After the reporting date, the following dividends were proposed by the directors. The dividends have not been provided for and there is no income tax consequences.

	Group and Company 2009	2008
	\$	\$
Final exempt dividend proposed of 1.50 cents per share in respect of financial year ended 31 December 2009	8,257,676*	-

* Based on the total number of issued shares excluding treasury shares as at 31 December 2009 of 549,111,746 and arising from share options exercised, totalling 550,511,746. 1,400,000 shares were issued subsequent to year end.

20. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 21.

	Note	Group 2009	2008
		\$	\$
Non-current liabilities			
Secured bank loans		-	593,199
Finance lease liabilities		96,704	641,207
		96,704	1,234,406
Current liabilities			
Bank overdrafts	17	1,425,661	1,347,212
Secured bank loans		3,904,652	7,485,145
Unsecured bank loans		7,096,749	2,103,710
Trust receipts		-	2,234,770
Bills payable		16,423,295	7,478,003
Finance lease liabilities		270,181	325,668
		29,120,538	20,974,508
Total loans and borrowings		29,217,242	22,208,914

Notes to the Financial Statements

20. Loans and borrowings (cont'd)

Terms and debt repayment schedule

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

Group	Currency	Nominal interest rate	Year of maturity	2009 Carrying amount \$	2008 Carrying amount \$
Secured/unsecured bank loans:					
- variable rate loan	RMB	5.31 – 5.58%	2010	4,110,160	1,556,843
- fixed rate loan	RMB	2.43 – 5.31%	2010	6,891,241	8,625,211
Finance lease liabilities	RMB	8.09%	2010-2011	366,885	966,875
Bank overdrafts	RM	7.00%	2010	1,425,661	1,347,212
Trust receipts	SGD	-	2009	-	2,234,770
Bills payable	RMB	-	2010	16,423,295	7,478,003
Total loans and borrowings				29,217,242	22,208,914

(i) The bank overdrafts of the Group are secured by a standby letter of credit from a bank of \$2,870,000 (2008: \$1,470,000) which is guaranteed by a subsidiary.

(ii) The secured bank loans comprise:

(a) Secured bank loans of \$1,556,843 in 2008 which were secured by a leasehold building with a carrying amount of \$1,582,890 held by a subsidiary, a property with a carrying amount of \$2,000,000 owned by a minority shareholder of the subsidiary, a corporate guarantee from the Company and a personal guarantee from the minority shareholder. These secured bank loans have been transferred to liabilities held for sale as at 31 December 2009.

(b) Term loans amounting to \$3,904,652 (2008: \$6,521,501), secured by certain leasehold buildings held by certain subsidiaries with carrying amounts of \$16,445,740 (2008: \$16,931,222), which form part of the securities in (iii) below. These loans are repayable over a period of one month to one year.

(iii) Bills payable of \$16,268,535 (2008: \$7,395,150) with original term maturing within 6 months are secured by certain leasehold buildings and certain plant and machinery held by certain subsidiaries with carrying amounts of \$25,011,455 (2008: \$28,649,024) (note 4) and bank deposits of \$2,372,030 (2008: \$2,057,087) (note 17).

Finance lease liabilities

Finance leases liabilities are payable as follows:

Group	Future minimum lease payments 2009 \$	Interest 2009 \$	Principal 2009 \$	Future minimum lease payments 2008 \$	Interest 2008 \$	Principal 2008 \$
Within one year	283,227	13,046	270,181	377,637	51,969	325,668
Between one and five years	97,587	883	96,704	648,359	48,626	599,733
More than five years	-	-	-	42,511	1,037	41,474
	380,814	13,929	366,885	1,068,507	101,632	966,875

Notes to the Financial Statements

21. Financial instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Group Carrying amount		Company Carrying amount	
		2009	2008	2009	2008
		\$	\$	\$	\$
Available-for-sale investments	9	13,663,691	12,583,526	1,315,447	2,312,280
Held-to-maturity investments	9	22,463,474	5,680,365	6,213,906	5,680,365
Loans and receivables					
- Loan to a subsidiary	7	-	-	-	1,500,000
- Trade and other receivables	14	109,284,876	84,777,386	80,453,492	48,355,775
Cash and cash equivalents	17	85,151,504	97,575,469	53,149,558	56,274,695
Recognised financial assets		230,563,545	200,616,746	141,132,403	114,123,115
Intragroup financial guarantees	36	-	-	7,148,482	7,673,299
		230,563,545	200,616,746	148,280,885	121,796,414

The maximum exposure to credit risk for trade receivables (including trade amounts due from subsidiaries and associates) at the reporting date (by type of customer) was:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Consumer business	35,038,944	41,826,154	5,377,915	6,300,152
Health solutions	4,065,349	3,614,584	-	-
Packaging	39,988,008	22,763,214	-	-
	79,092,301	68,203,952	5,377,915	6,300,152

Impairment losses

The ageing of trade receivables (including trade amounts due from subsidiaries and associates) at reporting date was:

	Gross	Impairment	Gross	Impairment
	2009	losses	2008	losses
	\$	\$	\$	\$
Group				
Not past due	59,631,850	32,330	47,886,010	18,104
Past due 0 – 90 days	15,073,335	38,646	15,654,527	197,525
Past due 91 – 180 days	626,697	61,938	1,442,846	72,186
Past due 181 – 365 days	918,819	220,967	2,625,951	156,583
More than one year	6,481,731	3,286,250	4,684,208	3,645,192
	82,732,432	3,640,131	72,293,542	4,089,590

Notes to the Financial Statements

21. Financial instruments (cont'd)

	Gross 2009 \$	Impairment losses 2009 \$	Gross 2008 \$	Impairment losses 2008 \$
Company				
Not past due	5,561,873	498,638	5,029,337	466,307
Past due 0 – 90 days	318,616	7,611	1,735,097	-
Past due 91 – 180 days	3,675	-	-	-
Past due 181 – 365 days	-	-	-	-
More than one year	472,050	472,050	475,517	473,492
	<u>6,356,214</u>	<u>978,299</u>	<u>7,239,951</u>	<u>939,799</u>

The movement in the allowance for impairment in respect of trade receivables (including trade amounts due from subsidiaries and associates) during the year was as follows:

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
At 1 January	4,089,590	4,267,111	939,799	938,139
Impairment loss (reversed)/recognised	(449,459)	(177,521)	38,500	1,660
At 31 December	<u>3,640,131</u>	<u>4,089,590</u>	<u>978,299</u>	<u>939,799</u>

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of amount owing is possible, at which point the amounts are considered irrecoverable and are written off against financial assets directly. At 31 December 2009, the Group and the Company do not have any collective impairments on their trade receivables. The analysis is performed on the same basis for 2008.

Certain trade receivables of the Group and the Company are collateralised on the items below. Claims against such collateral are limited to the outstanding obligations.

	Group		Company	
	2009 \$	2008 \$	2009 \$	2008 \$
Banker's guarantee	1,534,283	1,144,536	715,000	875,000
Fixed deposits	2,765,000	2,710,000	2,765,000	2,710,000
	<u>4,299,283</u>	<u>3,854,536</u>	<u>3,480,000</u>	<u>3,585,000</u>

Notes to the Financial Statements

21. Financial instruments (cont'd)

Liquidity risk

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$
2009				
Non-derivative financial liabilities				
Variable interest rate loans	4,110,160	(4,271,665)	(4,271,665)	-
Fixed interest rate loans	6,891,241	(6,990,212)	(6,990,212)	-
Finance lease liabilities	366,885	(380,814)	(283,227)	(97,587)
Bank overdrafts	1,425,661	(1,525,457)	(1,525,457)	-
Bills payable	16,423,295	(16,423,295)	(16,423,295)	-
Trade and other payables	51,140,845	(51,140,845)	(51,140,845)	-
	<u>80,358,087</u>	<u>(80,732,288)</u>	<u>(80,634,701)</u>	<u>(97,587)</u>

Group	Carrying amount \$	Contractual cash flows \$	Within 1 year \$	Within 1 to 5 years \$	More than 5 years \$
2008					
Non-derivative financial liabilities					
Variable interest rate loans	1,556,843	(1,586,294)	(973,757)	(612,537)	-
Fixed interest rate loans	8,625,211	(8,871,667)	(8,871,667)	-	-
Finance lease liabilities	966,875	(1,068,507)	(377,637)	(648,359)	(42,511)
Bank overdrafts	1,347,212	(1,436,151)	(1,436,151)	-	-
Bills payable	7,478,003	(7,478,003)	(7,478,003)	-	-
Trust receipts	2,234,770	(2,262,424)	(2,262,424)	-	-
Trade and other payables	54,061,034	(54,061,034)	(54,061,034)	-	-
	<u>76,269,948</u>	<u>(76,764,080)</u>	<u>(75,460,673)</u>	<u>(1,260,896)</u>	<u>(42,511)</u>

Company	Carrying amount \$	Contractual cash flows \$	Cash flows within 1 year \$
2009			
Trade and other payables		<u>20,891,650</u>	<u>(20,891,650)</u>
2008			
Trade and other payables		<u>19,140,479</u>	<u>(19,140,479)</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

21. Financial instruments (cont'd)

Currency risk

Exposure to currency risk

The Group's and Company's exposures to foreign currency based on notional amounts are as follows:

Group	Malaysian Ringgit \$	Hong Kong Dollar \$	Singapore Dollar \$	Other currencies \$
31 December 2009				
Other financial assets	11,772,244	22,463,474	-	-
Trade and other receivables	6,685,595	18,151,339	1,610,321	4,137,003
Cash and cash equivalents	344,285	80,989	66,999	3,133,230
Trade and other payables	(2,983,119)	(47,086)	(13,552,483)	(2,182,360)
Gross balance sheet exposure	15,819,005	40,648,716	(11,875,163)	5,087,873
31 December 2008				
Other financial assets	9,822,982	6,978,685	-	-
Trade and other receivables	5,696,347	6,466,932	1,244,124	4,909,503
Cash and cash equivalents	279,308	25,025	142,738	1,728,911
Trade and other payables	(1,285,443)	(25,555)	(13,597,088)	(4,475,594)
Gross balance sheet exposure	14,513,194	13,445,087	(12,210,226)	2,162,820
Company				
31 December 2009				
Other financial assets	-	6,213,906	-	-
Trade and other receivables	4,093,640	15,860,579	-	-
Cash and cash equivalents	19,210	80,989	-	376,824
Trade and other payables	(3,984)	-	-	-
Gross balance sheet exposure	4,108,866	22,155,474	-	376,824
31 December 2008				
Other financial assets	-	6,978,685	-	-
Trade and other receivables	3,375,414	6,466,932	-	-
Cash and cash equivalents	19,703	25,025	-	6,636
Trade and other payables	(4,252)	-	-	-
Gross balance sheet exposure	3,390,865	13,470,642	-	6,636

Notes to the Financial Statements

21. Financial instruments (cont'd)

Sensitivity analysis

A change of 10% in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) equity and profit or loss (before any tax effects) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity	Profit or loss	Equity	Profit or loss
	\$	\$	\$	\$
2009				
Malaysian Ringgit	(1,177,224)	(404,676)	-	(410,887)
Hong Kong Dollar	-	(4,064,872)	-	(2,215,547)
Singapore Dollar	-	1,187,516	-	-
Other currencies	-	(508,787)	-	(37,682)
2008				
Malaysian Ringgit	(982,298)	(469,022)	-	(339,087)
Hong Kong Dollar	(776,525)	(567,984)	(129,832)	(1,217,232)
Singapore Dollar	-	1,221,023	-	-
Other currencies	-	(216,282)	-	(664)

Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Carrying amount		Carrying amount	
	2009	2008	2009	2008
	\$	\$	\$	\$
Fixed rate instruments				
Financial assets	22,463,474	5,680,365	11,713,906	13,680,365
Financial liabilities	(6,891,241)	(10,887,755)	-	-
	15,572,233	(5,207,390)	11,713,906	13,680,365
Variable rate instruments				
Financial assets	72,132,326	85,035,586	52,195,160	55,918,283
Financial liabilities	(5,902,706)	(3,843,156)	-	-
	66,229,620	81,192,430	52,195,160	55,918,283

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the income statement. Therefore, a change in interest rates at the reporting date would not affect the income statement.

Notes to the Financial Statements

21. Financial instruments (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 1% in interest rate at the reporting date would have increased/(decreased) profit or loss (before any tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss			
	Group		Company	
	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$
2009				
Variable rate instruments	662,296	(662,296)	521,952	(521,952)
2008				
Variable rate instruments	811,924	(811,924)	559,183	(559,183)

Fair value versus carrying amounts

The carrying amounts of financial instruments of the Group and the Company carried at cost or amortised cost are not materially different from their fair values as at the reporting date except for the held-to-maturity investments in unquoted debt securities. It is not practicable to calculate the fair value of such securities because of the lack of quoted prices and the inability to estimate the fair value reliably.

The basis for determining fair value is disclosed in note 32.

Fair value hierarchy

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Group				
2009				
Available-for-sale financial assets	1,891,447	-	11,772,244	13,663,691
Company				
2009				
Available-for-sale financial assets	1,315,447	-	-	1,315,447

During the financial year ended 31 December 2009, there were no transfers between Level 1 and Level 2.

Notes to the Financial Statements

21. Financial instruments (cont'd)

The following table presents the movement in Level 3 instruments of the Group:

	Group \$
Available-for-sale equity securities – Level 3:	
At 1 January 2009	-
Transfer from Level 1	9,822,983
Net unrealised gain recognised in other comprehensive income during the year	1,949,261
At 31 December 2009	<u>11,772,244</u>

The available-for-sale equity security recorded in the Level 3 category relates to a quoted equity security. During the year, the equity security was transferred from Level 1 to Level 3 as the market for the security was not considered active for the year ended 31 December 2009.

The fair value of the equity security as at the reporting date was determined using a valuation technique, based on an independent professional valuation as of that date. The fair value of the security was determined using the realisable net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entity to which the security relates. The assets held by the relevant entity comprise mainly properties whose fair values were determined by an independent licensed appraiser. The fair values of the properties were based on market values determined using the comparison method, residual method and depreciated replacement cost method, where appropriate.

An analysis of the effect of changing one or more inputs to reasonably possible alternative assumptions has not been presented as such an effect would not have resulted in a significant change to the fair value measurement of the Group's total equity.

22. Equity compensation benefits

The PSC Executives' Share Option Scheme ("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.

On 22 January 2009, a further grant on similar terms was offered to key management personnel and senior employees and non-executive directors.

Notes to the Financial Statements

22. Equity compensation benefits (cont'd)

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price of the options	Options outstanding at 01/01/2009	Options granted	Options cancelled	Options outstanding at 31/12/2009	Number of option holders at 31/12/2009	Exercise period
20/08/2003	\$0.220	2,900,000	-	(440,000)	2,460,000	6	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	-	21,240,000	(210,000)	21,030,000	39	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	-	3,400,000	-	3,400,000	5	22/01/2010 – 21/01/2014
		<u>2,900,000</u>	<u>24,640,000</u>	<u>(650,000)</u>	<u>26,890,000</u>		

No options were exercised in 2008 and 2009.

Inputs for measurement of grant date fair values

The grant date fair value of the options was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair value at grant date of the options are the following:

	2009
Fair value of share options and assumptions	
Fair value at grant date	\$0.04 - \$0.05
Share price at grant date	\$0.16
Exercise price	\$0.16
Expected volatility (weighted average volatility)	36.0%
Option life (expected weighted average life)	6.61 years
Expected dividends	2%
Risk-free interest rate (based on government bonds)	<u>1.1% - 1.5%</u>

Employee expenses

	Group	
	2009	2008
	\$	\$
Share options granted in 2009	<u>1,075,585</u>	<u>-</u>

Notes to the Financial Statements

23. Deferred income

	Group	
	2009	2008
	\$	\$
Cost		
At 1 January	158,301	77,167
Received during the year	-	76,172
Effect of movements in exchange rates	(3,658)	4,962
At 31 December	154,643	158,301
Accumulated amortisation		
At 1 January	6,280	1,942
Amortisation charge during the year	20,142	4,064
Effect of movements in exchange rates	(790)	274
At 31 December	25,632	6,280
Carrying amounts		
Current	14,819	9,894
Non-current	114,192	142,127
	129,011	152,021

Deferred income relates to government grants received for the acquisition of factory building and plant and machinery by one of the subsidiaries in PRC and will be amortised over the useful lives of the related assets acquired. There was no unfulfilled conditions or contingencies attached to these grants.

24. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Trade payables	33,240,783	32,714,912	4,004,495	5,130,138
Retention monies payable	22,023	37,036	-	-
Amounts due to:				
- subsidiaries (trade)	-	-	16,988	275,907
- subsidiaries (non-trade)	-	-	7,878,454	7,705,473
- minority shareholder of a subsidiary (non-trade)	-	1,000,000	-	-
Other payables	7,566,950	10,082,400	3,341,661	3,551,720
Accruals	10,311,089	10,226,686	5,650,052	2,477,241
	51,140,845	54,061,034	20,891,650	19,140,479

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

The Group's and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

Notes to the Financial Statements

25. Revenue

	Group	
	2009	2008
	\$	\$
Sale of goods	325,201,119	300,289,853
Revenue from construction contracts and healthcare consultancy	6,023,648	2,944,874
Total revenue	<u>331,224,767</u>	<u>303,234,727</u>

26. Profit for the year

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

	Group	
	2009	2008
	\$	\$
Amortisation of intangible assets	8,143,459	7,651,117
Bad debts written off	31,139	328,734
Bad debts recovered	(8,502)	(96,606)
Deferred expenditure written off	3,815	96,956
Depreciation of investment properties	27,260	28,039
Depreciation of property, plant and equipment	6,602,497	6,908,873
Exchange loss (net)	370,721	743,951
(Gain)/loss on disposal of interest in associates	(1,502,600)	320,826
Gain on disposal of property, plant and equipment	(1,513)	(19,455)
Impairment loss on non-financial assets	5,500	48,312
Impairment loss on amounts due from associates	264,631	2,200,560
Intangible assets written off	4,800	46,284
Inventories written off	346,327	257,293
Non-audit fees paid to:		
- auditors of the Company	54,500	23,489
- other auditors	19,200	9,200
Staff costs	42,306,651	36,444,661
Contribution to defined contribution plans included in staff costs	2,885,364	2,809,857
Equity-settled share-based payment transactions, included in staff costs	1,075,585	-
Jobs credit grant, included in staff costs	(1,225,135)	-
Property, plant and equipment impaired and written off	306,788	77,279
Operating expenses arising from rental of investment properties	27,213	26,889
Operating lease expense	<u>4,479,118</u>	<u>3,663,930</u>

Notes to the Financial Statements

27. Finance income and finance expense

	Group	
	2009	2008
	\$	\$
Recognised in the income statement		
Interest income:		
- held-to-maturity investments	2,181,934	125,516
- fixed deposits	313,130	1,384,545
Dividend income	856,036	52,998
Gain on disposal of available-for-sale equity securities	3,026,835	4,855
Movement in receivables carried at amortised cost	-	163,393
Finance income	6,377,935	1,731,307
Interest expense:		
- bank borrowings	704,639	995,166
- finance lease liabilities	77,468	87,259
Impairment loss on available-for-sale equity securities	1,578,095	3,769,682
Finance expense	2,360,202	4,852,107
Net finance income/(expense) recognised in income statement	4,017,733	(3,120,800)
The above finance income and finance expense included the following interest income and expense in respect of assets (liabilities) not at fair value through the income statement:		
- Total interest income on financial assets	2,495,064	1,510,061
- Total interest expense on financial liabilities	782,107	1,082,425

28. Income tax expense

	Group	
	2009	2008
	\$	\$
Current tax expense		
Current year	4,222,985	2,816,298
Adjustment for prior years	(226,400)	(1,384,496)
	3,996,585	1,431,802
Deferred tax expense		
Origination and reversal of temporary differences	221,156	(34,998)
Reduction in tax rate	(163,988)	-
Adjustment for prior years	500,118	(39,322)
	557,286	(74,320)
Total income tax expense	4,553,871	1,357,482

Notes to the Financial Statements

28. Income tax expense (cont'd)

	Group	
	2009	2008
	\$	\$
Reconciliation of effective tax rate		
Profit for the year	20,312,521	5,370,166
Total income tax expense	4,553,871	1,357,482
Profit excluding income tax	24,866,392	6,727,648
Tax calculated using Singapore tax rate of 17% (2008: 18%)	4,227,287	1,210,977
Reduction in tax rate	(163,988)	-
Effect of different tax rates in other countries	1,233,483	468,627
Income not subject to tax	(1,308,374)	(285,170)
Tax effect on share of profit of associates	(320,536)	(326,194)
Expenses not deductible for tax purposes	1,372,172	1,514,675
Tax rebate	(184,533)	(81,309)
Adjustment for prior years	273,718	(1,423,818)
Tax losses not recognised	106,693	313,079
Utilisation of previously unrecognised tax losses	(621,183)	(7,702)
Others	(60,868)	(25,683)
	4,553,871	1,357,482

29. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders of \$15,643,006 (2008: \$3,465,816), and a weighted average number of ordinary shares outstanding of 550,011,132 (2008: 559,195,079) calculated as follows:

Weighted average number of ordinary shares (basic)

	Note	Group	
		2009	2008
		\$	\$
Issued ordinary shares at 1 January	19	561,226,746	561,226,746
Effect of treasury shares purchased		(11,215,614)	(2,031,667)
Weighted average number of ordinary shares at 31 December		550,011,132	559,195,079

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2009 was based on profit attributable to ordinary shareholders of \$15,643,006 (2008: \$3,465,816) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 554,044,091 (2008: 559,648,730) calculated as follows:

Notes to the Financial Statements

29. Earnings per share (cont'd)

Weighted average number of ordinary shares (diluted)

	Group	
	2009	2008
	\$	\$
Weighted average number of ordinary shares (basic)	550,011,132	559,195,079
Effect of share options on issue	4,032,959	453,651
Weighted average number of ordinary shares (diluted) at 31 December	<u>554,044,091</u>	<u>559,648,730</u>

At 31 December 2009, 2,460,000 options (2008: Nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

30. Operating segments

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- I Consumer Essentials
 - Consumer Business : Supply of provisions and household consumer products, retail franchising, manufacture and sale of soya bean products and noodles, development, distribution and licensing of education and entertainment products.
 - Health Solutions : Construction of hospital turnkey projects and provision of health-care consultancy and hospital management services.
- II Strategic Investments
 - Packaging : Manufacture and sale of corrugated paper products and other packaging products.

Information regarding the results of each reportable segment is included below. Performance is measured based on results from operating activities, as included in the internal management reports that are reviewed by the Board of Directors. Segment results from operating activities is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Notes to the Financial Statements

30. Operating segments (cont'd)

Group	Consumer Business \$	Consumer Essentials Health Solutions \$	Strategic Investments Packaging \$	Total operations \$
2009				
External revenues	211,844,837	6,023,648	113,356,282	331,224,767
Reportable segment results	8,290,259	1,517,179	9,181,891	18,989,329
Unallocated results				(26,178)
Results from operating activities				18,963,151
Net finance income				4,017,733
Share of profit of associates				1,885,508
Income tax expense				(4,553,871)
Profit for the year				20,312,521
Other segment information				
Amortisation of intangible assets	8,143,459	-	-	8,143,459
Depreciation of:				
- property, plant and equipment	3,135,703	65,145	3,401,649	6,602,497
- investment properties	27,260	-	-	27,260
Capital expenditure	12,608,253	38,094	1,895,312	14,541,659
Other non-cash expenses	2,149,905	456,166	297,242	2,903,313
2008				
External revenue	203,939,566	2,944,873	96,350,288	303,234,727
Reportable segment results	6,887,009	(2,975,170)	4,423,510	8,335,349
Unallocated results				(302,079)
Results from operating activities				8,033,270
Net finance expense				(3,120,800)
Share of profit of associates				1,815,178
Income tax expense				(1,357,482)
Profit for the year				5,370,166
Other segment information				
Amortisation of intangible assets	7,651,117	-	-	7,651,117
Depreciation of:				
- property, plant and equipment	3,116,110	83,546	3,709,217	6,908,873
- investment properties	28,039	-	-	28,039
Capital expenditure	12,925,047	173,665	2,924,430	16,023,142
Other non-cash expenses	4,202,700	2,583,404	943,325	7,729,429

Notes to the Financial Statements

30. Operating segments (cont'd)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers or investments, where appropriate. Segment non-current assets are based on geographical location of the assets.

	Singapore \$	Malaysia \$	China \$	Others \$	Total \$
2009					
External revenue	186,599,496	66,820,948	77,804,323	-	331,224,767
Non-current assets	55,897,522	7,137,770	31,059,818	11,746,478	105,841,588
2008					
External revenue	175,325,057	60,809,260	67,100,410	-	303,234,727
Non-current assets	67,337,716	7,029,532	49,695,729	4,217,485	128,280,462

31. Acquisitions of subsidiary and minority interest

2009

Business combination

On 30 September 2009, a subsidiary acquired 70% of the shares in Nantong Hengcheng Paper Industry Co., Ltd ("Nantong") for \$1,088,782 in cash. Nantong manufactures and distributes recycled paper. In the 3 months to 31 December 2009, the subsidiary contributed a net profit of \$104,385. If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue would have been \$338,618,412 and consolidated profit for the year would have been \$20,536,982. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2009.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Note	Recognised values on acquisition \$
Property, plant and equipment	4	580,489
Inventories		1,291,095
Trade and other receivables		1,055,191
Cash and cash equivalents		90,552
Current tax payable		(81,512)
Trade and other payables		(2,162,348)
Net identifiable assets and liabilities		773,467
Goodwill on acquisition	5	547,355
Minority interests		(232,040)
Consideration paid, satisfied in cash		1,088,782
Cash acquired		(90,552)
Net cash outflow		998,230

Notes to the Financial Statements

31. Acquisitions of subsidiary and minority interest (cont'd)

Pre-acquisition carrying amounts were determined based on applicable FRS immediately before the acquisition. The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

Acquisitions of minority interest

In January 2009, a subsidiary acquired an additional 5.62% interest in Health Solutions Holdings Pte. Ltd. for \$2,500,000 in cash, increasing its ownership from 94.38% to 100%. The carrying amount of Health Solutions Holdings Pte. Ltd.'s net assets in the financial statements on the date of acquisition was \$14,527,014.

In January 2009, a subsidiary also acquired an additional 20% interest in InnoForm Media (Taiwan) Co. Limited for \$51,552 in cash, increasing its ownership from 80% to 100%. The carrying amount of InnoForm Media (Taiwan) Co. Limited's net assets in the financial statements on the date of acquisition was \$257,759.

The Group recognised a decrease in minority interests of \$867,676 and other reserves of \$1,683,876 arising from the above acquisitions.

2008

Business combination

Incorporation of United Packaging Industries Pte. Ltd.

On 9 May 2008, United Packaging Industries Pte. Ltd. (UPKG) was incorporated with an issued and paid up share capital of 1 ordinary share at S\$1. On 6 June 2008, Tat Seng Packaging Group Ltd entered into an agreement with United Paper Industries Pte. Ltd. (UPI) for the acquisition of the assets and business of UPI. The effective date of the acquisition was 21 July 2008. The acquisition of the assets and business of UPI was injected into the business of UPKG on 21 July 2008.

The goodwill of \$17,684 arising from the acquisition of the assets and business of UPI had been reflected under the statement of financial position as at 31 December 2008 as an intangible asset, and was attributable to the excess of the purchase consideration over the fair value of the tangible net assets acquired. Fair value adjustments amounting to \$815,462 and \$126,418 were made to the carrying value of property, plant and equipment and deferred tax liability, in arriving at the recognised value of \$2,772,161 and \$126,418 respectively.

Acquisition of Alliance Entertainment Singapore Pte. Ltd.

On 15 February 2008, the Group acquired 100% of the shares of Alliance Entertainment Singapore Pte. Ltd., a Singapore incorporated company engaged in the business of motion pictures, video distribution and services allied to motion picture, video production and distribution.

During the period from 15 February 2008 to 31 December 2008, Alliance Entertainment Singapore Pte. Ltd. contributed \$596,238 to the net profit of the Group. If the combination had taken place at the beginning of 2008, the profit for the Group attributable to shareholders would have been \$3,536,462 and revenue would have been \$304,760,425.

The goodwill of \$641,741 arising from the acquisition of Alliance Entertainment Singapore Pte. Ltd. had been reflected under the statement of financial position as an intangible asset, and was attributable to the excess of the purchase consideration over the fair value of the tangible net assets acquired.

Notes to the Financial Statements

31. Acquisitions of subsidiary and minority interest (cont'd)

Incorporation of InnoForm Digital Media Pte. Ltd.

On 27 December 2007, InnoForm Digital Media Pte. Ltd. was incorporated with an issued paid-up share capital of \$1 comprising 1 ordinary share. On 8 January 2008, InnoForm Media Pte Ltd entered into a joint venture agreement with Messrs Foo Kok Lin Collin, Lim Boon Choon and Tan Choon Gee to undertake the business of supplying and leasing of computerised music hardware and software and venturing into areas of karaoke-on-demand and new media.

During the period from 8 January 2008 to 31 December 2008, InnoForm Digital Media Pte. Ltd. had contributed a net loss of \$108,130 to the net profit of the Group.

The goodwill of \$272,521 arising from the acquisition of the assets and business of Phileo Marketing Pte Ltd and Livewire Technologies Pte Ltd had been reflected under the statement of financial position as at 31 December 2008 as an intangible asset, and was attributable to the excess of the purchase consideration over the fair value of the tangible net assets acquired.

The acquisition of business and a subsidiary had the following effect on the Group's assets and liabilities on acquisition date:

	Note	Recognised values on acquisition \$
Property, plant and equipment	4	3,334,868
Intangible assets		1,044,541
Inventories		3,447,594
Trade and other receivables		2,995,871
Cash and cash equivalents		2,375,352
Trade and other payables		(4,083,954)
Current tax payable		(413,200)
Deferred tax liability		(126,418)
Net identifiable assets/(liabilities) acquired		8,574,654
Goodwill on acquisition	5	931,946
Minority interests		(490,000)
Purchase consideration		9,016,600
Cash and bank balances acquired		(2,375,352)
Net cash outflow		6,641,248

32. Determination of fair values

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

(i) Investments in equity and debt securities

The fair value of available-for-sale financial assets are based on their quoted closing bid price at the reporting date, with the exception of those equity securities which are not traded in an active market for the year ended 31 December 2009. For equity securities that are not traded in an active market, the fair value is determined by using a valuation technique (see note 21). It is not practicable to calculate the fair value of the held-to-maturity investments in unquoted debt securities because of a lack of quoted market prices and inability to estimate the fair value reliably.

Notes to the Financial Statements

32. Determination of fair values (cont'd)

(ii) Loans and borrowings

The carrying amounts of loans and borrowings where interest rates reprice within 12 months are assumed to approximate their fair values because of the short period to repricing.

(iii) Other financial assets and liabilities

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

(iv) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

33. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

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 costs 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

Notes to the Financial Statements

33. Financial risk management (cont'd)

Credit risk (cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures.

At the reporting date, credit risk is concentrated mainly in cash and fixed deposits with banks, held-to-maturity investments and trade receivables. Cash and fixed deposits are placed with banks which are regulated. Credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, are engaged in a wide spectrum of activities, and sell in a variety of end markets. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. The Company is exposed to credit risk in connection with the financial guarantees it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties to whom it is providing the guarantee.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income and its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes alignment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may align the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

As disclosed in note 19, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (the "PRC") to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2009 and 2008.

Notes to the Financial Statements

34. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

(a) Future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	5,020,972	4,333,156	748,120	746,790
Between one and five years	15,689,581	16,515,072	2,978,495	2,986,583
More than five years	22,508,702	25,895,340	8,764,269	9,474,637
	43,219,255	46,743,568	12,490,884	13,208,010

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 currently payable under the lease agreement is \$710,598 (2008: \$710,598).

Leases as lessor

(b) The Group and the Company lease out certain of their property, plant and equipment and investment properties (see notes 4 and 6). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Within one year	624,067	820,873	652,163	873,531
Between one and five years	613,481	530,291	813,986	115,363
	1,237,548	1,351,164	1,466,149	988,894

35. Capital commitments

At 31 December 2009, the Group and the Company have the following commitments:

Capital commitments in respect of leasehold improvement contracts, Enterprise Resource Planning system and purchase of property, plant and equipment:

	Group		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Contracted but not provided for	2,961,091	294,450	119,760	291,769

Notes to the Financial Statements

36. Contingent liabilities - unsecured

As at 31 December 2009, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$7,148,482 (2008: \$7,673,299). The Company does not consider it probable that a claim will be made against the Company under the guarantees.

37. Related parties

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2009	2008
	\$	\$
Director fees	590,643	586,228
Short-term employee benefits	8,453,650	5,018,684
Post-employment benefits	79,644	94,923
Share-based payment transactions	979,951	-
	<u>10,103,888</u>	<u>5,699,835</u>

The key management personnel comprise the executive and non-executive directors, executive vice president, senior vice presidents, group financial controller of the Company and the directors of certain major subsidiaries.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2009	2008
	\$	\$
<i>Transactions with companies that have a common director with the Company</i>		
Purchase of beverages and cereals	279,159	284,389
Advisory and consultancy fees paid/payable	60,000	60,000
<i>Other related party transactions</i>		
Sales	(4,237,803)	(938,502)
Hire of motor vehicles payable	13,632	9,194
Rental income received/receivable	<u>(200,642)</u>	<u>(222,439)</u>

As at 31 December 2009, investments in securities in companies that have a common director with the Company amounted to \$3,331,236 (2008: \$4,179,442). The related interest income recognised during the year amounted to \$80,207 (2008: \$14,060).

Notes to the Financial Statements

38. Subsequent events

Subsequent to 31 December 2009, there were the following events:

- the Group acquired a 25% equity interest in Sport Social Affairs Co. Ltd ("SSA"), a company incorporated in the Kingdom of Cambodia, for a consideration of US\$4,500,000 (S\$6,332,400). SSA will operate a sports lottery business in the Kingdom of Cambodia.
- the Group entered into a sale and purchase agreement to dispose of its 51% interest in InnoForm Media Pte Ltd for a consideration of S\$6,630,000. The disposal is expected to be completed in March 2010.
- 1,400,000 ordinary shares were issued following the exercise of 1,400,000 share options at \$0.16 each.

39. Comparative information

Certain comparative figures in the consolidated cash flow statement have been reclassified to better reflect the substance of the transactions undertaken and to conform with the current year's presentation.

	Previously reported 2008 \$	Restated 2008 \$
Operating activities		
Amortisation of deferred income	-	(4,064)
Impairment loss on amounts due from associates	-	2,200,560
Intangible assets written off	46,284	-
Trade and other receivables	(2,827,342)	(5,027,902)
Trade and other payables	2,992,318	5,174,219
Financing activities		
Trust receipts	2,234,770	-
Repayment of trust receipts	(103,217)	-

Supplementary Information

(SGX Listing Manual disclosure requirements)

1 Directors remuneration

Company's directors receiving remuneration from the Group:

	Number of directors	
	2009	2008
Remuneration of:		
\$3,500,001 to \$3,750,000	1	-
\$2,000,001 to \$2,250,000	1	-
\$1,000,001 to \$1,250,000	-	1
\$750,001 to \$1,000,000	-	1
\$500,001 to \$750,000	-	1
\$250,000 and below	7*	6
	9	9

* One director from the remuneration band resigned during the financial year 2009.

2 Group properties

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
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, Johor, Malaysia	Vacant land	Freehold
Lot 249, GPP 4841 Town Area XXI District of Melaka Tengah, Melaka, Malaysia	Vacant land	Freehold

Supplementary Information

(SGX Listing Manual disclosure requirements)

2 Group properties (cont'd)

Location	Description	Tenure
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 Pulau District of Johor Bahru, Johor, Malaysia	Vacant land	Freehold
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: <ul style="list-style-type: none"> - 33,333 sq m from 16 December 1995 - 12,667 sq m from 23 September 1998 - 12,798 sq m from 13 February 2001
105 Zipeng Road HeFei Eco-Tech Development Zone, Anhui Province, People's Republic of China	Single-storey factory building with double storey office building	<ul style="list-style-type: none"> - 35,800 sq m on 48-year lease from 7 March 2005 - 13,600 sq m on 49-year lease from 9 December 2007
20 KM, Jalan Pontian Lama 81110 Pulau, Johor, Malaysia	Apartments	Freehold

3 Interested person transactions

Interested person	Aggregate value of all transactions (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920) \$	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) \$
Super Coffeemix Manufacturing Ltd		
- Purchase of beverages and cereals	279,159	-

4 Material contracts

Except as disclosed in note 37 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries during the financial year involving the interest of the chief executive officer or each director of the Company.

Supplementary Information

(SGX Listing Manual disclosure requirements)

5 Usage of proceeds from rights issue

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 2004"). The Company received net proceeds of \$29,045,497 from the Rights Issue 2004 and the amount of which utilisation as at 31 December 2009 were as follows:

	2009 \$	2008 \$
Usage as at 1 January	27,074,346	19,874,346
Purchase of 51% equity interest in Alliance Entertainment Singapore Pte. Ltd.	-	3,000,000
Working capital	1,971,151	4,200,000
	<u>29,045,497</u>	<u>27,074,346</u>

In addition, a rights issue of 187,075,582 fully-paid ordinary shares at an issue price of \$0.33 for each rights share was made by the Company in 2007 to existing shareholders in the proportion of one share for every two shares held ("Rights Issue 2007"). The Company received net proceeds of \$61,287,444 from the Rights Issue 2007 and the amount of which utilisation as at 31 December 2009 were as follows:

	2009 \$	2008 \$
Usage as at 1 January	11,298,000	-
Purchase of 27.85% equity interest in Prime King Holdings Ltd (inclusive of shareholder's loan)	-	11,298,000
Subscription of HKD80,000,000 convertible notes in Jollify Limited	15,544,000	-
	<u>26,842,000</u>	<u>11,298,000</u>

资产负债表

截日2009年12月31日

		集团		公司	
	附注	2009 \$	2008 \$	2009 \$	2008 \$
资产					
产业及机器设备	4	64,007,206	71,210,510	18,342,472	19,606,493
无形资产	5	1,182,227	11,491,952	-	-
物业投资	6	1,829,299	1,875,750	-	-
子公司	7	-	-	46,218,053	47,718,055
联号公司	8	38,822,856	43,702,249	21,039,559	33,604,290
其它金融资产	9	16,994,927	15,464,648	4,646,683	5,193,402
递延税款资产	10	699,834	337,033	-	-
非流动资产合计		123,536,349	144,082,142	90,246,767	106,122,240
非金融资产	11	269,000	274,500	45,000	45,000
存货	12	42,437,611	36,696,044	4,696,697	6,523,950
应收账款及其它应收款	14	110,114,454	86,027,987	80,552,215	48,424,446
其它金融资产	9	19,132,238	2,799,243	2,882,670	2,799,243
现金和现金等同物	17	85,151,504	97,575,469	53,149,558	56,274,695
持有的待售资产	18	29,559,768	-	-	-
流动资产合计		286,664,575	223,373,243	141,326,140	114,067,334
资产合计		410,200,924	367,455,385	231,572,907	220,189,574
股东权益					
股本	19	199,784,331	200,276,383	199,784,331	200,276,383
储备	19	77,198,037	55,955,331	10,631,956	480,277
		276,982,368	256,231,714	210,416,287	200,756,660
少数股东权益		34,268,122	29,470,386	-	-
股东权益合计		311,250,490	285,702,100	210,416,287	200,756,660
负债					
贷款与借贷	20	96,704	1,234,406	-	-
递延收益	23	114,192	142,127	-	-
递延应付税款	10	3,259,673	3,856,034	264,970	292,435
非流动负债合计		3,470,569	5,232,567	264,970	292,435
应付账款和其他应付款	24	51,140,845	54,061,034	20,891,650	19,140,479
贷款与借款	20	29,120,538	20,974,508	-	-
递延收益	23	14,819	9,894	-	-
本期应付税款		2,029,845	1,475,282	-	-
持有的待售负债	18	13,173,818	-	-	-
流动负债合计		95,479,865	76,520,718	20,891,650	19,140,479
负债合计		98,950,434	81,753,285	21,156,620	19,432,914
负债及股东权益合计		410,200,924	367,455,385	231,572,907	220,189,574

附注内容是财务报表的组成部分之一。

综合损益表

截日2009年12月31日

	附注	2009 \$	2008 \$
收入	25	331,224,767	303,234,727
售出产品成本		(244,021,476)	(229,533,300)
毛利		87,203,291	73,701,427
其它营业收入		5,969,255	3,470,311
分销费用		(39,137,326)	(35,310,755)
行政费用		(33,966,644)	(31,908,082)
其它营业费用		(1,105,425)	(1,919,631)
营业活动之盈利		18,963,151	8,033,270
金融收入		6,377,935	1,731,307
金融费用		(2,360,202)	(4,852,107)
净金融收入/(费用)	27	4,017,733	(3,120,800)
联号公司盈利分派(税后)		1,885,508	1,815,178
税前盈利		24,866,392	6,727,648
所得税	28	(4,553,871)	(1,357,482)
本期盈利	26	20,312,521	5,370,166
可归属:			
公司业主		15,643,006	3,465,816
少数股东权益		4,669,515	1,904,350
本期盈利		20,312,521	5,370,166
每股盈利			
每股盈利基额(分)	29	2.84	0.62
每股盈利摊薄(分)	29	2.82	0.62

附注内容是财务报表的组成部分之一。

Shareholding Statistics

As at 9 March 2010

Number of Issued and Fully Paid Shares	:	550,511,746 excluding Treasury Shares
Class of Shares	:	Ordinary Shares with equal voting rights
Issued and Fully Paid Share Capital	:	S\$203,035,351.15

SUBSTANTIAL SHAREHOLDERS as at 9 March 2010

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD		SHAREHOLDING PERCENTAGE %
	DIRECT INTEREST	DEEMED INTEREST	
Violet Profit Holdings Limited	134,112,551	-	24.36
Ku Yun-Sen ⁽¹⁾	-	134,112,551	24.36
Goi Seng Hui ⁽²⁾	66,164,404	-	12.02
Super Coffeemix Manufacturing Ltd	49,449,500	-	8.98

Notes:

- (1) Ku Yun-Sen is deemed to have an interest through Violet Profit Holdings Limited.
 (2) On 10 July 2009, Mr. Goi Seng Hui had transferred 52,439,404 shares to Raffles Nominees Pte Ltd as a bare trustee.

DIRECTORS' SHAREHOLDING as at 21 January 2010

DIRECTORS	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	876,750	-	-
Lien Kait Long	5,530	-	-
Teo Kee Bock	-	-	633,900*

- * Teo Kee Bock is deemed to be interested in 633,900 shares held by his spouse, Te Lay Hoon in the capital of the Company, by virtue of Section 7 of the Companies Act, Cap. 50.

Shareholding Statistics

As at 9 March 2010

ANALYSIS OF SHAREHOLDERS as at 9 March 2010

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2,209	21.93	881,770	0.16
1,000 – 10,000	5,444	54.06	22,384,683	3.98
10,001 – 1,000,000	2,398	23.81	107,291,794	19.07
1,000,001 and above	20	0.20	432,068,499	76.79
	10,071	100.00	562,626,746	100.00

TREASURY SHARES

Total Number of Ordinary Shares held in treasury ("Treasury Shares")	:	12,115,000
Voting Right	:	None
Percentage of this holding against total number of issued shares excluding Treasury Shares	:	2.20%

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 9 March 2010, 54.35 % 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 9 March 2010

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	CIMB-GK Securities Pte. Ltd.	134,192,773	24.38
2.	DBS Vickers Securities (S) Pte Ltd	97,853,911	17.77
3.	Raffles Nominees (Pte) Ltd	53,440,649	9.71
4.	Super Coffeemix Manufacturing Ltd	49,449,500	8.98
5.	United Overseas Bank Nominees Pte Ltd	17,352,160	3.15
6.	Goi Seng Hui	15,670,000	2.85
7.	DBS Nominees Pte Ltd	11,874,459	2.16
8.	UOB Kay Hian Pte Ltd	9,476,919	1.72
9.	Citibank Nominees Singapore Pte Ltd	9,262,128	1.68
10.	OCBC Nominees Singapore Pte Ltd	6,576,762	1.19
11.	China Healthcare Limited	2,996,700	0.54
12.	OCBC Securities Private Ltd	1,932,308	0.35
13.	Hong Leong Finance Nominees Pte Ltd	1,804,421	0.33
14.	Phillip Securities Pte Ltd	1,755,212	0.32
15.	Kim Eng Securities Pte. Ltd.	1,454,397	0.26
16.	Sim Teng Yam	1,408,000	0.26
17.	Econ Medicare Centre Holdings Private Limited	1,253,200	0.23
18.	Eyu Chin Wat @ Yeo An Hai or Lim Siew Lian	1,100,000	0.20
19.	Gromov Vladislav	1,100,000	0.20
20.	DMG & Partners Securities Pte Ltd	933,201	0.17
		420,886,700	76.45

Notice of Annual General Meeting

PSC CORPORATION LTD

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(COMPANY REGISTRATION NO. 197400888M)

NOTICE IS HEREBY GIVEN that the Thirty-Sixth Annual General Meeting of PSC Corporation Ltd will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 23 April 2010 at 10:00 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 2009 and the Auditors' Report thereon. **[Resolution 1]**
2. To declare a first and final dividend of 1.50 cents per ordinary share exempt one-tier for the year ended 31 December 2009. **[Resolution 2]**
3. To re-elect the following Directors, each of whom will retire in accordance with the Article 87 of the Company's Articles of Association:
 - (a) Chee Teck Kwong Patrick **[Resolution 3a]**
 - (b) John Chen Seow Phun **[Resolution 3b]****[See Explanatory Note (1)]**
4. To approve the payment of Directors' Fees of S\$339,000 for the year ended 31 December 2009. **[Resolution 4]**
(2008: S\$350,000)
5. To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. "Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited .

That pursuant to Section 161 of the Companies Act, Cap. 50 (the "Companies Act") and Rule 806 of the listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the Company ("Shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

(the "Share Issue Mandate")

Notice of Annual General Meeting

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Provided that:

- (1) Save for sub-paragraph (2) below, the aggregate number of shares (including shares to be issued in pursuance of the instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);
- (2) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued to existing shareholders via a pro-rata renounceable rights issue pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);
- (3) (subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraphs (1) and (2) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (i) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of the Resolution; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (5) unless revoked or varied by the Company in general meeting, the Share Issued Mandate shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments or (iii) in relation to sub-clause (2) above, 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier."

[Resolution 6]

[See Explanatory Note (2)]

8. Authority to allot and issue shares and Instruments other than on a pro rata basis at a discount not exceeding 20 per centum (20%)

That subject to and pursuant to the Share Issued Mandate being obtained in Resolution 6 above, approval be and is hereby given to the Directors of the Company to allot and issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro rata basis at an issue price per share as the Directors of the Company may in their absolute discretion deem fit provided that such price shall not represent a discount of more than 20 per centum (20%) to the weighted average price per share determine in accordance with the requirements of SGX-ST and unless revoked or varied by the Company in a general meeting, such authority 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 or 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier.

[Resolution 7]

[See Explanatory Note (3)]

Notice of Annual General Meeting

PSC CORPORATION LTD

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(COMPANY REGISTRATION NO. 197400888M)

9. "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 fifteen per cent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

[Resolution 8]

[See Explanatory Note (4)]

10. "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:

- (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").

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 (excluding brokerage, stamp duties, applicable goods and services tax and other expenses) 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."

[Resolution 9]

[See Explanatory Note (5)]

Notice of Annual General Meeting

PSC CORPORATION LTD

(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

(COMPANY REGISTRATION NO. 197400888M)

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the PSC Corporation Ltd (the "Company") will be closed on 6 May 2010 for the purpose of determining the members' entitlements to the dividend to be proposed at the Annual General Meeting of the Company to be held on 23 April 2010.

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 2010 will be registered to determine members entitlements to such dividend. 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 2010 will be entitled to such proposed dividends.

Payment of the dividend, if approved by the members at the Annual General Meeting, will be paid on 19 May 2010.

BY ORDER OF THE BOARD

Chew Kok Liang
Annie Wong Sook Cheng
Joint Company Secretaries
Singapore

7 April 2010

Notice of Annual General Meeting

PSC CORPORATION LTD

(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 Annual General Meeting.

EXPLANATORY NOTES ON THE SPECIAL BUSINESS TO BE TRANSACTED:-

- 1) Mr. Chee Teck Kwong Patrick, upon re-election as director of the Company, remains as Chairman of the Audit Committee and member of the Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Dr. John Chen Seow Phun upon re-election as director of the Company, remains as member of the Audit, Nominating and Remuneration Committees and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
- 2) The proposed Ordinary Resolution 6, if passed, will empower the Directors of the Company, from the date of this Meeting until the date of 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 or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding , in total 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to existing shareholders of the Company save that the 50% limit may be increased to 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company in relation to a pro-rata renounceable rights issue to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Notice of Annual General Meeting

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(COMPANY REGISTRATION NO. 197400888M)

- 3) The Ordinary Resolution 7 above is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. The proposed Ordinary Resolution 7 above, if passed, will empower the Directors of Company to allot and issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issued Mandate) other than on a pro-rata basis at a discount of not more than 20% to the weighted average price per share determined in accordance with the requirements of the SGX-ST.
- 4) The proposed Ordinary Resolution 8, if passed, will empower the Directors to issue shares pursuant to the exercise of Options granted under the PSC Executives' Share Option Scheme 2003 (the "Scheme") which was approved at the Extraordinary General Meeting of the Company held on 8 July 2003. Pursuant to the Extraordinary General Meeting of the Company held on 28 September 2007, the maximum number of shares issued or to be issued for Options under the Scheme had been changed to 15% of the total number of issued shares excluding treasury shares in the capital of the Company.
- 5) The proposed Ordinary Resolution 9, 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 (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of Resolution 9. 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

普威集团有限公司

(于新加坡共和国注册成立)

(公司注册号码197400888M)

本公司第36届常年股东大会将于2010年4月23日 (星期五) 上午10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2009年12月31日止财政年之董事报告及经审核账目和审计师报告。 [决议案 1]
 2. 宣布在截至2009年12月31日止财政年派发每股1.5分的免税终期股息。 [决议案 2]
 3. 根据公司章程第87条款, 重选以下退休的董事:
(a) Chee Teck Kwong Patrick先生 [决议案 3a]
(b) John Chen Seow Phun 博士 [决议案 3b]
- [见附注(1)]
4. 批准截至2009年12月31日止财政年之董事酬劳S\$339,000。
(2008年: S\$350,000) [决议案 4]
 5. 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 5]
 6. 审议可在常年股东大会获得适当审议的其它任何普通事项。

特别事项

仔细考虑且在适当情况之下, 通过以下决议案为普通修正决议或无修正决议案:

7. “授权根据公司法第50章第161节以及《新加坡证券交易所上市指南》第806条所规定发行公司股本中的股份。

根据公司法第50章第161节(“公司法”)以及《新加坡证券交易所上市指南》第806条所规定, 授权公司董事:

- (a) (i) 发行公司之股份(“股票”), 不论是以认股证、红利或其他的方式发行; 以及 / 或
- (ii) 订立或授予可能或须要发行股票的配股、协议或股票认购权(统称为“票据”), 包括但不限于产生和发行(以及调整)股票认购权、认股权证、债券或其它可转换为股份的票据,

在公司董事认为适当之情况下, 于任何时候按条款向合适人士发行本公司之股份; 以及

- (b) (尽管由本决议所赋予之授权可能已经失效)在本决议案有效的情况下, 根据公司董事所订立或授予的任何票据发行股票,

(“股票发行授权”)

其条件如下:

- (1) 除下节(2)外, 按本决议案所应发行之股份(包括按本决议案订立或授予的票据而发行的股份)和票据总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之五十(50%)(按下节(3)计算), 其中, 不按比例发行给公司现有股东的股份和票据之总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之二十(20%)(按下节(3)计算);
- (2) 依据本决议案按比例发行给现有股东的可放弃附加股的股份(包括按本决议案订立或授予的票据而发行的股份)和票据总数不得超过公司股本中已发行股份总数(不包括库存股在内)的百分之一百(100%)(按下节(3)计算);

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- (3) 按新加坡证券交易所指示之计算方式，为确定按上节(1)及(2)而可能发行股份之总额，已发行股份和票据的总数应在调整以下股份后，根据在本决议案通过之时，本公司已发行股份的总数(不包括库存股在内)计算：
- (i) 可兑换证券或票据在转换或行使时所产生的新股份；
 - (ii) 本决议案获通过之时因行使股票认购权或授予股票奖励而产生的未承兑新股份；
 - (iii) 任何随后的花红分发、股份合并或拆分；
- (4) 在行使按本决议案所赋予之股票发行授权时，公司应遵守现行之《新加坡证券交易所上市指南》第806条的规定（除非新加坡证券交易所已免除该规定）与公司章程；及
- (5) 按本决议案所赋予之股票发行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(i)至下届常年股东大会或依法要求召开之下届常年股东大会日期(以较早者为准)为止；或(ii)若属于按本决议案订立或授予的票据而应发行的股票，则至依据该票据的条款发行这类股票为止；或依据上小节(2)，2010年12月31日或SGX-ST所订下的期限（以较早者为准）为止。”

[决议案 6]

[见附注(2)]

8. 授权以不超过百分之二十(20%)的折扣，不按比例配发和发行股票和票据。

此授权应依据上述决议案6中所赋予之股票发行授权，批准公司董事自行决定不按比例配发和发行股份(包括根据股票发行授权订立或授予的票据所应发行的股份)的每股发行价格，前提是以依据SGX-ST指示确定的每股加权平均价格计算，该价格的折扣不应超过20%/按本决议案所赋予之授权除非在股东大会遭撤销或修改，否则应持续有效至下届常年股东大会，或依法要求召开之下届常年股东大会日期，或2010年12月31日，或SGX-ST另订下的期限（以较早者为准）为止。

[决议案 7]

[见附注(3)]

9. “按公司法第161节，赋予董事会授权在任何时候配发和发行因行使按普威执行人员认股权计划发行的认股权而须发行的股份(包括只要所行使的认股权是在此决议案有效时发行的，即使在行使认股权而须发行股份时，此决议案所赋予的授权已经无效)，其条件是按此计划发行的股份总数在任何时候不得超过公司股本中(不包括库存股在内)已发行股份总数的百分之十五(15%)。”

[决议案 8]

[见附注(4)]

10. “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缴足发行普通股，其条件是总数不得超过“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) 场外交易(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，

此为概括性和无条件授权及核准(“股票回购授权”)。

按本决议案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要求召开之下届常年股东大会日期(以较早者为准)为止(“有关期间”)。

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。

常年股东大会通告

普威集团有限公司

(于新加坡共和国注册成立)

(公司注册号码197400888M)

在本决议案中:

“规定限额”为截至此决议案通过日期、相等于本公司发行普通股份资本之百分之八(8%)之发行股份(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”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(不包括佣金、印花税、消费税及其它费用); 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。”

[决议案9]

[见附注(5)]

登记截止日期通告

为确定股东从本公司将于2010年4月23日常年股东大会上之提案股息派发所应享有之股息权利, 本公司之股票转让将于2010年5月6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 2010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政券户头内, 若于2010年5月5日营业时间下午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2010年5月19日派发支付。

奉董事会令

Chew Kok Liang
Annie Wong Sook Cheng
公司联合秘书
于新加坡

2010年4月7日

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) 若以个人名义, 股东代表委派书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。

常年股东大会通告

普威集团有限公司

(于新加坡共和国注册成立)

(公司注册号码197400888M)

特别事项附注:

- 1) Chee Teck Kwong Patrick先生将在获得重选为公司董事后, 继续担任审核委员会主席与提名委员会成员, 并且依《新加坡交易所上市指南》第704(8)条所规定, 被视为独立董事。John Chen Seow Phun博士将在获得重选为公司董事后, 继续担任审核委员会与提名委员会成员, 并且依《新加坡交易所上市指南》第704(8)条所规定, 被视为独立董事。
- 2) 决议6若获通过, 将授权公司董事自本届会议之日起, 至公司下一届常年股东大会、或按法律要求召开的常年股东大会日期、或此授权在股东大会上被本公司撤销之日(以较早之日期为准), 发行股份或订立或授予可转换为股票的票据和根据这类票据发行股份, 其总数不得超过公司股本中(不包括库存股在内)已发行股份总数的50%, 其中最高20%可不按比例发行给公司现有股东, 此外, 该50%顶限可根据按比例发行给现有股东的可放弃附加股, 增加至公司股本中(不包括库存股在内)已发行股份总数的100%。

在确定可发行累计股份数量时, 公司股本中已发行股份的百分比, 将根据本决议案获通过之时以及任何随后的股份合并或拆分时因转换或行使票据或任何其它可兑换证券、行使股票认购权或授予股票奖励而发行的未承兑新股份而调整之后, 依据在本决议案获通过时公司股本中已发行股份总数(不包括库存股在内)计算。

允许公司发售高达100%的按股权比例(pro-rata)的可弃权附加股是SGX-ST推举的新举措,在SGX-ST在2009年2月19日发表的新闻稿“新加坡交易所推新举措促上市公司更快融资”提到, 并于隔日(2009年2月20日)生效。若无更动, 这些新措施的有效期到2010年12月31日。这些新措施让董事可以在情况所需时省略寻求股东批准的步骤, 以便更快获取融资, 减低曝险时限。通过未缴股款股权的交易, 少数股东也能确保权益。但发行公司需先符合某些条件, 包括定期公布股票收益的用途, 并在年报中说明款项使用的进度。

- 3) 以上的决议案7是SGX-ST推举的新举措,在SGX-ST在2009年2月19日发表的新闻稿“新加坡交易所推新举措促上市公司更快融资”提到, 并于隔日(2009年2月20日)生效。若无更动, 这些新措施的有效期到2010年12月31日。上面所提议的决议案7若获通过, 将授权公司董事根据SGX-ST要求确定的每股加权平均价格, 以不超过20%的折扣, 不按比例配发和发行股份(包括根据股票发行授权订立或授予的票据而应发行的股份)。
- 4) 决议案8若获通过, 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发行股票。根据公司于2007年9月28日召开的临时股东大会, 发行股份的最高数量或按普威公司执行人员股票认购权计划所发行的最高数量已改为, 公司股本中(不包括库存股在内)的已发行股份总数的百分之十五(15%)。
- 5) 决议案9若获通过, 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, 收购相等于决议案9通过日之不超过本公司发行普通股份资本(不包括由公司持有、作为库存股的任何普通股份)之百分之八(8%)之发行股份, 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 in CDP Register

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-Sixth Annual General Meeting of members of the Company (the "Meeting") to be held at 348 Jalan Boon Lay, Singapore 619529 on 23 April 2010 at 10 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 First and Final Dividend		
3.	Re-election of Directors:		
	(a) Mr. Chee Teck Kwong Patrick		
	(b) Dr. John Chen Seow Phun		
4.	Approval of Directors' Fees		
5.	Re-appointment of Auditors		
	SPECIAL BUSINESS:		
6.	Authority to issue shares		
7.	Authority to issue new shares other than pro-rata at a discount not more than 20%		
8.	Authority for Directors to issue shares pursuant to the exercise of Options granted under PSC Executives' Share Option Scheme		
9.	Authority for Directors to buy back Shares pursuant to the Share Buyback Mandate		

Dated this _____ day of _____ 2010

Signature(s) or Common Seal of Shareholder

IMPORTANT:
PLEASE READ NOTES OVERLEAF

Notes:

- 1) Please insert the total number of shares in the Company held by you, 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) The 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

The Consumer Essentials Group

PSC CORPORATION LTD

348 Jalan Boon Lay Singapore 619529 Tel: +65 6268 4822 Fax: +65 6266 2607

Company Registration No: 197400888M

Incorporated in the Republic of Singapore

www.psc.com.sg