



PSC Corporation Ltd

The Consumer Essentials Group

Annual Report 2010

Making Everyday **Special**





Making Everyday Special

At PSC, Making Everyday Special is about making a difference and touching the lives of our customers and our people everyday. By anticipating and keeping abreast of evolving needs, we strive towards creativity and innovation in our products and services. Over the years, our wide array of quality consumer essentials have played an instrumental role in enriching lives.

As we continue to grow in strength and value, our achievements are driven by our steadfast commitment to making a difference, each and every day.

**NURTURING
TODAY
HARVESTING
TOMORROW**



OUR COMMITMENT YOUR VALUE

7:45 am
Jurong, Singapore

Each morning, making the day special starts at our headquarters with our logistics team taking stock of inventories and preparing for deliveries to the many retail locations island wide. Our dependable logistics and distribution team ensures that consumers will have easy access to our consumer products daily.

Vision

To be a multi-faceted consumer essentials company with strategic investments in the region

Mission

- Building strong partnerships, growing new markets
- Fostering an open and creative culture, attracting and nurturing talents
- Providing innovative products, portfolio building, meeting stakeholders' needs
- Achieving operational excellence
- Building strong financial capabilities



Executive Chairman's Message



Amidst a background of improving business sentiment, PSC delivered a set of positive results for FY2010. The Group reported a turnover of \$373.72 million, an increase of 12.8% from the \$331.22 million recorded in FY2009.

Dear Valued Shareholders

I take great pleasure in presenting to you PSC Corporation Ltd's (the "Group") Annual Report for the financial year ("FY") ended 31 December 2010.

FY2010 was a year of strong economic rebound for Singapore and Asia. The positive economic climate provided a favourable backdrop for growth in most business sectors, including the retail service industry. This has benefited the Group's Consumer Essentials business. However, the global economic recovery was somewhat marred by sovereign debt concerns in the peripheral European Union economies and inflationary pressures in Asia, which in turn prompted monetary tightening. The Singapore economy registered a 14.5% growth last year, driven largely by the manufacturing sector, but looming inflationary pressures generated growth constraints which also affected the Group.

FY2010: Positive Financial Scorecard

Amidst a background of improving business sentiment, PSC delivered a set of positive results for FY2010. The Group reported a turnover of \$373.72 million, an increase of 12.8% from the \$331.22 million recorded in FY2009. The increase in turnover was attributable mainly to improved contributions from the Consumer Essentials segment and the Group's Packaging business from the Strategic Investments segment.

The Group's gross profit for FY2010 declined to \$81.56 million as compared to \$87.20 million in FY2009, while gross profit margin also dipped to 21.8% in FY2010 from 26.3% in FY2009. This was mainly due to the disposal of the Group's media subsidiaries which had a higher margin, a change in products mix and higher raw material costs.

Correspondingly, the Group's net profit attributable to equity holders of the Company was \$14.24 million, a decrease of 9.0% from \$15.64 million in FY2009.

Proposed Dividend

To reward our shareholders for their unwavering support, the Directors have recommended a final tax-exempt (one-tier) dividend of 1.0 cent per ordinary share, to be approved by shareholders at the upcoming Annual General Meeting.

Expanding Our Presence

Through the years, the PSC brand has gained strong recognition amongst consumers and has become synonymous with the delivery of quality and value-for-money essential consumer products. In the year under review, our consistent and targeted marketing initiatives have been effective and have yielded tangible results. Many of our products under the FMCG (Fast Moving Consumer Goods) segment have achieved strong brand recognition, and are leading brands in their respective categories. In 2011, we will continue to grow and develop our core Consumer Business to boost market awareness of our proprietary consumer goods brands. To further enhance and improve our range of product offerings, we are constantly seeking new and innovative quality products that meet our customers' needs at competitive prices.

Tat Seng Packaging Group Ltd ("Tat Seng"), is steadily expanding its China operations to capitalise on the growing demand for its products in the country. Tat Seng's subsidiary, Nantong Tat Seng Packaging Co., Ltd ("Nantong TS"), completed the construction and equipment installation of its new plant in Tongzhou. The plant commenced operations in late February this year, with an expected production capacity of 8 million square meters per month.

Significantly, Tat Seng's wholly-owned subsidiary, Tat Seng Packaging (Suzhou) Co., Ltd (China Headquarters), purchased a large 3-colour flexo printer with a die-cut slotter measuring 2.2 meters wide. This newly acquired equipment, which is expected to be put into operations in Q2 2011, will enable the Suzhou plant to secure large packaging box businesses in the photovoltaic and furniture industries. Revenues generated from these industries are expected to improve the gross profit margin for the Suzhou plant.

In FY2010, Tat Seng increased its equity stake in Hefei Dansun Packaging Co., Ltd to 94.4% and will be expanding the total production capacity of its plant in Hefei to 9 million square meters per month by Q3 2011.

The Group's healthcare division, under Health Solutions International Pte Ltd ("Health Solutions"), has had a significant year in growing its contribution to the Group. Health Solution's Australian associate did especially well and its contribution grew by 155.3% in FY2010 as compared to FY2009, and accounted for 21.7% of the profit before tax of the Group for FY2010. Our healthcare division is also further enhancing its presence and operations in South-East Asia, especially Vietnam and Malaysia, and will continue to gain strength in its reputation as a one-stop A to Z healthcare project and assignment service provider. Health Solutions' Likas Specialist Hospital project in Malaysia is progressing well and the project is nearing completion. Given the available number of healthcare projects coming on-stream in its markets and growing government spending on healthcare, we are fairly optimistic that the Group's healthcare division will be a significant contributor to our bottom line in the coming year.

Our associate company, Intraco Limited ("Intraco"), reported a year-on-year decrease of 2.9% in revenue. This slight decrease was due to stiffer competition in the semiconductor industry and a more stringent selection of projects undertaken. However, the reduction was offset by strong performance in its Trading and Others segment. In particular, the Plastics division registered a turnover growth of 43% in FY2010. Going forward, Intraco will continue to tap onto its long business history and presence in China to develop reliable suppliers and customers, and identify other business segments that will become potential avenues of sustainable growth in the future.

Another growth area for Intraco came from its investment in Dynamic Colours Limited ("DCL"), an SGX Mainboard listed company and a supplier of high-quality compounded resins in the manufacturing sector. DCL's revenue increased by 43.9% to US\$82.43 million in FY2010 compared to that of FY2009, and its profit after tax also improved by 11.2% in FY2010. This contributed significantly to Intraco's profit after tax in the year under review. DCL also expanded its capacity in polyethylene packaging to cope with strong demand for heavy duty bags. As for resin compounding, DCL will continue to work on aggressive plans to increase the sales of its newly set up Malaysia and Vietnam operations.

The Group also invested US\$4.5 million into Sport Social Affairs Co., Ltd. ("SSA") in Cambodia for a 25% stake in the company, making it a new associate company of the Group. SSA is the only company in that country to date with a much sought-after license to operate a sports lottery in Cambodia. With our input, SSA is proceeding slowly and is cautiously re-examining its IT infrastructure, game mix and operations. The investment is in the initial stage and for the Group, this is a new market. Given that the gaming industry in Cambodia is constantly evolving and that SSA sits in a complex operating environment, it may be some time before results from this investment are seen.

The Group's maiden investment by its Wholly Foreign Owned Enterprise, Guangzhou PSC Realty Limited Company, into the burgeoning Chinese property and property related sectors commenced in Q4 FY2010. Notwithstanding the short period of time that has transpired, the return on investment was significant and the decision to embark into the property market in China is already beginning to bear fruit. Given the continued dynamism of China's property market, we are cautiously optimistic that as additional attractive investment opportunities arise, the Group will be well poised to reap the benefits.

Exercising Vigilance and Improving Profitability

Despite having performed well in FY2010 in terms of the top line, the Group still needs to exercise vigilance in managing our cost structure and the growth of our diversified businesses. We will capitalise on the positive market conditions to further reinforce our leadership position in the various consumer market segments in which we operate, striving to improve our profitability. We will continue to focus on our path of expansion for our core Consumer Essentials business, while exploring opportunities to diversify into complementary and strategic businesses in the Asia Pacific region.

Acknowledgements

On behalf of the Board of Directors, I would like to record our sincere appreciation to our shareholders and our people for their support and contributions to the Group. Helmed by a visionary management team comprising experienced, passionate and dedicated leaders with sound business strategies, the Group is ready to rise to both the challenges and opportunities our markets will present in 2011.

Dr Allan Yap
Executive Chairman

执行董事主席致辞

尊敬的各位股东

我欣然向你们呈上普威集团（“本集团”）截至2010年12月31日之财政年度（“财年”）的年度报告。

2010财年，新加坡和亚洲经济强劲反弹。有利的经济环境，为包括零售服务业在内的大多数商业领域提供了正增长的条件。本集团的民生必需品业务组群也因此而受益。但是，全球经济复苏的同时受到欧盟次要经济体主权债务问题的困扰，以及亚洲通胀压力的拖累，致使整个亚洲进入银根紧缩。去年，在制造业的带动下，新加坡经济取得14.5%的增长率，但逼近中的通胀压力使经济增长受到制约，对本集团也产生了负面影响。

2010财年：财务业绩表现

2010财年，在商业气氛普遍改善的背景下，普威集团取得相当合理的成绩表现。本集团的营业额达3亿7千3百72万新元，比2009财年的3亿3千1百22万新元增长12.8%。营业额的增长主要归功于民生必需品业务组群的贡献而得以改善，以及本集团策略性投资业务组群的包装业务。

2010财年，本集团的毛利减至8千1百56万新元，相比之下，2009财年为8千7百20万新元，而2010财年的毛利率也从2009财年的26.3%下降至21.8%。这主要是由于本集团出售具有较高利润的媒体子公司，产品结构变动，以及原材料成本增加所致。

同期，可归本公司股东的本集团净利为1千4百24万新元，比2009财年的1千5百64万新元下降9.0%。

拟派发股息

为了回报股东的一贯鼎力支持，董事会已建议派发每普通股1.0分的终期免税股息，提交即将召开的常年股东大会予以批准。

扩大我们的现有市场

多年来，普威品牌已家喻户晓，得到消费者的普遍认同，成为优质及物有所值的民生必需品的代名词。本回顾年度，我们采取了具有针对性的市场营销策略。实践证明，这些策略卓有成效，为集团创造效益。快速消费品（FMCG）部门的许多产品都已取得强大的品牌知名度，并成为其所属商品类别的主导品牌。2011年，我们将继续发展壮大我们的核心消费品业务，以提高我们专属消费品品牌在市场的知名度。为了进一步提升和完善我们的产品系列，我们正在不断寻求创新优质的产品，以具竞争力的价格满足客户的需要。

达成包装集团（“Tat Seng”）正在稳步扩大其中国业务，充分利用该国市场对其产品日益增长的需求，大展拳脚。Tat Seng的子公司南通达成包装制品有限公司（“Nantong TS”）已完成其通州新厂房的建设及设备安装。该厂房于今年二月下旬开始运营，月产预计能达800万平方米。

具有重量性的是，Tat Seng的全资子公司达成包装制品（苏州）有限公司最近购置了一台带有2.2米宽模切铡床的大型三色柔性印刷开槽机。这台新购置的设备预计在2011年第二季度开始运作，并会使苏州工厂能够承接光电几家具行业的大型包装盒业务。这些行业所带来的收入有望提高苏州工厂的毛利率。

2010财年，Tat Seng将其在合肥丹盛包装有限公司（“Hefei Dansun”）的股权提高至94.4%，并将扩大其合肥工厂的总产能，使其在2011年第三季度以前达到每月900万平方米。

2010财年，在商业气氛普遍改善的背景下，普威集团取得相当合理的成绩表现。本集团的营业额达3亿7千3百72万新元，比2009财年的3亿3千1百22万新元增长12.8%。

本集团的保健部门Health Solutions International Pte Ltd (“Health Solutions”)本年内对本集团的贡献显著,其澳大利亚联营公司的表现尤为突出,与2009财年相比,2010财年的贡献增长155.3%,占本集团2010财年税前利润的21.7%。此外,我们的保健部门还进一步提高其在东南亚,特别是越南和马来西亚的市场覆盖率及运作,并将作为一站式全面保健项目与服务提供商,继续巩固优势,提高知名度。Health Solutions在马来西亚的Likas专科医院项目进展良好,并即将完工。鉴于亚洲区域蕴含许多潜力的保健项目,而且当地政府在保健方面的开支日益增加。展望未来的一年,本集团的保健业务部门将成为营业额的主要贡献力量,对此我们感到十分乐观。

我们的联营公司新加坡国际贸易集团(“Intraco”)的2010财年收入与去年同期相比下降2.9%。这一减少归因于半导体行业竞争激烈,且Intraco对承接项目的筛选标准更为严格。但是,该减少已被贸易及其它部门的不俗业绩所抵消。特别是,塑料部门的营业额在2010财年增长了43%。展望未来,Intraco将会继续利用其在中国的业务经验及现有市场份额,发展更多可靠的供应商和客户,并确定具有在未来实现可持续收入增长潜力的其它业务部门。

Intraco的另一个增长点,来自其在新加坡主板上市公司Dynamic Colours Limited (“DCL”)中的投资。DCL是制造业的优质复合树脂供应商。2010财年,DCL的收入比2009财年增加43.9%,达到8千2百43万美元,且其在2010财年的税后利润也提高11.2%。这对Intraco在回顾年度的税后利润作出显著贡献。另外,DCL还扩大其聚乙烯包装的产能,以满足对重包装袋的强劲需求。至于复合树脂方面,DCL将继续实施积极的发展计划,提高其新设立的马来西亚及越南业务的销售额。

本集团还向位于柬埔寨的Sport Social Affairs Co., Ltd. (“SSA”)投资4百50万美元,持有该公司25%的股权,从而使其成为本集团旗下的一家新联营公司。SSA是柬埔寨迄今唯一一家持有经营体育彩票许可证的公司。随着我们的入股,SSA正在重新审查其

信息技术基础设施、博彩游戏组合及其运作。此项投资处于初级阶段,且对本集团而言,这是一个新型市场。鉴于柬埔寨的博彩业正在持续发展中,且SSA经营环境颇为复杂,因此,其投资效益的回归需费时日。

本集团的外商独资企业Guangzhou PSC Realty Limited Company于2010财年四季度开始运作,其首笔投资已注入到蓬勃发展的中国房地产及房地产相关领域中。尽管成立时间较短,但投资回报可观,这一决策已初见成效。鉴于中国的房地产市场持续活跃,随着其他颇具吸引力的投资机会的出现,本集团将能够从中获益。对此,我们持审慎乐观态度。

时时保持警觉,提高盈利能力

尽管在收入方面本集团2010财年表现不俗,但本集团仍需要保持警觉,控制好成本结构,推动多元化业务的发展。我们将充分运用有利的市场环境,进一步加强我们各个消费细分市场的领导地位,奋发图强提高于巩固自己的收益能力。我们将继续专注于扩大核心的民生必需品业务组群的规模,同时探索各种机会,进军亚太地区的互补性和策略性业务,从而实现业务的多样化。

鸣谢

我谨代表董事会全体成员,向对本集团给予支持,并作出贡献的各位股东及员工表示衷心感谢。我们的管理团队由经验丰富、充满热忱并富于奉献精神的领导成员所组成,拥有稳健的业务策略,在他们高瞻远瞩的领导下,本集团已做好准备,以迎接2011年市场上出现的各种挑战和机遇。

Allan Yap 博士

执行董事主席

Managing Director and CEO's Statement



In our Fast Moving Consumer Goods division, we have pushed forth product innovations, introduced new products, implemented creative marketing campaigns and secured new agency brands.

Dear Valued Shareholders

FY2010 was a year of global economic recovery with Asian countries such as China, India and the ASEAN (Association of Southeast Asian Nations) countries leading the pack in achieving strong economic growth. Overall, the business environment was favourable, while consumer sentiments were generally positive. However, inflation soared during the year, hot on the heels of escalating raw material costs and a tight labour market.

Amidst this economic backdrop, I am pleased to report that PSC Corporation Ltd ("the Group") delivered a modest performance for the year.

Financial Review

For the financial year ("FY") ended 31 December 2010, the Group achieved a turnover of \$373.72 million, an increase of 12.8% from \$331.22 million in FY2009. This increase was contributed by the higher turnover from both the Consumer Business (excluding the comparative turnover of the media subsidiaries which were disposed in March of FY2010), and from the Group's Packaging business under Strategic Investments.

The Consumer Business segment registered a turnover of \$214.00 million, an improvement from \$211.84 million in FY2009. Excluding the turnover contributed by the media subsidiaries in FY2009, revenue increased by \$21.00 million or 11.1% in FY2010. The improvement in revenue was due to a change in product mix and the introduction of new products in both Singapore and Malaysia. Ongoing marketing initiatives and a well-established distribution network also contributed to the increase in turnover of this segment.

Profit before interest and tax ("PBIT") for the Consumer Business segment was \$6.00 million, a decrease of 27.7% from FY2009's profit of \$8.29 million. This was due to lower profit margin arising from the disposal of the media subsidiaries which had a higher margin, and increased raw material costs in FY2010.

Turnover for Health Solutions segment increased by 7.0% from \$6.02 million in FY2009 to \$6.44 million in FY2010. The increase was derived from an ongoing project in Malaysia. The PBIT for this segment in FY2010 was \$0.28 million as compared to \$1.52 million reported for FY2009.

The Packaging business segment achieved turnover of \$153.28 million in FY2010, an increase of \$39.92 million or 35.2% over \$113.36 million in FY2009. This improvement was mainly due to the inclusion of the full-year results of Nantong Hengcheng Paper Industry Co., Ltd. which was acquired in September of FY2009, and the continuous sales growth in the Singapore and China markets. As a result of higher raw material prices, this segment's PBIT decreased by 8.9% to \$8.36 million as compared to \$9.18 million recorded in the previous financial year.

Gross profit margin for the Group declined to 21.8% in FY2010 from 26.3% in FY2009. As a result, the Group's PBIT in FY2010 eased to \$22.20 million from \$24.87 million in FY2009. Consequently, net profit achieved in FY2010 amounted to \$17.31 million, which was 14.8% lower than the \$20.31 million recorded in FY2009. The net profit attributable to shareholders for FY2010 was \$14.24 million compared to \$15.64 million reported for FY2009, a decrease of 9.0%.

The improvement in revenue was the result of various sound strategies which the Group employed in FY2010. In our FMCG (Fast Moving Consumer Goods) division, we have pushed forth product innovations, introduced new products, implemented creative marketing campaigns, and secured new agency brands. These have helped to strengthen our brand equity and increased our customer base.

Topseller, our established distributor and developer of popular consumer brands, continued to advance with its stable of proprietary and agency lines. Committed to its vision to be a leading regional distributor and builder of consumer brands, Topseller commenced the distribution of Kao products since April of FY2010.

In FY2010, one of Topseller's leading brands, Royal Umbrella, was conferred the "Trusted Brand Award" by Reader's Digest for the seventh consecutive year. This award reflects consumers' choices and the amount of confidence they place in our premium brand of rice, despite the many labels available in the market. This prestigious accolade also attests to Royal Umbrella's tradition of upholding superior product quality, and the continuous efforts dedicated to creating and retaining strong brand awareness among consumers.

Our Malaysian distribution arm, Socma Trading, made considerable headway in developing its business. In particular, it worked with Mentos from its Candies and Chewing Gums segment and conducted consumer promotions during the run-up to the 2010 World Cup. Its Snacks segment also achieved significant growth in sales through aggressive in-store promotions, support from wholesalers, and trade programmes which widened its distribution network in the general trade channels.

Our Fortune Food group continued to augment its food product range by introducing new products and securing distributorships with well-established third-party brands. In FY2010, Fortune Food became the distributor of both "Amorelli" & "Vietri" pasta products. Through this partnership, Fortune Food will also gain access to the distributorship of Nouvo Pastificio Vietri Spa's fine food range of grocery products. This will allow Fortune Food to create new distribution channels, thus adding to its expanding customer base.

In a bid to satisfy customers' demands, Fortune Food introduced new and innovative tofu products which contain essential vitamins and minerals that are beneficial to health. It also expanded and secured new rice supply sources from USA, India and Pakistan for both short grain and Basmati rice.

Our Tipex group is constantly exploring new business opportunities to increase market share and spur business growth. In FY2010, Tipex became the exclusive Singapore distributor of high-performance baby diaper brands, PetPet, Fitti and BabyLove, as well as, adult diaper brand, Certainty. Furthermore, Tipex's growing institutional division has enlarged its product portfolio to include chemical products such as hand and body shampoo, multi-purpose detergent, anti-bacterial hand soap, and hand sanitisers. This expanded product range caters to a widening institutional customer base including hotels, F&B outlets, childcare centres, and cleaning contractors.

Our Consumer Business segment made further inroads into the region with D & P Lifestyle Pte Ltd ("D&P") which distributes international brands of footwear including Rockport from USA and Clarks from Britain. During the year under review, D & P has expanded its distribution network from Singapore to Malaysia and Brunei.

In 2011, PSC will continue to seek and capitalise on new business opportunities that will contribute to the growth of the Group's top and bottom lines. Our Consumer Business segment will continue to enhance its product mix while expanding its portfolio of proprietary and agency products. We will leverage on our established supply chain and distribution network, as well as, our strong brand equity to gain market share.

Nurturing Our Driving Force - Our People

As the leading consumer essentials company in Singapore, we have always believed in the importance of people as a driving force behind our growth and the key to our competitive edge. We are fully aware that our ability to thrive hinges largely on keeping, motivating and grooming a talent pool instilled with a strong team spirit.

It is imperative that the Group creates an excellent working environment, and allows for professional training and personal development of staff. Staff benefits are reviewed and enhanced annually. In FY2010, to further improve the outpatient medical benefits for employees, we extended our panel of medical care providers.

The Group is delighted to have garnered three employee-related awards in FY2010. Firstly, we were conferred the "Work-Life Achiever Award" by the Singapore Ministry of Manpower. This is a testament to our dedicated efforts towards work-life balance in the past years.

Secondly, we won the "Singapore HEALTH Award" (Helping Employees Achieve Life-Time Health) presented by the Health Promotion Board to give national recognition to organisations with commendable Workplace Health Promotion ("WHP") programmes. Good WHP programmes help to keep staff fit and healthy, boost productivity and ultimately give the organisation a competitive edge.

We believe that an organisation that encourages work-life balance and implements ongoing WHP activities will be recognised as a caring employer. This will keep staff enthusiastic and motivated at work, ultimately raising overall business performance and helping to attract and retain the best talents.

Lastly, in recognition of our support of male employees who have to fulfill their National Service obligations, we were awarded the "Distinguished Defence Partner Award" by the Ministry of Defence in FY2010. We are honoured to receive this accolade and will continue to emphasise the need for building an operationally ready and credible team of armed forces.

Community Support Initiatives

We are pleased to be able to fulfill our corporate social responsibilities and community service objectives in FY2010 through various initiatives and tie-ups with our partners, including The Straits Times in support of The Straits Times School Pocket Money Fund, The Singapore Zoo in support of wildlife conservation, National Council on Problem Gambling in its community outreach efforts and the Ministry of Community Development, Youth and Sports ("MCYS") in support of its probation services programmes, among others.

In Appreciation

On behalf of the Management, I would like to express my heartfelt appreciation to our staff for their *esprit de corps* and hard work. My special thanks go to all our shareholders, business partners, customers, suppliers and financial associates for their unstinting support and contributions. We look forward to our concerted efforts towards achieving even better results in 2011.

Foo Der Rong

Managing Director & CEO

董事经理兼总裁致辞

尊敬的各位股东：

2010财年，全球经济复苏，中国、印度及亚细安国家等亚洲国家率先实现经济强劲增长。总体而言，营商环境十分有利，消费者情绪普遍乐观。但是，年内的通货膨胀飙升，原材料成本上升和劳动力市场的紧张也接踵而来。

在这样的经济背景下，我欣然报告，普威集团（“本集团”）在去年的业绩表现尚可。

财务回顾

在截至2010年12月31日的财政年度（“财年”）中，本集团取得3亿7千3百72万新元的营业额，比2009财年的3亿3千1百22万新元增长12.8%。这一增长不仅归功于消费品业务的营业额提高（不含2010财年3月出售的媒体子公司的可比营业额），而且还得益于本集团策略性投资的包装业务所带来的较高营业额。

消费品业务部门的营业额为2亿1千4百万新元，与2009财年的2亿1千1百84万新元相比有所改善。若剔除2009财年媒体子公司所贡献的营业额，2010财年的收入增长达2千1百万新元，增幅11.1%。收入的改善是因为产品组合出现变动，并在新马同时推出新产品。持续的营销活动及稳固的分销网络，也对该业务部门营业额的增长起到促进作用。

消费品业务部门的息税前盈利（“PBIT”）为6百万新元，与2009财年的8百29万新元利润相比，下降27.7%。这是因为出售具有较高利润率的媒体子公司而导致利润率降低，且2010财年的原材料成本也相对增加。

2010财年，保健部门的营业额增长7.0%，由2009财年的6百2万新元增加到6百44万新元。这一增长得益于马来西亚一个持续进行中的项目。2010财年，该业务部门的息税前盈利为28万新元，相比之下，2009财年则为1百52万新元。

2010财年，包装业务部门的营业额为1亿5千3百28万新元，比2009财年的1亿1千3百36万新元增长3千9百92万新元，增幅为35.2%。这一改善主要是因为计入了2009财年9月收购的南通恒成纸业有限公司（“Nantong Hengcheng”）的全年业绩，以及新加坡和中国市场持续增长的销售额。由于原材料价格的全面上涨，该业务的息税前盈利下降8.9%至8百36万新元。与之相比，上一财政年度则为9百18万新元。

2010财年，本集团的毛利率从2009财年的26.3%降低至21.8%。导致本集团2010财年的息税前盈利由2009财年的2千4百87万新元减至2千2百20万新元。因此，2010财年实现的净利润为1千7百31万新元，与2009财年的2千31万新元相比，下降14.8%。2010财年的可归股东净利润为1千4百24万新元，与2009财年1千5百64万新元相比，下降9.0%。

收入改善是本集团在2010财年采取各种稳健策略的结果。在快速消费品（FMCG）部门，我们推行产品创新，推出新产品，进行创意营销活动，以及增加新的代理品牌。这些都有助于加强我们的品牌资产及知名度，扩大我们的客户群。

我们的子公司Topseller，是一家拥有一系列的专属品牌和代理品牌的知名消费品牌经销商和发展商。它通过其稳步的专属和代理品牌渠道继续超前迈进。Topseller自2010财年4月以来已开始分销Kao的产品，秉承其成为消费品牌在本区域主要分销商和打造者的愿景。

2010财年，Topseller的主导品牌之一皇族安培哪香米连续第七年获得《读者文摘》颁发的“信任品牌”奖。在消费者市场充斥各种不同品牌的今日，这一奖项不仅是消费者对我们优质大米情有独钟的有力说明，也是皇族安培哪香米秉承其优质产品传统、不断在消费者中力创和保持强大品牌知名度的最佳注脚。

在快速消费品部门，我们推行产品创新，推出新产品，进行创意营销活动，以及增加新的代理品牌。

我们在马来西亚的分销机构Socma Trading在业务拓展方面取得长足进展，特别是糖果及口香糖部门与Mentos的合作，在2010年世界杯大赛期间组织了多次消费促销活动。它的零食业务部门也通过积极的店内促销、批发商支持和分销网点计划，扩大其在传统贸易渠道方面的分销网络，实现销售额的大幅增长。

我们的Fortune Food集团，继续通过推出新产品并取得知名的第三方品牌的分销权，扩大其食品种类的范围。2010财年，Fortune Food成为“Amorelli”和“Vietri”这两种意大利面条产品的分销商。通过这合作伙伴关系，Fortune Food还将额外获得机会，经销Nouvo Pastificio Vietri Spa其它的高尚食品系列。这将可以让Fortune Food创立新的分销渠道，从而加强其日益扩大的客户群。

为了满足客户的需求，Fortune Food推出创新豆腐产品，其中含有对人体健康有益的基本维生素和矿物质。此外，Fortune Food还拓展大米供货来源，从美国、印度和巴基斯坦等国引进短粒米和长粒香米（Basmati rice）。

我们旗下的Tipex集团不断探索新的商机，以提高市场占有率，刺激业务增长。2010财年，Tipex成为PetPet、Fitti和BabyLove等高效婴儿尿片品牌以及成人尿片品牌Certainty在新加坡的独家分销商。此外，Tipex日益壮大的机构客户群部门已将其产品组合扩大至各种化学产品，如洗手液和沐浴露、多功能清洁剂、抗菌洗手液和洁手消毒液等。该产品范围的扩大，旨在满足包括酒店、餐饮店、儿童看护中心和清洗承包商等在内的更多机构客户群的需要。

我们的时尚生活业务部门通过D & P Lifestyle Pte Ltd（“D&P”）进一步进军区域市场，分销国际名牌的鞋类，包括美国的Rockport和英国的Clarks。回顾本年度，D&P已经将其分销网络从新加坡扩大至马来西亚和文莱。

2011年，普威集团将继续寻求和发展新的商机，推动本集团的顶线和底线业绩增长。我们的消费品业务将在扩大专属及代理产品组合的同时，继续完善其产品结构。我们将利用已建立的供应链及分销网络以及品牌资产而获得更大的市场占有率。

我们的驱动力 - 人才

作为新加坡首屈一指的民生必需品公司，普威集团始终坚信，员工是推动我们发展的中流砥柱，也是竞争力的关键所在。我们充分认识到，事业能否蒸蒸日上，主要取决于我们能否保持、激励和培养一支具有强大团队精神的人才队伍。

本集团必定继续创造一个卓越的工作环境，为我们的员工提供专业培训和个人发展空间，并每年定期评估和改善员工福利。2010财年，为了提高员工的门诊医疗福利，我们增添了新的医疗保健服务提供商为员工提供更多选择和便利。

令我们感到欣慰的是，本集团在2010财年荣获三项与员工相关的奖项。第一，我们荣获新加坡人力部颁发的“工作与生活和谐成就奖”（Work-Life Achiever Award）。这是对我们过去多年来致力于平衡员工的工作与生活方式的肯定。

第二，我们荣获保健促进局所颁发的“新加坡HEALTH奖”（Helping Employees Achieve Life-Time Health）。该奖项是国家对提倡职场健康促进计划（“WHP”）的机构所给予的一种表彰和认可。良好的职业健康促进计划，有助于保持员工身体健康，提高生产力，最终为公司带来更大的竞争力。

我们坚信，一个鼓励员工工作与生活相平衡且不断开展职场健康促进活动的公司，将被视为关怀员工的雇主。这可促进员工保持工作热情，积极主动地工作，最终提高企业的整体绩效，帮助吸引并保留最佳人才。

最后，为表彰我们对需要履行国民服役义务的男雇员所给予的支持，我们在2010财年荣获国防部颁发的“国防杰出伙伴奖”（Distinguished Defence Partner Award）。获此嘉奖让我们备感荣幸。我们将继续强调建设一支强大而可靠的武装部队的必要性。

社区服务

我们十分高兴能够通过与合作伙伴共同组织的各种活动与协作，履行我们作为企业公民的社会责任以及2010财年的社区服务目标。这些合作伙伴与活动包括与海峡时报合作，为“海峡时报学校零用钱基金”筹款；与新加坡动物园合作，支持野生动物保护；与全国预防嗜赌理事会合作，支持其社区宣传；与社会发展、青年及体育部（“MCYS”）合作，支持其缓刑服务计划。

鸣谢

我谨代表管理层对全体员工所予以的团队精神和辛勤工作表示衷心感谢。此外，我还要特别感谢各位股东、业务伙伴、客户、供应商和相关金融机构所给予的鼎力支持和贡献精神。希望我们大家同心协力，在2011年再创佳绩。

符德荣

董事经理兼总裁



GROWING TOGETHER SHARING MOMENTS

12:00 pm
Woodlands, Singapore

Home-cooked delights bring the Tan family together. The nurturing bond of togetherness, fostered by shared moments over a nourishing meal, keeps families strong. We are proud to be a part of such cherished moments with our array of well-known consumer brands which cater to everyday living.

Board of Directors

Dr Allan Yap

Executive
Chairman

Dr Allan Yap joined PSC Corporation Ltd in September 2002 and was appointed as Executive Chairman in February 2003. His portfolio includes 28 years of experience in finance, investment and banking. Dr Yap is the Executive Chairman of Intraco Limited and Tat Seng Packaging Group Ltd. He is an Executive Director of Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) and the Chairman of Hanny Holdings Limited, both of which are Hong Kong-listed companies. Dr Yap is the Chairman of China Enterprises Limited, the shares of which are traded on the OTC Securities Market in the United States of America. Dr Yap is the Chairman and Chief Executive Officer of Burcon NutraScience Corporation, a Canada-listed company. He received an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.

Mr Foo Der Rong

Managing Director and
Chief Executive Officer

Mr Foo has been holding the position of Managing Director and Chief Executive Officer of PSC Corporation Ltd for the past 8 years. He is presently the Executive Director of Intraco Limited and Tat Seng Packaging Group Ltd, both Singapore-listed companies.

Mr Foo graduated with a Bachelor of Commerce degree from Nanyang University. He has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in FMCG, services and manufacturing.

Mr Foo is also active in community service and is the Vice Chairman of Teck Ghee Community Club.

Dr John Chen Seow Phun

Deputy Chairman/
Non-Executive Director

Dr Chen sits on the Board of a number of public listed companies. He was a Member of Parliament from 1988 to 2006. He served as the Assistant Secretary General of the National Trades Union Congress from 1991 to 1997. He was a Minister of State from 1997 to 2001.

He is presently the Managing Director of JCL Business Development Pte Ltd, and the Chairman of SAC Capital Private Limited. Dr Chen has been a Board member of the Economic Development Board, the Housing & Development Board, the Port of Singapore Authority and Singapore Power Ltd.



Board of Directors

Mr Teo Kee Bock

Executive
Director

Mr Teo is the founder, Chairman and Managing Director of homegrown company, Super Group Ltd, and has more than 40 years of experience in leading and managing businesses. He is also the Chairman of Fuji Offset Plates Manufacturing Ltd, a Singapore-listed company since 25 March 1988.

Mr Teo has been active in community service and was accorded the PBM – Pingat Bakti Masyarakat (The Public Service Star) in 1993 and the BBM – Bintang Bakti Masyarakat (The Public Service Star) in 1998. He was also conferred the Honorable Citizen status by the Changzhou People's Government in 2002, and clinched two Ernst & Young entrepreneur awards in 2006. He is currently a patron for Kebun Baru Citizens' Consultative Committee and Fengshan Citizens' Consultative Committee.

Mr Chee Teck Kwong Patrick

Non-Executive Director /
Independent Director

Mr Chee Teck Kwong Patrick, PBM, was appointed as an Independent Director on 1 August 1990. Mr Chee holds a Bachelor of Laws (Hons) Degree from the University of Singapore. Mr Chee is admitted as a Solicitor of the Senior Courts of England and Wales. Since 1980, he has been an advocate and solicitor of the Supreme Court of the Republic of Singapore. He is now practicing as a Senior Legal Consultant with KhattarWong.

Mr Chee is a Notary Public and a Commissioner for Oaths. He is a member of Singapore Institute of Arbitrators and Singapore Institute of Directors. He also sits on the Board of other public listed companies.

Mr Chee is active in community service and is the Vice Chairman of Teck Ghee Community Club and the Organising Chairman of National Street Soccer League. Mr Chee is the recipient of the National Day Awards 2003 – The Public Service Medal (Pingat Bakti Masyarakat) from the President of Republic of Singapore.

Mr Tao Yeoh Chi

Non-Executive Director/
Independent Director

Mr Tao has a strong background in human resource management and has over 20 years of experience in the print and broadcast media and also in the high end manufacturing sector.

He currently sits on the board of several companies listed on the Singapore Exchange Securities Trading Limited.



Mr Lien Kait Long
Non-Executive Director/
Independent Director

Mr Lien Kait Long was appointed the Independent Director and Chairman of the Nominating Committee of PSC Corporation Ltd on 1 June 2005. He has extensive experience in accounting and finance, corporate management and business investment. He currently serves as an Independent Director on the board of several Singapore and Chinese companies listed on the Singapore Exchange Securities Trading Limited.

The listed companies that he has present and prior experience in are from diverse industries including manufacturing, telecommunications, offshore and marine, oil and gas service provider, stocklist cum trading, textile and food and beverage. He has held a number of senior management positions, as well as, executive directorships in various public and private corporations in Singapore, Hong Kong and China. Between March 2004 and March 2006, he was the Deputy President of Shenzhen Flink Investment & Development Co., Ltd. China. Prior to that, Mr Lien was the Finance Director of PDC Corp. Ltd. between 2002 and 2003, and an Executive Director in China Strategic Holdings Limited Hong

Kong from 1998 to 2002. Between 1996 and 1998, Mr Lien was the General Manager in charge of the China division of Hong Leong Corporation Limited and was responsible for overseeing the group's joint venture operations in China. He was also the Director of China Yuchai International Ltd at that time. From 1993 to 1996, he was in charge of international operations of the RGM Group, a conglomerate of diverse businesses and was also a director in charge of international operations in Asia Pacific Resources International Limited. He was the Finance Director of China Strategic Holdings Limited Hong Kong from 1992 to 1993. From 1981 to 1992, Mr Lien was the General Manager (Finance and Investment) of United Industrial Corporation Ltd. He was the Group Accountant cum Personal Assistant to Executive Chairman of the Industrial and Commercial Bank Ltd Singapore from 1974 to 1981.

Mr Lien holds a degree in Bachelor of Commerce from Nanyang University, and is a fellow of the Institute of Certified Public Accountants of Singapore since July 2004 and of CPA Australia since May 2004.

Mr Chan Sek Nin Jackey
Non-Executive Director

Mr Chan is presently holding the capacity of Chief Operating Officer in Hanny Holdings Limited and has over 18 years of solid experience in sales and marketing in connection with the media industry by holding senior positions in Television Broadcasts Limited during the period from 1981 to 2000.

He also has extensive experience in property development, project management and strategic alliance management through senior positions in other private and public listed companies.

Constitution of the Board Committees

Audit Committee

Mr Chee Teck Kwong Patrick (Chairman)
Dr John Chen Seow Phun
Mr Tao Yeoh Chi
Mr Lien Kait Long

Nominating Committee

Mr Lien Kait Long (Chairman)
Dr John Chen Seow Phun
Mr Chee Teck Kwong Patrick

Remuneration Committee

Mr Tao Yeoh Chi (Chairman)
Dr John Chen Seow Phun
Mr Chee Teck Kwong Patrick



Senior Management

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

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

Ms Lena Teo Wai Leng
Senior Vice President
Group Corporate Services/HR/
Special Projects/Franchise Business

Ms Teo has vast experience in human resource development and management, corporate services and communications, marketing, business development and general management with multi-national companies in manufacturing, FMCG business, trading, entertainment, franchising, lifestyle business and marine industries. Ms Teo holds a Bachelor of Commerce (HRM & IR) degree from Curtin University of Technology in Australia.

Ms Wong Juan Meng
Group Financial Controller

Ms Wong has extensive years of regional experience in audit, finance, corporate finance, treasury and risk management in industries ranging from FMCG, property and hospitality, mainly in listed companies. She holds a degree in Accountancy from the University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.





TOUCHING LIVES MOVING CHAPTERS

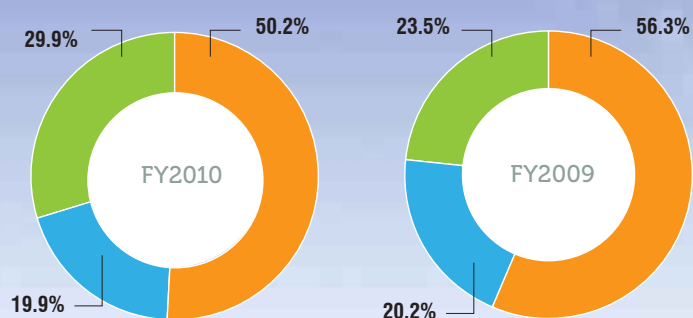
1:20 pm
Shanghai, China

A young couple, Paulo and Penelope, moves into their new home in Shanghai. Paulo decided to take up his company's offer to relocate to Shanghai from Chile, and Penelope followed suit. The couple has just returned from shopping for their new home, carrying their purchases in corrugated cartons. To meet increasing demands in China, Tat Seng supplies millions of corrugated packaging products from its facilities located in Suzhou, Hefei, Tongzhou and Rugao.

Group Financial Summary

Turnover by Geographical Segments

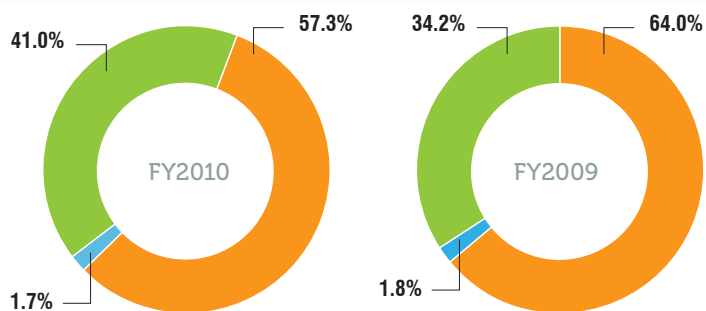
(\$ million)



	FY2010		FY2009	
● Singapore	\$187.8	50.2%	\$186.6	56.3%
● Malaysia	\$74.3	19.9%	\$66.8	20.2%
● China	\$111.6	29.9%	\$77.8	23.5%

Turnover by Business Segments

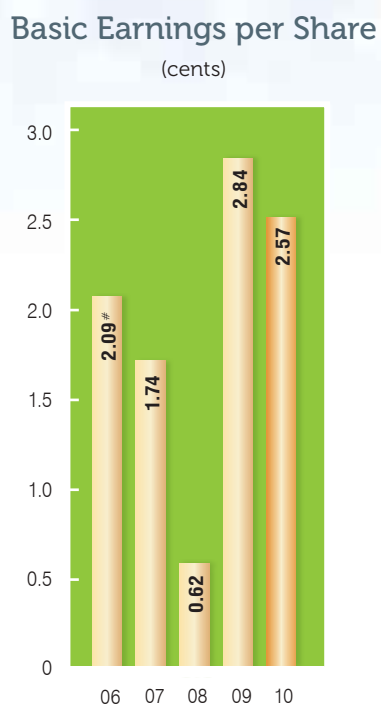
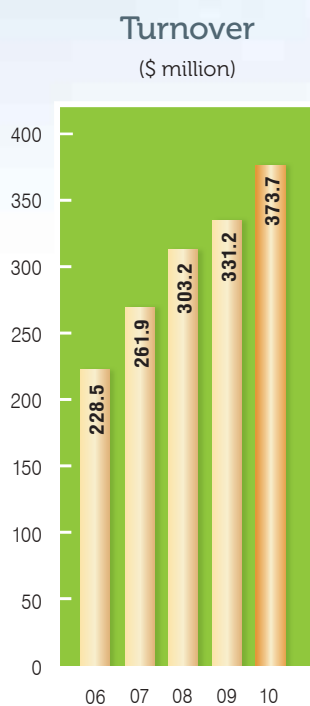
(\$ million)



	FY2010		FY2009	
● Consumer Business	\$214.0 million	57.3%	\$211.8 million	64.0%
● Health Solutions	\$6.4 million	1.7%	\$6.0 million	1.8%
● Packaging	\$153.3 million	41.0%	\$113.4 million	34.2%

2010 At a Glance

Turnover
\$373.7
million



[#]Based on weighted average number of shares in issue during the year after taking into account the share consolidation and rights issue in 2007.

[#]Based on the number of shares in issue as at 31 December 2006 after taking into account the share consolidation and rights issue in 2007.

Basic Earnings
per Share
2.57
cents

NAV
per Share
50.89
cents



YOUR ESSENTIALS YOUR LIFE

2:30 pm
Orchard Road Singapore

After a quick lunch and with a couple of minutes to spare before her next meeting, Kelly decides to make her day special by buying herself a new pair of shoes. To meet the increasingly sophisticated demands of today's society, our lifestyle business caters to the modern consumers' need of keeping in style.

PSC Corporation Ltd's (the "Group") businesses are organised into two key clusters, Consumer Essentials and Strategic Investments.

The **Consumer Essentials** cluster focuses on living essential products and services catering to the modern consumer. Within this cluster, there are the Consumer Business and Health Solutions segments. The Consumer Business segment encompasses a comprehensive portfolio of businesses involved in franchise management & marketing, Fast Moving Consumer Goods (FMCG) manufacturing, marketing & brand management as well as lifestyle business.

The **Strategic Investments** cluster focuses on generating value and financial asset capabilities by investing in promising enterprises in high growth sectors including packaging and trading.



CONSUMER ESSENTIALS

CONSUMER BUSINESS

In FY2010, the Consumer Business segment recorded a turnover of \$214.00 million from \$211.85 million in FY2009. Excluding the turnover contributed by the media subsidiaries in FY2009, revenue increased by 11.1% or \$21.00 million in FY2010. This improvement is achieved through the change in our product mix and the introduction of new products in Singapore and Malaysia. Ongoing marketing initiatives and our established distribution network also contributed to the increase in turnover in this segment.

The Consumer Business segment is a key contributor, accounting for 57.3% of Group turnover in FY2010.

Franchise Management and Marketing

Our franchise business, **iEcon**, is the largest franchised mini-mart chain in the general retail trade channel in Singapore. This franchise retail concept is designed to meet the demands of modern lifestyles and changing consumer preferences. Strategically located to serve neighbourhood communities, iEcon provides customers with value-added services in addition to daily household essentials and grocery items at the convenience of their doorsteps. The many value-added services provided at iEcon include bill payments via AXS, Nets, CashCard top-up, EZ-Link services, EPINS, iCash and prepaid SIM card registration services.

iEcon's proven and unique franchise business model rewards the entrepreneurial spirit of the owner-operator franchisees and leverages on PSC's well-established supply chain, management information systems, operation expertise, advertising and promotion support, as well as, its strong brand equity to stay ahead of the competition.

During FY2010, iEcon successfully ran several island-wide promotions, including the well-received 'Chinese New Year Scratch & Win' and 'Seventh-month' promotions. On top of that, customers were able to enjoy giveaways and attractive offers. iEcon's promotional activities during the year under review have generated overwhelming responses from customers and very positive feedback from its franchisees.

In collaboration with the National Council on Problem Gambling (NCPG), iEcon took part in a national campaign aimed at educating the public on responsible gambling and publicising the NCPG helpline for problem gamblers. As part of this campaign, iEcon outlets displayed NCPG's "know the line" message through in-store point-of-sale materials, as well as, on publicity flyers and staff uniforms. With the numerous iEcon outlets located in HDB estates, this community project helped to boost NCPG's outreach efforts to heartlanders.

In the current financial year, despite the inflationary pressures that have surfaced in the Singapore economy, iEcon will continue to collaborate with its business partners to deliver more consumer essentials at affordable prices. The chain will also be launching more services and attractive retail promotions to offer greater benefits and value to serve its customers better.

FMCG Manufacturing, Marketing and Brand Management

Established in 1977, **Topseller Pte Ltd** ("Topseller") is a wholly-owned subsidiary of PSC. In its more than 30 years of operations, Topseller has strengthened its presence as an established distributor and developer of popular consumer brands. Its mission is to connect FMCG brands to new markets through the supply and value chains. Over the decades, it has successfully reached out to consumers with renowned brands such as Royal Umbrella rice, Golden Peony rice, Gitankim rice, Harmuni rice and cooking oil, Golden Circle cooking oil, Promax detergent, Sunnyfresh detergent and Singpo washing powder. Besides these, Topseller has distributed and built strong partnerships with international brands, such as 3M, Lion, Reckitt Benckiser, Pauls and Unico, among others.

In FY2010, on the proprietary brand front, Royal Umbrella launched aggressive promotional tactics such as the 'free 1kg' gift, absorption of GST, and other efforts to promote brand visibility and merchandising display at the retail level, which resulted in strong consumer demand.

ESSENTIALS



3:00 pm

Ang Mo Kio, Singapore

Hanging the laundry out to dry in the afternoon sun is a common sight in Singapore's neighbourhoods. Widely used by many households on a daily basis, Topseller's range of laundry detergent products, Sunnyfresh, Promax and Singpo, leave consumers' laundry clean and fresh smelling every day. PSC's quality essential products are reliable, economical and readily available island wide.

Royal Umbrella was also recognised as the “Trusted Brand Award Winner” by Reader’s Digest for the 7th consecutive year in FY2010. This award reflects consumers’ most trusted and favourite choice among the myriad of brands available in the market. This prestigious accreditation is a testament to Royal Umbrella’s tradition of utmost quality in every grain and the continuous efforts dedicated to creating and retaining strong brand awareness among consumers.

In 2011, further development of the Royal Umbrella brand will remain a key priority. In the pipeline are aggressive promotional plans such as a redemption program, the ‘free 1kg’ promotion, TV commercials, as well as, trade marketing investments with key retailers to drive both top line revenue and bottom line returns.

In its continuing efforts to cater to the Muslim community, Topseller will increase its emphasis on investing in the Harmuni brand of products. It will continue to strengthen its strategic alliances with trade partners in the Muslim cluster areas and increase Harmuni’s brand exposure through the Malay media to help drive the sales of this brand.

In the agency business sector, Topseller secured and commenced the distribution of Kao products in April of FY2010. Overall, this sector performed well for the year under review.

Socma Trading (M) Sdn Bhd (“Socma”) is the Group’s marketing and distribution arm in Malaysia. It is the sole distributor of many popular brands of snacks, confectioneries, groceries and beverages. These brands are categorised into four sectors: Candies and Chewing Gums (Mentos, Fruitella, Chupa Chups, Smint and Happydent); Snacks (Tao Kae Noi, Tai Sun and Supernut); Groceries (Mazola, Carbonell, Soyelite, Golden Circle and Harmuni Coconut Milk); and Beverages (Wong Lo Kat herbal drink).

Capitalising on the immense consumer appeal of the 2010 World Cup, Socma worked with Mentos from its Candies and Chewing Gums sector to conduct consumer promotions during the run-up to this major event. Displays were set up in supermarkets and hypermarkets to create greater awareness and increase consumer participation.

Socma launched the Smint tin in June of FY2010, followed by sampling sessions at popular night spots and recreation outlets to gain consumer confidence and acceptability.

In FY2010, Socma’s Snacks sector recorded a significant growth in sales. This result was achieved through aggressive in-store promotions, support from wholesalers and programmes to widen distribution in the lower trade channels, leading to an increase in retail consumption and off-take.

In early FY2010, Socma conducted sampling sessions for Tao Kae Noi throughout Malaysia at numerous Giant hypermarkets and achieved remarkable sales growth. The introduction of the Tao Kae Noi mascot had also contributed towards the improved sales by creating a greater awareness of the brand amongst shoppers.

In the Groceries sector, Socma was appointed the stockist for Mazola in West Malaysia in March of FY2010. Sampling sessions and in-store promotions were mounted at hypermarkets during the Hari Raya Puasa festive season, which generated positive growth for Mazola and Socma’s cooking oil category. Joint cooking workshops were conducted for Mazola and Harmuni in Kuala Lumpur with excellent response from consumers.

Moving forward, Socma will continue to focus on developing its four key business sectors to increase its market share in terms of both volume and value. The year 2011 is expected to be yet another exciting year for the Candies and Chewing Gums sector as more new products in this category are slated to be launched.

Our **Fortune Food Group** (“Fortune Food”), which began operations as a manufacturing entity in the early 1980s, has since grown into a leading and innovative food manufacturer and distributor in Singapore. Besides specialising in soy based products such as tofu and tau kwa (pressed tofu), Fortune Food Manufacturing Pte Ltd is also a pioneer in introducing the first fresh, pasteurised soya milk, Sobe, to Singaporeans in 1995.

Fortune Food distributes its own proprietary products, as well as, international agency brands from other parts of the world. With one of the strongest distribution networks

EXCELLENCE



4:05 pm

Jurong, Singapore

Our people are hard at work in an operations meeting. As we strive towards product and service excellence, operational efficiencies are always a key priority for the Group. In honing our skills and productivity levels, we spare no efforts in maintaining our competitive edge. In all aspects of our operations, we aim to make a difference.

Operations Review

of chilled food products in Singapore, Fortune Food's products are delivered fresh to retailers such as hypermarkets, supermarkets, minimarts, provision stores and wet markets.

Fortune Food established its food services division in 2007 and has since become a leading distributor of branded commodity and agency food products in the local food services market. Its food services distribution network includes lower trade channels (hawkers and food court operators), restaurants, food caterers, airline caterers and ship chandlers.

Popular brands and products distributed by Fortune Food include Sobe soya milk, Fortune tofu and noodle products, Hosei Japanese udon, Pauls yoghurts, DIMES juices and well-known rice brands such as Royal Umbrella rice, JA premium Japanese rice, Gitangkim rice, Okome short grain rice, Waterlily range of sauces and sardines, Singpo washing powder and the Golden Circle range of cooking oils.

New tofu products introduced in FY2010 include the Fortune Silken Tofu with Omega 3 and Fortune Chinese Tofu with Omega 3. These products were launched to satisfy customers' demand for more value added tofu products with the inclusion of essential vitamins and minerals that are beneficial to health.

In FY2010, Fortune Food launched two major nation wide campaigns, the "Fortune 4D Draw" and "20% Extra" promotions. In addition, the packaging of its three key tub tofu products were redesigned with a more vibrant and contemporary look.

Fortune Food's anchor rice brands are traditionally sourced from Thailand and Vietnam. To expand its product range, Fortune Food secured new supply sources from the USA, India and Pakistan for both short grain and Basmati rice during the first half of FY2010. More new rice varieties, including premium brands of Basmati rice and sushi rice brands, will be added in 2011 to complement its existing range.

The year 2011 is expected to be yet another fruitful year for Fortune Food's food services division. This is due to a new product line development and brand distributorship of Nouvo Pastificio Vietri Spa, an Italian company which produces and exports pasta. Since September of FY2010, Fortune Food has secured the distributorship of both "Amorelli" & "Vietri" pasta products. In addition, Fortune Food will gain additional access to the distributorship of Nouvo Pastificio Vietri Spa's fine food range of grocery products. This will allow Fortune Food to create new channels of distribution, thus adding to its expanding customer base.

Our **Tipex Group** ("Tipex") is one of the major distributors of consumer tissue paper products in Singapore. Tipex owns local leading tissue paper brand, Beautex, which is manufactured by its subsidiary, Tips Industry (M) Sdn Bhd ("Tips") in Malaysia. In 2007, Beautex was added to the Singapore Book of Records for being the first to launch a complete range of premium and economical three-ply tissue products. Besides Beautex, Tipex also owns other tissue paper brands such as Mood, Hibis, Comfy and Parity.

Tips is a market leader in producing its proprietary paper products, quality private labels and providing Original Equipment Manufacturer (OEM) services. In order to achieve better efficiency, Tips recently invested in new machineries for soft pack facial tissue packaging. Through its competent team, Tips has managed to expand its distribution network across Malaysia and beyond to include Brunei, Vietnam, Australia, Egypt, New Zealand and the Maldives.

As part of its rebranding initiative, Tipex Trading Pte Ltd changed its name to Tipex Pte Ltd in January of FY2010 to better reflect the new strategic intent and direction of the company. It also unveiled its new logo and tagline - "Choices for better lives". The new logo represents the company's multi-faceted nature, its variety of product lines, multiple partnerships and most importantly, its vision to improve the lifestyle of the modern consumer. Tipex has repositioned itself to be dedicated to improving people's lifestyles through a variety of essential quality daily products while delivering value and reliability.

Tipex is constantly exploring new business opportunities to increase market share and propel business growth. Commencing from April of FY2010, Tipex is the exclusive Singapore distributor of high-performance baby diaper brands, PetPet, Fitti and

HEALTH SOLUTIONS



5:00 pm

Mandurah, Australia

There is never a dull moment in the Peel Health Campus in Mandurah, Australia. Our healthcare group, Health Solutions, manages the Peel Health Campus on behalf of the Government of Western Australia. The Campus is one of the fastest growing major healthcare facilities in the Peel region.

BabyLove, as well as, adult diaper brand, Certainty. These premium brands of disposable baby diapers and adult incontinence products offer a full range of product features which ensure quality and performance.

Over the years, the company has committed itself to expanding and introducing innovative products that cater to the needs of the consumers. Under its growing institutional arm, Tipex now offers chemical products such as hand & body shampoo, multi-purpose detergent, anti-bacterial hand soap, and hand sanitiser as part of its product portfolio. This expanded product range caters to a widening institutional customer base including hotels, F&B outlets, childcare centres, and cleaning contractors.

Understanding the hassles faced by customers in sourcing and purchasing personal and company's toiletries at value prices, Tipex launched an online membership program, T-Choice, offering ongoing great deals. With just a few simple clicks, customers will have their purchases checked, packed and delivered right to their home or office.

Tipex believes in giving back to the community that has enabled it to grow from strength to strength over the years. In FY2010, Tipex fervently supported more than 30 community initiatives. These projects range from charity campaigns such as The Straits Times School Pocket Money Fund, Walk for Rice @ South East Community Development Council (CDC) campaign, Project Shine – a collaborative effort with MCYS (Ministry of Community Development, Youth and Sports), to contributions towards the Youth Olympic Games and NCPG community projects.

LIFESTYLE BUSINESS

D & P Lifestyle Pte Ltd ("D&P") was incorporated in November 2009 as a fully-owned subsidiary of PSC in a strategic move to further extend the reach of PSC's Consumer Essentials core business cluster in the region.

Focusing on the lifestyle business, D&P is a distributor of footwear and apparel from coveted brands around the world and provides brand management, marketing, distribution and logistics support to its principals. In April 2010, D&P became the exclusive distributor of Admiral Asia's sports apparel and footwear in Singapore and Brunei. D&P also took over Clarks' business from Topseller in April 2010, and launched Clarks' flagship retail concept store in Marina Bay Sands in mid-FY2010.

D&P also secured the exclusive distributorship of Rockport in Singapore, Malaysia and Brunei. Rockport is a leading American brand of the Adidas Group and is the first to use advanced athletic technologies in casual shoes to achieve lightweight comfort and to engineer walking comfort in dress and casual shoes.

During the year under review, D&P successfully launched Rockport in Singapore, Malaysia and Brunei, and even managed to win the 'Market of the Year' award for the Singapore/Malaysia region, beating 51 countries worldwide. Clinching this prestigious award attests to the capabilities, diligence and dedication of the D&P team, despite having handled the Rockport brand for such a short period of time.

In FY2010, D&P successfully set up its own sales and marketing teams in both Singapore and Malaysia to sell directly to retailers and promote its agency brands in these markets. It has achieved good market share for its agency brands through effective brand marketing, well-thought-through price structure and aggressive distribution coverage.

In February 2011, D&P launched its first Rockport flagship concept store in Singapore. Moving forward, D&P will continue to focus on lifestyle business as a distributor of footwear, apparel, premium fashion wear, accessories, bags and watches from coveted brands around the world.

HEALTH SOLUTIONS

Staying healthy is one of the primary essentials of good living. To this end, PSC is committed to providing health solutions through quality healthcare consulting and facility development services.

PSC's healthcare division, **Health Solutions Group** ("Health Solutions"), is a leading specialist in these services. It is designed as a one-stop resource centre to provide holistic healthcare consultancy services. Tracing its roots back to 1987, Health Solutions is now headquartered in Singapore with its technical support based in Kuala Lumpur. It offers in-house expertise in medical facilities architecture and design; project engineering

Operations Review

and management; medical and non-medical equipment planning; information and communication technology; as well as, its own unique brand of operational management.

With a proven track record of over 500 healthcare-related assignments worldwide, it has successfully penetrated into Malaysia, Australia, The Philippines, Vietnam, Indonesia, Thailand, India, Iraq, Libya and Saudi Arabia.

FY2010 proved to be another exciting year for Health Solutions. The Malaysian government's Economic Transformation Plan and various other private initiatives have presented it with healthcare development opportunities. Health Solutions is exploring various business opportunities with a number of government agencies to formulate possible project ventures.

Progress of its Likas Specialist Hospital project has been excellent. The structures of the hospital's Main Building and Mechanical & Electrical Building are near completion. Building equipments are in the process of being installed and construction of the specialised nuclear bunker is under way. The various hospital Fixed Medical Equipment packages have been awarded with approval from the Ministry of Health of Malaysia. A proposal has also been made to the Ministry to secure the Loose Medical Equipment package for this hospital.

Another hospital project in Malaysia, Cheras Rehabilitation Hospital, has started with the Testing and Commissioning works. The works that have been carried out have created opportunities for Health Solutions' Medical Equipment Planning department to further explore potential involvement in both public and private hospitals.

The Health Solutions team in Australia has achieved exceptional results through its management of Peel Health Campus in Mandurah, Australia. Since Health Solutions undertook the management of this hospital on behalf of the Government of Western Australia in 1997, it has become one of the fastest growing medical facilities in Australia, and a major healthcare provider in the Peel region. With a growing demand for quality healthcare services and facilities in the country, Health Solutions will continue with efforts in expanding its range of high quality healthcare services to capitalise on the wave of opportunities in the coming years.

Health Solutions is currently extending its business license scope to include healthcare facility project design and consultancy. Interests in the development of private hospitals in the country have gained momentum in line with the local Health Ministry's objective for improved healthcare services in Vietnam. Health Solutions is set to ride on these new opportunities to secure potential projects.

Health Solutions' hospital projects in Saudi Arabia are well in progress. Most of the hospital structural works in the first hospital, Al Mukwah, has been completed, ready for the next stage of works – Mechanical & Electrical. As for the second hospital, Al Laith, piling works have commenced. Health Solutions is also currently in negotiation with its partner, Al Mobty, to introduce its Medical Equipment Planning consultancy into Saudi Arabia.

In Indonesia, Health Solutions has successfully completed five years of operational management of the Rumah Sakit Telogorejo, with a year-on-year improvement in financial performance. It is currently working on business opportunities in other parts of the country.

The support from the Group's management, with prudent autonomy given to operate the business in accordance with the market situation and the culture of the country, has greatly helped in enhancing the performance and productivity of Health Solutions.

PEOPLE



6:45 pm

Jurong, Singapore

A workout session at the end of the day brings a healthy glow to our staff's faces. Making a difference to the health of our people in turn makes a difference to our productivity and efficiency levels. At PSC, work-life balance keeps our people motivated and committed.



GROWING STRONGER REACHING FURTHER

3:00 am
Singapore
(2:00 pm Atlanta, USA)

In the wee hours of the morning in Singapore, Intraco's products are being shipped halfway across the world to the United States of America. Over the years, we have established our presence beyond the region with our Strategic Investments.

STRATEGIC INVESTMENTS

TAT SENG GROUP

PSC owns a 64% stake in **Tat Seng Packaging Group Ltd** ("Tat Seng"), a leading manufacturer of corrugated paper packaging products listed on the SGX Mainboard. Tat Seng has a total of six plants, two of which are in Singapore, and the other four in China's Suzhou, Hefei and Nantong. Its customers include multi-national corporations and manufacturers in the electronics industry, plastic and metal stamping industry, pharmaceutical and chemical industry, as well as, the printing, publishing and converting industry. Over the years, Tat Seng has progressed through continuous improvement and has been maintaining a stronghold in the marketplace.

We are pleased that our investment in Tat Seng has seen consistent growth in the past years. Tat Seng has also been improving its operational efficiency and expanding its business footprint through acquisitions in Singapore and China.

Tat Seng currently has a 70% stake in Nantong Hengcheng Paper Industry Co., Ltd ("Hengcheng"), a manufacturer and distributor of corrugated paper boards with operations in Nantong, Jiangsu Province of China. Hengcheng provides Tat Seng with a strategic platform to increase its market share in China and to tap into business opportunities in Nantong.

During the year under review, Tat Seng established its China operational headquarters (HQ) in the Suzhou plant. The objective was to combine its capabilities and resources to facilitate organic growth of its China operations, as well as, to improve its efficiency.

In FY2010, the construction of a new factory in Tongzhou under Nantong Tat Seng Packaging Co., Ltd. ("Nantong TS"), a subsidiary of Hengcheng, made rapid progress. Designed to be a high-efficiency and low-cost corrugated board manufacturing plant, Nantong TS commenced production by end February 2011 with an expected production capacity of 8 million square metres per month.

The China HQ team has also concluded the planning for the expansion of the Hefei plant, with a complete selection of a new corrugating line. The expanded production line will commence by the third quarter of 2011, bringing the plant's total production capacity to 9 million square meters per month.

In the second half of FY2010, Tat Seng's Suzhou plant ordered one unit of large format (2200 mm by 4300 mm) 3-colour flexo printer with a die-cut slotter, and the foundation work of the equipment was completed in December 2010. This newly acquired equipment is expected to start operations in the second quarter of 2011. This new addition will enable the company to secure large packaging box businesses from the niche photovoltaic industry and furniture industry, amongst others. Gaining a market share of this specialised market is expected to improve the gross profit margin of the Suzhou plant.

In FY2010, Tat Seng's group turnover increased by 35.2% or \$39.92 million to \$153.28 million from \$113.36 million recorded in the previous financial year. The strong revenue growth was mainly due to the increase in market demand from China and the inclusion of the full-year turnover of Hengcheng.

Tat Seng's cost of sales increased by 42.7% or \$37.85 million to \$126.53 million from \$88.68 million in the pervious financial year. This was mainly attributed to the higher raw material prices for which the cost increases can only be recovered partially from its customers. As a result, gross profit in FY2010 increased by a modest 8.4% to \$26.75 million.

Overall, the continuing rise in material prices reduced Tat Seng's profit before tax in FY2010 by 13.1% to \$8.25 million as compared to that of the previous financial year. Tat Seng's Singapore operation performed well in FY2010, achieving an approximate

14.5% revenue growth over that of FY2009. Although substantial increases in raw material costs have dented its profit growth, Tat Seng's Singapore operation still managed to achieve creditable profit results. This improvement was due to two factors. Firstly, there was better management of paper waste in the Senoko plant in FY2010 through the implementation of a production control system. Secondly, better management of production overtime cost combined with increasing production output through better work processes allowed the plant to achieve higher productivity in FY2010.

For 2011, the Singapore team will continue to review the work processes that will increase productivity whilst reducing operating costs. In addition, it will further streamline operations of its two Singapore plants to achieve effective and efficient use of resources.

In China, the teams from the Suzhou, Hefei and Nantong plants will be exploring more business opportunities currently available in local markets. This will enable Tat Seng to boost its sales of corrugated packaging products in 2011 and beyond.

INTRACO GROUP

An associate of PSC since the early 2000s, **Intraco Limited** ("Intraco") is an integrated solutions trading company with markets across the globe such as the ASEAN (Association of Southeast Asian Nations) countries, China, India, GCC (Gulf Cooperation Council), Taiwan, South Korea, Japan, the USA and South Africa.

Intraco's Plastics division has successfully amassed new supply sources and also expanded their end-user customer base. This has resulted in a 43% growth in sales and gross profit for FY2010 compared to that of FY2009. Intraco will continue to expand its range of products and end-user customer base in 2011.

Global demand for mineral resources is expected to rise in the coming years, and Intraco's Minerals division is prepared to ride on upcoming opportunities. With its long business history and presence in China, Intraco's marketing arms in Shanghai and Beijing are equipped to develop long-term and reliable suppliers and customers.

Intraco's Wireless Telecommunications division focused on the leasing of telecommunications infrastructure in the North East MRT Line (NEL) for commercial telecommunication services to the three Mobile Telecommunications Operators (MTO), namely SingTel Mobile, StarHub Mobile and MobileOne. This division also provides professional services for the management, operation and maintenance of the NEL telecommunications infrastructure. We are pleased to note that the overall operational performance of the NEL telecommunications infrastructure exceeds the expected Quality-of-Service Standards of the Infocomm Development Authority of Singapore. This is a testament to Intraco's commitment to provide products and services of the highest quality.

During the year in review, Intraco's Lightings division managed to improve its profit margin, due to the high volume of lighting project sales to the Housing Development Board (HDB) and private residential markets. The Lighting division will continue to review its business model to be in line with Intraco's business directions.

In FY2010, the Semiconductors segment terminated some of the uncompetitive semiconductor agency lines and strengthened its distribution channel network for Advanced Micro Devices (AMD) processors and IT products in the region.

Amidst a recovering industry backdrop and the emergence of new technology trends, Intraco will continue its diversification efforts in building new business models and will provide new value-added products and services in its area of expertise.

经营回顾

普威集团（“本集团”）的业务划分为两大主要组别：民生必需品与策略性投资。

民生必需品组别专注于提供现代消费生活中的必需品和服务，其中包括消费业务与保健服务两个部门。消费业务包括特许经营的管理与营销、快速消费品的生产、营销及品牌管理、以及时尚生活业务等多样化的组合。

策略性投资部门则专注于通过对包括包装及贸易等高增长领域内发展前景良好的企业进行投资，为集团创造增值并提高金融资产能力。

民生必需品

消费业务

2010财年，消费业务部门取得2亿1千4百万新元的营业额，比2009财年增长1%。若除却2009财年媒体子公司贡献的营业额，2010财年的收入则增幅达11.1%，或2千1百万新元。收入的增长主要归因于本集团对产品结构进行调整，并在新加坡和马来西亚推出新产品。此外，持续推行我们的营销计划和建立完善的分销网络，也对该部门营业额的增长起到促进作用。

消费业务部门是本集团的贡献大户，其2010财年收入占本集团总营业额的57.3%。

特许经营管理营销

我们的特许经营业务品牌iEcon，是新加坡传统零售渠道中规模最大的迷你超市连锁业务。这项特许经营零售概念独特，其设计旨在迎合现代人的生活方式，并满足消费者日新月异的需求。由于开设于邻里社区，地理位置优越，iEcon不仅便于客户就近购买食品杂货，还为客户提供一系列的增值服务，包括使用AXS进行的帐单支付、Nets付款服务、现金卡充值、易通卡服务、EPINS、iCash以及电话预付SIM卡登记服务等。

iEcon独特的特许经营模式经过市场的验证，不仅能够发挥特许经营业主的创业精神，还可使他们借助普威集团的成熟供应链、信息管理系统、营运专长、广告和促销支持以及强大的品牌资本，在市场竞争中保持领先地位，取得应有的回报。

在2010财年期间，iEcon成功地进行数次全岛性促销活动，包括反响热烈的“农历新年刮刮乐赢大奖”和“农历七月中元”活动。除此之外，消费者还能够享有免费礼品和诱人的促销价格。2010财年期间，iEcon举办的各类促销活动，不仅在消费者中极受欢迎，并且获得到特许经营业主的积极反馈。

为配合全国预防嗜赌理事会（NCPG）的工作，iEcon参与了一项全国性活动，旨在教育公众“负责任赌博”和推广NCPG为帮助问题赌徒设立的热线电话。作为该活动的一部分，iEcon各分店通过店内销售点的材料以及宣传传单和员工制服等形式，向公众展示NCPG的“认清界线（know the line）”信息。由于众多iEcon分店位于政府组屋区内，因此该社区项目有助于扩大NCPG的宣传范围力量。

众观当前财政年度，尽管新加坡经济已出现通胀压力，iEcon将继续与其业务伙伴紧密合作，以大众化价格提供更多的民生必需品。同时，iEcon连锁店将推出更多服务及诱人的零售促销活动，以便提供更大的利益和价值，并为其顾客提供更优质的服务。

快速消费品的生产、营销与品牌管理

Topseller Pte Ltd（“Topseller”）成立于1977年，是普威集团旗下的全资子公司。经过30多年的发展，Topseller已成为一家地位稳固的大众消费品牌经销商和开发商。Topseller的使命是通过其供应与价值链，将快速消费品品牌打入新市场。在过去几十年中，Topseller成功地为消费者提供众多知名品牌产品，如皇族安培哪哪香米、金牡丹香米、Gitangkimi米、Harmuni米及食用油、金圈食用油与Soyalite食用油、Promax洗衣剂、Sunnyfresh洗衣剂以及Singpo洗衣粉等。除此之外，Topseller还与3M、Lion、Reckitt Benckiser、Pauls 和 Unico等国际知名品牌建立紧密的合作关系并经销其产品。

2010财年，在传属品牌前线，皇族安培哪哪 Royal Umbrella实施积极进取的促销策略，如“1公斤免费”赠送、自我吸收消费税及其他措施，以提高品牌的可见度及商品的陈列，结果极大地刺激了消费需求。

2010财年，皇族安培哪哪香米连续第七年获得《读者文摘》颁发的“信任品牌”奖。这一奖项又一次证明皇族安培哪哪香米在市场上脱颖而出，成为众多品牌中最令消费者信赖和喜爱的品牌。这一荣誉的获得，再一次成为皇族安培哪哪香米保证颗颗谷粒皆优质、并在消费者中创造和保持强大品牌效应的最佳注脚。

于2011年，进一步发展皇族安培哪哪香米仍是我们的重中之重。目前，皇族安培哪哪香米正在积极策划各项促销计划，如礼品兑换计划、“免费1公斤”促销、电视广告以及侧重于零售商进行的贸易营销投资等，以提高顶线收入和底线利润。

为了不断迎合穆斯林社群的需求，Topseller将增加对Harmuni大米的投资。Topseller将继续加强与穆斯林聚居区贸易伙伴的战略合作关系，通过马来媒体，增加Harmuni品牌的曝光率，以协助推动该品牌产品的销售。

在代理业务方面，2010年4月，Topseller获得授权，开始分销Kao产品。总体来说，该部门在本回顾年度表现良好。

Socma Trading (M) Sdn Bhd（“Socma”）是本集团在马来西亚的营销与经销公司，是零食、糖果、生活用品和饮料等众多大众品牌商品的独家经销商。这些品牌分为四类：糖果与口香糖（Mentos、Fruitella、Chupa Chups、Smint 及 Happydent）；零食（Tao Kae Noi、Tai Sun及Supernut）；杂货（Mazola、Carbonell、Soyalite、金圈食用油 和 Harmuni椰浆）及饮料（王老吉凉茶）。

通过利用2010年世界杯的巨大消费需求，Socma与Mentos的糖果一与口香糖部门合作，在世界杯前夕举办了众多消费者促销活动。在超市和霸市内设产品陈列，以提高产品知名度和消费者参与度。

Socma于2010年6月推出罐装Smint之后，也在一些广受欢迎的夜店和娱乐场所进行试食促销，以增加消费者的信任和接受度。

在2010财年中，Socma零食部门的销售额大幅度增长。该增长的取得归因于积极的店内促销、批发商的支持以及扩大传统零售渠道的分销范围，从而促进了零售消费的增长。

2010财年初，Socma在遍及马来西亚的众多Giant霸市内，对Tao Kae Noi进行试食促销，其销售额取得显著增长。随着Tao Kae Noi吉祥物的推出，提高该品牌在购物者心中的知名度，并为最终提高销售额起了一定的促进作用。

在杂货部门，Socma于2010年3月被指定为Mazola在西马来西亚市场的库存分销商。开斋节期间，Socma在大型超市内进行多次试食和店内促销活动，大大促进了Mazola和Socma食用油系列产品的销量。Socma还在吉隆坡开办了Mazola和Harmuni品牌的联合烹饪讲习班，收到消费者的热烈反响。

在未来，Socma将继续集中发展其四大业务部门，以扩大其在市场的销量和价值份额。鉴于糖果与口香糖部门将推出更多新产品，2011年预计将又是令人兴奋的一年。

1980年代初期，当我们的鸿运食品集团（“鸿运食品”）开始经营时还是一间生产公司，而今它已成长为新加坡首屈一指的创新食品制造商兼经销商。除专门生产大豆类产品（如豆腐、豆干）之外，鸿运食品生产公司还于1995年率先在新加坡推出首款新鲜消毒包装的Sobe豆浆。

鸿运食品不仅分销其专属产品，而且还代理销售来自世界各地的国际知名品牌。由于鸿运食品拥有新加坡最强大的冷藏食品分销网络之一，它能够及时将新鲜产品运送给众多零售商，如霸市、超市、迷你市场、杂货店和湿巴刹等。

鸿运食品于2007年成立其餐饮服务部门，至今该部门在本地餐饮服务市场已成为代理名牌食品的主要经销商。其食品服务分销网络涵盖传统零售渠道（小贩和食阁业者）、餐馆、酒席承办商、飞机餐饮供应商及船具商等。

鸿运食品销售的知名品牌和产品包括Sobe豆浆、鸿运牌豆腐和面条产品、Hosei日式乌冬面、Pauls酸奶、DIMES果汁和多个知名大米品牌，如皇族安培哪香米、JA优质日本米、Gitangkim大米、Okome珍珠米、荷花系列的酱料和沙丁鱼、Singpo洗衣粉及金圈食用油系列等。

鸿运食品于2010年推出的新款豆腐产品，包括加入Omega 3的鸿运牌丝质豆腐以及加入Omega 3的鸿运牌中式豆腐。这些产品富含有益于健康的基本维生素和矿物质，满足了顾客对更具营养价值的豆腐产品的需求，广受好评。

在2010财年，鸿运食品推出两个跨国的大型促销项目——“鸿运4D抽奖”和“20%加量不加价”活动。此外，公司还对其三大盒装豆腐产品进行新包装的设计，使其外观更具活力和现代感。

鸿运食品经销的传统香米品牌主要来自泰国和越南。为扩大产品的来源，鸿运在2010财年上半年里，为短颗粒和长颗粒香米(Basmati)从美国、印度和巴基斯坦取得新的供应源。2011年，公司还将增加更多新的大米种类，包括优质长颗粒香米和寿司大米的品牌，以丰富其现有的产品系列。

对于鸿运食品的餐饮服务部门而言，2011年有望继续成为硕果累累的一年。这是由于公司获得了Nouvo Pastificio Vietri Spa授予新产品系列开发及品牌经销权。Nouvo Pastificio Vietri Spa是一家意大利公司，主要生产和出口意大利面条。2010年9月，鸿运食品获得Amorelli和Vietri意大利面条产品的经销权。此外，鸿运食品还将获得Nouvo Pastificio Vietri Spa优质食品的产品经销权，丰富其产品系列。这将使鸿运食品开展新的分销渠道，扩大其现有的客户群。

我们的Tipex 集团（“Tipex”）是新加坡消费纸类产品的主要经销商之一。Tipex拥有本地纸巾的领先品牌Beautex，由其位于马来西亚的子公司Tips Industry (M) Sdn Bhd（“Tips”）负责生产。2007年，Beautex因最先推出全系列的高级与经济型三层纸巾产品，列入了《新加坡纪录大全》。除了Beautex，Tipex还拥有其他纸巾品牌，如Mood、Hibis、Comfy 和Parity等。

Tips是一家生产专属纸制品和优质专属品牌的领先市场企业，而且还提供原始设备制造商（OEM）服务。为提高效率，Tips最近投资购买了一系列新型机器，用于软包装面巾纸。通过其经营团队的有效运作，Tips已设法将其经销网络扩展至整个马来西亚及其境外，包括文莱、越南、澳洲、埃及、纽西兰及马尔代夫等国家。

作为品牌重塑的一部分，Tipex于2010年1月改名为Tipex私人有限公司，以更好地反映该公司新的战略意图和方向。同时，Tipex启用新标志和品牌口号——“优质生活的选择”。新标志代表了该公司的多面性、产品的多样性、合作的广泛性，以及最重要的一点，该公司力求改善现代消费者生活方式的愿景。Tipex已重新进行自我定位，致力于通过各种各样的优质日用品，以及为顾客提供有价值及可靠的服务，来完善人们的生活方式。

Tipex正在不断探索并增加市场占有率和推动业务增长的新商机。从2010年4月开始，Tipex在新加坡是PetPet、Fitti 和 BabyLove等优质婴儿纸尿裤品牌以及成人纸尿裤品牌Certainty，的独家经销商。这些优质的一次性婴儿纸尿裤和成人纸尿裤不仅确保产品质量和性能，并为公司提供了全面的产品范围。

多年以来，该公司致力于发展并引进创新产品。在其扩大机构客户群的计划下，Tipex目前的产品组合包括化工产品，如洗手液和沐浴露、多功能清洁剂、抗菌洗手液和洁手消毒片等。该产品系列的扩大，满足了包括酒店、餐饮店、儿童看护中心及清洗承包商等机构客户群日益增长的需要。

在深入了解了顾客在采购和选择个人及公司卫生用品方面所面对的麻烦之后，Tipex推出一项网上会员计划“T-Choice”，为顾客持续提供促销商

品。顾客只需进行简单的点击操作，就可以轻松完成订购。Tipex将选中的产品包装并如期递送至顾客家中或办公室。

Tipex确信，回馈社会是公司多年以来得以不断取得成功的原因所在。2010财年，Tipex曾热心参与和支持30多项社区活动。这些包括慈善项目，如“海峡时报学校零用钱基金”、由东南社区发展理事会（CDC）发起的“Walk for Rice”活动、与社会发展、青年及体育部（MCYS）合作举办的“Project Shine”以及为青年奥运会和全国预防嗜赌理事会合作等众多社区活动。

时尚生活业务

2009年11月，本集团实施战略举措，成立全资子公司D & P Lifestyle Pte Ltd（“D&P”）以进一步扩大本集团的民生必需品这一核心业务集群在本区域的市场占有率。

作为国际名牌鞋类和服装的经销商，D&P重点经营时尚生活业务，并为其客户提供品牌管理、营销、分销及物流等服务。2010年4月，D&P成为Admiral Asia品牌运动服装和鞋类产品在新加坡和文莱的独家经销商。2010年4月，D&P还从Topseller接管Clarks的业务，并于2010财年中，在新加坡滨海湾金沙推出Clarks的旗舰零售概念店。

此外，D&P还获得Rockport在新加坡、马来西亚和文莱的独家经销权。Rockport是美国阿迪达斯（Adidas）集团旗下主要的品牌，是首个在休闲鞋中采用先进运动技术以实现轻便和舒适，并从人体工程学角度保证服装和休闲鞋行走舒适的品种。

本回顾财年，D&P在新加坡、马来西亚和文莱成功推出Rockport产品，并在全球51个国家脱颖而出，为新加坡/马来西亚地区赢得“年度市场”奖。尽管D&P经营Rockport品牌的时间较短，但获此殊荣让D&P团队的卓越能力、辛勤努力和专业精神得以印证。

在2010财年中，D&P成功打造其新加坡和马来西亚的销售与营销团队，在这些市场中将产品直销给零售商并宣传其代理品牌。凭借高效的品牌宣传活动、精心设计的价格结构和积极的分销覆盖范围，D&P已为其代理品牌赢得不俗的市场占有率。

2011年2月，D&P在新加坡推出其首个Rockport旗舰概念店。在未来，D&P将继续专注于时尚生活业务，经销全球知名品牌的鞋类、服装、配饰、箱包和手表等。

保健业务

保持身体健康，是美好生活的必备条件之一。为此，普威集团致力于通过高质量的医疗保健咨询与保健设施的研发服务，为消费者提供各种保健解决方案。

本集团的保健业务部 Health Solutions Group（“Health Solutions”），是一家提供保健解决方案的专业公司。其旨在成为一个一站式资源中心，提供全面医疗保健咨询服务。始原于1987年，总部现设于新加坡，技术支持部门则设在吉隆坡。其提供的服务包括：医疗设备架构与设计的专业知识、项目工程和管理、医疗和非医疗设备规划、信息与通信技术及其专属品牌的经营和管理。

在全球，Health Solutions已完成500多个医疗保健相关项目，并以其卓有成效的业绩成功进入马来西亚、澳洲、菲律宾、越南、印度尼西亚、泰国、印度、伊拉克、利比亚和沙地阿拉伯等市场。

2010财年又是Health Solutions取得辉煌成绩的一年。马来西亚政府的经济转型规划和其他多个私人项目，为其提供了保健业务的发展机会。Health Solutions正在探索与多个政府机构合作的各种商机，以制定可能的项目投资方案。

目前，由Health Solutions执行的Likas专科医院（Likas Specialist Hospital）项目进展良好。医院的主楼和机电大楼的结构均已接近完工，大楼的各项设备正在安装筹备之中，专门的核心堡也在紧需施工当中。医院的各项固定医疗设备配套项目已获马来西亚卫生部批准。此外，还为获得该医院的零散医疗设备配套项目向卫生部提出项目建议书。

经营回顾

Health Solutions在马来西亚进行的另一个医院项目Cheras复健医院(Cheras Rehabilitation Hospital) 已开始进行测试和试运行工程。这些工程的进行为Health Solutions的医疗设备规划部门创造了各种机会, 以进一步探索参与公共和私立医院项目的可能性。

位于澳大利亚的Health Solutions团队通过对位于Mandurah的Peel Health Campus的管理而获得尚佳的成果。自从1997年, Health Solutions代表澳大利亚西部政府管理这所医院起, Peel Health Campus就成为一个在澳大利亚发展最快的医疗设施提供商之一, 也成为Peel地区的主要医疗保健提供者。凭借优质的医疗服务和设施, 以及该国不断增长的业务需求, Health Solutions将继续扩大其医疗服务范围, 并在未来数年中牢牢抓住接踵而来的商机。

Health Solutions越南分公司目前正在扩大其营业执照范畴内的业务, 将医疗保健设备项目的设计和咨询包括在内。公司在越南开发私立医院的

策略性投资

达成集团

普威集团拥有达成包装集团有限公司(“Tat Seng”)64%的股权。Tat Seng是一家生产瓦楞纸包装产品的主要企业, 在新加坡证券交易所主板挂牌上市。Tat Seng共拥有六所工厂, 其中两个设在新加坡, 其余四个分别设在中国的苏州、合肥及南通。其客户包括跨国公司, 电子业、塑料与金属压模业、制药与化学业以及印刷、出版和加工业的制造商。多年以来, Tat Seng一直通过不断改进取得进步, 并在市场中屹立不倒。

令我们感到高兴的是, 在过去几年中, 我们对Tat Seng的投资一直在持续增长, Tat Seng也通过在新加坡和中国的并购活动, 不断提高其经营效率, 扩大其业务版图。

目前, Tat Seng持有南通恒成纸业有限公司(“Nantong Hengcheng”)70%的股权。Nantong Hengcheng是一家瓦楞纸包的制造商和经销商, 业务主要在中国江苏省南通市。Nantong Hengcheng为Tat Seng提高其在中国的市场占有率并挖掘南通的商机, 提供了一个战略平台。

2010财年, Tat Seng在其位于苏州的工厂设立在中国的运营总部, 目的是结合集团的能力和资源, 促进其中国业务的有机增长, 并提高其经营效率。

2010财年, Nantong Hengcheng旗下子公司南通达成包装制品有限公司[“Nantong TS”]在通州兴建了一家新工厂, 并取得快速进展。按照设计, Nantong TS将建成一家高效率、低成本的瓦楞纸包制造厂。2011年2月底, Nantong TS开始投入生产, 每月产能预计为800万平方米。

中国的运营总部团队, 还完成了扩建合肥工厂的规划, 并选用崭新的瓦楞纸包生产线。扩大的生产线将由2011年第三季度投入运作, 将为工厂今后每月的生产总值提高到900万平方米。

在2010财年的下半年, 设在苏州的工厂引进一台大型(2千2百毫米 x 4千3百毫米)三色柔版打印机和插床模压切割机。该设备的基础工作于2010年12月完成, 而这台新购设备预计在2011年第二季度中进行安装。该新设备的引进, 将使公司从光电业和家具业的利基市场中获得大形包装纸箱业务。在这一专业市场中获得市场份额, 有望提高苏州工厂的毛利率。

2010财年, Tat Seng的集团营业额增长35.2%或3千9百92万新元, 从前一财政年度的1亿1千3百36万新元, 增加至1亿5千3百28万新元。强劲的收入增长, 主要是来自中国的需求增加和计入Nantong Hengcheng的全年营业额所致。

Tat Seng的销售成本增长42.7%或3千7百85万新元, 从上一财年的8千8百68万新元增加至1亿2千6百53万新元。这主要是归因于原材料价格上涨, 而成本的增加又只能部分转嫁给客户。因此, 集团在2010财年的总利润, 取得8.4%的适度增长, 达到2千6百75万新元。

总体来说, 材料价格的持续上涨, 迫使集团的税前利润比上一财年减少13.1%, 至8百25万新元。

计划, 因与当地卫生部改善越南医疗保健服务的目标不谋而合而获得迅速发展。Health Solutions准备利用这些新商机赢得可能的工程项目。

在沙地阿拉伯, Health Solutions执行的医院项目进展顺利。首家医院Al Mukwah的多数建筑工程已经竣工, 并已准备开始下一阶段的工程——机电设备的安装。第二家医院Al Laith的打桩工程也已紧锣密鼓开始。目前, Health Solutions正与其合作伙伴Al Mobty进行协商, 计划在沙地阿拉伯推出其医疗设备规划的咨询服务。

在印度尼西亚, Health Solutions已成功完成对Rumah Sakit Telogorejo的五年经营管理, 在财务业绩方面取得同比增长。目前, 它正在寻找印度尼西亚其他地方的商业机会。

本集团管理层赋予Health Solutions以谨慎自主权, 让它根据该国的市场形势和文化习俗经营业务。管理层的这一支持, 也对提高Health Solutions的业绩和生产率, 发挥了巨大的促进作用。

2010财年, Tat Seng在新加坡的业务经营良好, 收入与2009财年相比, 增长约14.5%。尽管原材料成本的大幅上涨削弱其利润增长, 但Tat Seng的新加坡业务仍设法取得可观的利润。这一改善获益于两大因素所赐: 首先, 2010财年, Senoko工厂通过实施生产控制系统, 废纸管理更为有效; 其次, 通过采用更好的工作流程, 生产超时成本管理更为有效, 加上产量提高, 使该工厂在2010财年实现更高的生产率。

2011年, Tat Seng的新加坡团队将继续检讨工作流程, 以提高生产力、降低营业成本。此外, 团队将进一步对旗下两家新加坡工厂作业流程进一步改善, 以实现资源的合理有效运用。

在中国, 苏州、合肥和南通工厂的经营团队, 将探索当地市场蕴含的更多商机。这将能使Tat Seng在2011年及其之后得以推动其瓦楞纸包装产品的销售。

新加坡国际贸易集团

自2000年初以来一直就是普威旗下的联营公司新加坡国际贸易集团[“Intraco”], 是一家提供综合解决方案的贸易公司, 其市场遍布全球许多国家包括亚细安、中国、印度、海湾合作委员会、台湾、韩国、日本、美国及南非。

Intraco的塑料部门已成功积累众多新货源, 同时扩大了终端用户的客户群。这导致塑料部门2010财年的销售额和毛利润, 相比2009财年度双双增长43%。2011年, Intraco将继续扩大其产品范围和终端用户客户群。

在未来, 预计全球对矿产资源的需求将上升, 因此Intraco的矿产部门蓄势待发准备紧紧抓住即将到来的机遇。凭借其在中国经营业务的长久历史, 位于上海和北京的Intraco市场营销部门将有能力开发长期、可靠的供应商和客户。

Intraco的无线通讯部门集中将东北线的电信基础设施出租给三大移动通信运营商(即新电流动、星和移动和新加坡第一通), 用于提供商业电信服务。此外, 该部门还为东北线电信基础设施的管理、操作和维修提供专业服务。值得高兴的是东北线电信基础设施的总体营运绩效超过新加坡资讯通信发展管理局规定的预期“服务质量”标准。这正是Intraco强调提供优质产品和服务的真实写照。

在回顾年度期间, 由于获得建屋发展局和私有住宅市场的照明设备销售项目, Intraco的照明设备部门的利润率得以明显改善。该部门会继续检讨其业务模式, 以配合集团的业务方向一致。

在2010财政年度中, 半导体业务终止了一些缺乏竞争力的半导体代理, 并加强高级微设备(AMD)处理器和信息技术产品在区域的分销渠道。

在工业开始复苏、出现新技术趋势的背景下, Intraco将继续建立新的业务模式, 在其擅长的专业领域, 增加新产品的价值, 以实现多元化发展的目标。

Corporate Information

Board of Directors

Allan Yap
Executive Chairman

Foo Der Rong
Managing Director & CEO

John Chen Seow Phun
Deputy Chairman /
Non-Executive Director

Teo Kee Bock
Executive Director

Chee Teck Kwong Patrick
Non-Executive Director /
Independent Director

Tao Yeoh Chi
Non-Executive Director /
Independent Director

Lien Kait Long
Non-Executive Director /
Independent Director

Chan Sek Nin Jackey
Non-Executive Director

Company Secretaries

Chew Kok Liang
Wee Jee Kin

Registered Office

348 Jalan Boon Lay
Singapore 619529
Tel: 6268 4822

Share Registrar

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

Auditors

KPMG LLP
Certified Public Accountants
(Partner in charge – Lo Mun Wai, since FY2009)
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Bankers

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

Corporate Governance 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 fulfil 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;
- approve 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 may be recommended by the Remuneration Committee;
- supervises executive management, ensures that the Company has the necessary resources to meet its goals and establish 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, authority and operating procedures which are reviewed and monitored regularly. The minutes of the meetings of these committees are circulated within 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 an 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.

Corporate Governance Statement

1.3 Directors' meeting held in Financial Year 2010

The Board held 4 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	3
Mr. Foo Der Rong	4
Dr. John Chen Seow Phun	4
Mr. Chee Teck Kwong Patrick	4
Mr. Tao Yeoh Chi	4
Mr. Lien Kait Long	4
Mr. Chan Sek Nin Jackey	4
Mr. Teo Kee Bock	4

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 to 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 appointment letters setting out a director's duties and obligations. Newly appointed directors are also briefed on the business and organisational structure of the Group and its strategic directions.

Corporate Governance Statement

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 judgement 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 Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) Chairman, CEO and Director of China Enterprises Limited Chairman, CEO and Director of Burcon NutraScience Corporation Executive Director of See Corporation Limited	Executive Director of Neo Telemedia Limited (formerly known as Big Media Group Limited) Director of MRI Holdings Limited (In members' voluntary liquidation)
Mr. Foo Der Rong	Date of appointment as Director: 1 August 1990 Date of appointment as Managing Director: 1 September 2002	Managing Director & 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

Corporate Governance Statement

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 / 23 April 2010	Deputy Chairman / Non-Executive Director Member of Audit, Nominating and Remuneration Committee	Chairman and Independent Director of Matex International Limited and Fu Yu Corporation Limited Non-Executive Deputy Chairman of Tat Seng Packaging Group Ltd Independent Director of Thai Village Holdings Ltd, OKP Holdings Limited, Hiap Seng Engineering Ltd and HLH Group Limited	Independent Director of Hongguo International Holdings Limited (Delisted)
Mr. Chee Teck Kwong Patrick	1 August 1990 / 23 April 2010	Non-Executive Director / Independent Director Chairman of Audit Committee, Member of Nominating and Remuneration Committee	Director of CSC Holdings Limited Independent Director of Ramba Energy Limited, Tat Seng Packaging Group Ltd, Singapore Windsor Holdings Ltd, Hengxin Technology Ltd, China International Holdings Limited and Hai Leck Holdings Limited	Independent Director of King's Safetywear Limited (Delisted)
Mr. Tao Yeoh Chi	13 November 1997 / 25 April 2008	Non-Executive Director / Independent Director Chairman of Remuneration Committee and Member of Audit Committee	Non-Executive Independent Director of Next-Generation Satellite Communications Limited (formerly known as Ban Joo & Company Ltd) and Eratat Lifestyle Limited (formerly known as China Eratat Sports Fashion Group) Independent Director of China Titanium Ltd	

Corporate Governance Statement

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 Director / 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, Ocean International Holdings Limited, Falcon Energy Group Limited, Youcan Foods International Limited, CMZ Holdings Ltd, Kian Ho Bearings Ltd. and Viking Offshore and Marine Ltd	Independent Director of Memstar Technology Ltd and Delong Holdings Limited Director of MRI Holdings Limited and MRI Infrastructure Holdings Ltd (In members' voluntary liquidation)
Mr. Chan Sek Nin Jackey	5 July 2007 / 25 April 2008	Non-Executive Director	Chief Operating Officer of Hanny Holdings Limited Independent Non-Executive Director of SMI Corporation Limited	
Mr. Teo Kee Bock	15 January 2008 / 25 April 2008	Executive Director	Chairman and Managing Director of Super Group 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.

Corporate Governance Statement

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 judgement 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.

Corporate Governance Statement

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 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, 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.

Corporate Governance Statement

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 interest 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 assessment are circulated to the Board for consideration of the appropriate measures to be taken.

Corporate Governance Statement

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.

Corporate Governance Statement

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 2 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. Tao Yeoh Chi (Chairman)	Non-Executive / Independent	2
Mr. Chee Teck Kwong Patrick	Non-Executive / Independent	2
Dr. John Chen Seow Phun	Non-Executive	2

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.

Corporate Governance Statement

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.

Summary compensation table of the directors receiving remuneration from the Company for the financial year ended 31 December 2010:

Directors	Base Salary	Bonus	Profit Sharing	Directors' Fees ⁽³⁾	Allowance ⁽²⁾	TOTAL
S\$250,000 and below						
Dr. John Chen Seow Phun	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chee Teck Kwong Patrick	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Tao Yeoh Chi	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Lien Kait Long	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Chan Sek Nin Jackey	0.00%	0.00%	0.00%	100.00%	0.00%	100%
Mr. Teo Kee Bock	60.81%	34.97%	0.00%	0.00%	4.22%	100%
S\$1,500,001 to below S\$2,000,000						
Mr. Foo Der Rong	26.95%	6.68%	64.24%	0.82% ⁽¹⁾	1.31%	100%
S\$2,500,001 to below S\$3,000,000						
Dr. Allan Yap	17.45%	4.25%	77.26%	0.00%	1.04%	100%

⁽¹⁾ Directors' Fees from the Group.

⁽²⁾ Employer's CPF contribution is included here.

⁽³⁾ Directors' Fees are subject to the approval of the shareholders at the forthcoming AGM.

2.4 Remuneration of Employees Related to Directors

As at 31 December 2010, 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 2010:

Remuneration Band	Base Salary	Bonus	Profit Sharing	Directors' Fees	Allowances and other benefits ⁽¹⁾	TOTAL
Range S\$500,000 and below	73.84%	18.46%	0.00%	2.96%	4.74%	100%

⁽¹⁾ Employer's CPF contribution is included here.

Corporate Governance Statement

2.5 Remuneration of Top 5 Key Management Executives

Disclosure of the top 5 key management executives' remuneration (who are not directors) which falls within bands of S\$750,000 and below (based on gross remuneration received) is set out below:

Key Management Executives	Base Salary	Bonus	Profit Sharing	Directors' Fees ⁽¹⁾	Allowance ⁽²⁾	TOTAL
Range S\$500,001-S\$750,000						
Tang Yick Chong	60.71%	15.57%	15.56%	4.76%	3.40%	100%
Range S\$250,001-S\$500,000						
Teo Wai Leng Lena	53.91%	19.97%	17.47%	4.06%	4.59%	100%
Foo Der Chyang Desmond	73.84% ⁽³⁾	18.46%	0.00%	2.96%	4.74%	100%
Wong Juan Meng	63.05%	17.04%	17.60%	0.00%	2.31%	100%
Range \$250,000 and below						
Wee Jee Kin	87.31%	0.00%	7.58%	0.00%	5.11%	100%

⁽¹⁾ Directors' Fees from the Group.

⁽²⁾ Employer's CPF contribution is included here.

⁽³⁾ Remuneration from a subsidiary.

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 authority 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.

Corporate Governance Statement

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 arms' length basis and not prejudicial to the interests of the Company or its shareholders in any way.

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

The AC 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 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 2010 was S\$100,260. 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 4 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	4
Mr. Tao Yeoh Chi	Non-executive / Independent	4
Dr. John Chen Seow Phun	Non-executive	4
Mr. Lien Kait Long	Non-executive / Independent	4

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 reviews can be carried out by internal/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 Audit Committee 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 FY2010 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 2010.

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 interests of the CEO, directors or controlling shareholders subsisting at the end of the financial year ended 31 December 2010 or have been entered into since the end of the previous financial year.

Corporate Governance Statement

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 2010.

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	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	5,000,000
Chee Teck Kwong Patrick		
PSC Corporation Ltd		
- ordinary shares	-	800,000
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	800,000	-

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		
Tao Yeoh Chi		
PSC Corporation Ltd		
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2014	600,000	600,000
John Chen Seow Phun		
PSC Corporation Ltd		
- ordinary shares	-	1,000,000
- 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	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	500,000
Teo Kee Bock		
PSC Corporation Ltd		
- ordinary shares	633,900 *	1,633,900 *
- options to subscribe for ordinary shares between 22/01/2010 and 21/01/2019	1,000,000	-

* 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.

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 2011.

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 25 and 36 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 01/01/2010	Options exercised	Options cancelled	Options outstanding at 31/12/2010	Number of option holders at 31/12/2010	Exercise period
20/08/2003	\$0.220	2,460,000	(400,000)	-	2,060,000	4	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	21,030,000	(4,730,000)	(480,000)	15,820,000	7	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	3,400,000	(1,800,000)	-	1,600,000	3	22/01/2010 – 21/01/2014
		<u>26,890,000</u>	<u>(6,930,000)</u>	<u>(480,000)</u>	<u>19,480,000</u>		

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.

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 2010	Aggregate options granted since commencement of Scheme to 31 December 2010	Options exercised 31 December 2010	Aggregate options expired since commencement of Scheme to 31 December 2010	Aggregate options outstanding as at 31 December 2010
Allan Yap	-	11,000,000	-	-	11,000,000
Foo Der Rong	-	5,800,000	-	-	5,800,000
Lien Kait Long	-	500,000	-	-	500,000
Chan Sek Nin Jackey	-	500,000	-	-	500,000
Teo Kee Bock	-	1,000,000	(1,000,000)	-	-
Chee Teck Kwong Patrick	-	1,000,000	(800,000)	(200,000)	-
Tao Yeoh Chi	-	800,000	-	(200,000)	600,000
John Chen Seow Phun	-	1,400,000	(1,000,000)	(400,000)	-
Total	-	22,000,000	(2,800,000)	(800,000)	18,400,000

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

9 March 2011

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages 59 to 128 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 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Allan Yap
Director

Foo Der Rong
Director

9 March 2011

Independent Auditors' Report

Members of the Company

PSC Corporation Ltd

Report on the financial statements

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 2010, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 128.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for 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.

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 about 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 of financial statements that give a true and fair view 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.

Independent Auditors' Report

Members of the Company

PSC Corporation Ltd

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up in accordance with the provisions of the Act and the Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, 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

9 March 2011

Statements of Financial Position

As at 31 December 2010

		Group		Company	
	Note	2010 \$	2009 \$	2010 \$	2009 \$
Assets					
Property, plant and equipment	4	66,260,994	64,007,206	17,655,747	18,342,472
Intangible assets	5	1,064,455	1,182,227	-	-
Investment properties	6	1,272,264	1,829,299	-	-
Subsidiaries	7	-	-	45,024,123	46,218,053
Loan to a subsidiary	7	-	-	6,000,000	-
Associates	8	49,597,432	38,822,856	20,983,641	21,039,559
Other financial assets	9	14,097,575	16,994,927	1,462,158	4,646,683
Deferred tax assets	10	496,847	699,834	-	-
Total non-current assets		132,789,567	123,536,349	91,125,669	90,246,767
Inventories	11	57,048,381	42,437,611	6,780,725	4,696,697
Trade and other receivables	13	174,582,437	110,383,454	119,592,151	80,597,215
Other financial assets	9	20,838,240	19,132,238	3,615,840	2,882,670
Cash and cash equivalents	16	47,221,977	85,151,504	12,054,937	53,149,558
Assets held for sale	17	564,110	29,559,768	-	-
Total current assets		300,255,145	286,664,575	142,043,653	141,326,140
Total assets		433,044,712	410,200,924	233,169,322	231,572,907
Equity					
Share capital	18	201,161,582	199,784,331	201,161,582	199,784,331
Reserves	18	81,795,303	77,198,037	9,517,200	10,631,956
Equity attributable to owners of the Company		282,956,885	276,982,368	210,678,782	210,416,287
Non-controlling interests		29,156,110	34,268,122	-	-
Total equity		312,112,995	311,250,490	210,678,782	210,416,287
Liabilities					
Loans and borrowings	19	-	96,704	-	-
Deferred income	22	97,525	114,192	-	-
Deferred tax liabilities	10	3,683,395	3,259,673	317,125	264,970
Total non-current liabilities		3,780,920	3,470,569	317,125	264,970
Trade and other payables	23	75,874,304	51,140,845	22,173,415	20,891,650
Loans and borrowings	19	39,475,598	29,120,538	-	-
Deferred income	22	10,935	14,819	-	-
Current tax payable		1,789,960	2,029,845	-	-
Liabilities held for sale	17	-	13,173,818	-	-
Total current liabilities		117,150,797	95,479,865	22,173,415	20,891,650
Total liabilities		120,931,717	98,950,434	22,490,540	21,156,620
Total equity and liabilities		433,044,712	410,200,924	233,169,322	231,572,907

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

Consolidated Income Statement

Year ended 31 December 2010

	Note	2010 \$	2009 \$
Revenue	24	373,719,975	331,224,767
Cost of sales		(292,155,579)	(244,021,476)
Gross profit		81,564,396	87,203,291
Other operating income		3,590,257	5,969,255
Distribution expenses		(38,633,088)	(39,137,326)
Administrative expenses		(31,226,895)	(33,966,644)
Other operating expenses		(2,766,774)	(1,105,425)
Results from operating activities		12,527,896	18,963,151
Finance income		5,783,877	6,377,935
Finance expense		(923,639)	(2,360,202)
Net finance income	26	4,860,238	4,017,733
Share of profit of associates (net of income tax)		4,812,734	1,885,508
Profit before income tax		22,200,868	24,866,392
Income tax expense	27	(4,894,002)	(4,553,871)
Profit for the year	25	17,306,866	20,312,521
Profit attributable to:			
Owners of the Company		14,238,465	15,643,006
Non-controlling interests		3,068,401	4,669,515
Profit for the year		17,306,866	20,312,521
Earnings per share			
Basic earnings per share (cents)	28	2.57	2.84
Diluted earnings per share (cents)	28	2.53	2.82

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2010

	2010 \$	2009 \$
Profit for the year	17,306,866	20,312,521
Other comprehensive income		
Foreign currency translation differences - foreign operations	(2,502,723)	4,885,697
Net change in fair value of available-for-sale financial assets	460,787	1,793,420
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	(657,394)
Impairment loss on available-for-sale financial assets reclassified to profit or loss	-	1,578,095
Share of other reserve movement of associates	310,728	(22,884)
Other comprehensive income for the year, net of income tax	<u>(1,731,208)</u>	<u>7,576,934</u>
Total comprehensive income for the year	<u>15,575,658</u>	<u>27,889,455</u>
Total comprehensive income attributable to:		
Owners of the Company	13,205,403	21,850,997
Non-controlling interests	2,370,255	6,038,458
Total comprehensive income for the year	<u>15,575,658</u>	<u>27,889,455</u>

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

Group	← Attributable to		
	Issued capital \$	Treasury shares \$	Other reserves \$
At 1 January 2009	202,363,853	(2,087,470)	3,141,401
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income			
Foreign currency translation differences – foreign operations	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss on disposal	-	-	-
Impairment loss on available-for-sale financial assets reclassified to profit or loss	-	-	-
Share of other reserve movement of an associate	-	-	(22,884)
Total comprehensive income for the year	-	-	(22,884)
Transactions with owners of the Company, recorded directly in equity			
Contributions by and distributions to owners of the Company			
Purchase of treasury shares	-	(492,052)	-
Dividends to non-controlling interests	-	-	-
Share-based payment transactions	-	-	1,075,585
Total contributions by and distributions to owners of the Company	-	(492,052)	1,075,585
Changes in ownership interests in subsidiaries			
Acquisition of a subsidiary (note 30)	-	-	-
Acquisition of non-controlling interests (note 30)	-	-	(1,683,876)
Total changes in ownership interests in subsidiaries	-	-	(1,683,876)
Total transactions with owners of the Company	-	(492,052)	(608,291)
Transfers between reserves			
Appropriation of retained earnings to other reserves	-	-	468,863
At 31 December 2009	202,363,853	(2,579,522)	2,979,089

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

owners of the Company →					
Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non- controlling interests \$	Total equity \$
(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)
2,667,996	3,562,879	15,643,006	21,850,997	6,038,458	27,889,455
-	-	-	(492,052)	-	(492,052)
-	-	-	-	(605,086)	(605,086)
-	-	-	1,075,585	-	1,075,585
-	-	-	583,533	(605,086)	(21,553)
-	-	-	-	232,040	232,040
-	-	-	(1,683,876)	(867,676)	(2,551,552)
-	-	-	(1,683,876)	(635,636)	(2,319,512)
-	-	-	(1,100,343)	(1,240,722)	(2,341,065)
-	-	(468,863)	-	-	-
1,648,322	(3,521,394)	76,092,020	276,982,368	34,268,122	311,250,490

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

Group	← Attributable to		
	Share capital \$	Treasury shares \$	Other reserves \$
At 1 January 2010	202,363,853	(2,579,522)	2,979,089
Total comprehensive income for the year			
Profit for the year	-	-	-
Other comprehensive income			
Foreign currency translation differences – foreign operations	-	-	-
Net change in fair value of available-for-sale financial assets	-	-	-
Share of other reserve movement of associates	-	-	310,728
Total comprehensive income for the year	-	-	310,728
Transactions with owners of the Company, recorded directly in equity			
Contributions by and distributions to owners of the Company			
Dividends to owners of the Company (note 18)	-	-	-
Dividends to non-controlling interests	-	-	-
Share-based payment transactions	1,377,251	-	(261,452)
Total contributions by and distributions to owners of the Company	1,377,251	-	(261,452)
Changes in ownership interests in subsidiaries			
Acquisition of non-controlling interests (note 30)	-	-	(115,000)
Disposal of subsidiaries (note 30)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(115,000)
Total transactions with owners of the Company	1,377,251	-	(376,452)
Transfers between reserves			
Appropriation of retained earnings to other reserves	-	-	520,388
At 31 December 2010	203,741,104	(2,579,522)	3,433,753

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

owners of the Company →					
Fair value reserve \$	Translation reserve \$	Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
1,648,322	(3,521,394)	76,092,020	276,982,368	34,268,122	311,250,490
-	-	14,238,465	14,238,465	3,068,401	17,306,866
-	(1,781,505)	-	(1,781,505)	(721,218)	(2,502,723)
437,715	-	-	437,715	23,072	460,787
-	-	-	310,728	-	310,728
437,715	(1,781,505)	14,238,465	13,205,403	2,370,255	15,575,658
-	-	(8,337,029)	(8,337,029)	-	(8,337,029)
-	-	-	-	(605,086)	(605,086)
-	-	17,002	1,132,801	-	1,132,801
-	-	(8,320,027)	(7,204,228)	(605,086)	(7,809,314)
-	-	-	(115,000)	(1,187,250)	(1,302,250)
-	88,342	-	88,342	(5,689,931)	(5,601,589)
-	88,342	-	(26,658)	(6,877,181)	(6,903,839)
-	88,342	(8,320,027)	(7,230,886)	(7,482,267)	(14,713,153)
-	-	(520,388)	-	-	-
2,086,037	(5,214,557)	81,490,070	282,956,885	29,156,110	312,112,995

Consolidated Cash Flow Statement

Year ended 31 December 2010

	Note	2010 \$	2009 \$
Operating activities			
Profit for the year		17,306,866	20,312,521
Adjustments for:			
Income tax expense		4,894,002	4,553,871
Amortisation of intangible assets		-	8,143,459
Amortisation of deferred income		(14,488)	(20,142)
Bad debts recovered		(395)	(8,502)
Bad debts written off		164,775	31,139
Deferred expenditure written off		-	3,815
Depreciation of investment properties		27,979	27,260
Depreciation of property, plant and equipment		6,917,107	6,602,497
Impairment loss on non-financial assets		-	5,500
Impairment loss on amount due from an associate		41,413	264,631
Inventories written off		205,428	346,327
Impairment loss on assets held for sale		1,863,466	-
Gain on disposal of interest in an associate		-	(1,502,600)
Loss/(gain) on disposal of property, plant and equipment		63,898	(1,513)
Property, plant and equipment impaired/written off		80,501	306,788
Share-based payment transactions		-	1,075,585
Share of profit of associates, net of income tax		(4,812,734)	(1,885,508)
Unrealised exchange losses		1,909,640	-
Net finance income		(4,860,238)	(4,017,733)
		23,787,220	34,237,395
Changes in working capital:			
Inventories		(15,436,196)	(7,670,268)
Trade and other receivables		(28,222,461)	(20,012,452)
Trade and other payables		26,628,183	4,929,335
Cash generated from operating activities		6,756,746	11,484,010
Income tax paid		(4,397,940)	(2,488,942)
Cash flows from operating activities		2,358,806	8,995,068

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

Consolidated Cash Flow Statement

Year ended 31 December 2010

	Note	2010 \$	2009 \$
Investing activities			
Interest received		2,910,706	730,914
Dividends received		418,461	856,036
Acquisition of a subsidiary, net of cash acquired	30	-	(998,230)
Acquisition of non-controlling interests	30	(1,302,250)	(2,551,552)
Loan to an associate		(64,440)	-
Investment in an associate		(6,270,275)	-
Purchase of property, plant and equipment		(10,139,565)	(3,317,259)
Purchase of intangible assets		-	(9,470,320)
Purchase of financial assets		(51,327,394)	(15,544,000)
Proceeds from sale of:			
- associate		12,536,780	1,563,740
- property, plant and equipment		397,317	218,137
- assets and liabilities held for sale	30	5,159,185	-
Proceeds from redemption of held-to-maturity financial assets		2,882,670	-
Cash flows from investing activities		(44,798,805)	(28,512,534)
Financing activities			
Interest paid		(909,038)	(1,108,995)
Payment of finance lease liabilities		(277,524)	(337,891)
Increase in pledged deposits		(3,874,468)	(314,943)
Proceeds from borrowings		71,382,243	50,886,762
Repayment of borrowings		(60,562,265)	(38,723,906)
Proceeds from issuance of shares under the employee share option scheme		1,132,801	-
Purchase of treasury shares		-	(492,052)
Dividends paid		(8,942,115)	(605,086)
Cash flows from financing activities		(2,050,366)	9,303,889
Net decrease in cash and cash equivalents		(44,490,365)	(10,213,577)
Cash and cash equivalents at beginning of the year		83,646,516	94,171,170
Effect of exchange rate fluctuations on cash held		(397,308)	(311,077)
Cash and cash equivalents at end of the year	16	38,758,843	83,646,516

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 9 March 2011.

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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest 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 as described below.

(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:

- Note 3(g) – classification of leases
- Notes 3(i) and 9 – impairment of available-for-sale financial assets

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:

- Notes 4 and 5 – assumptions on recoverable amounts relating to property, plant and equipment and goodwill
- Note 10 – utilisation of tax losses
- Note 30 – valuation of assets, liabilities and contingent liabilities acquired in a business combination
- Notes 20 and 31 – valuation of financial instruments

Notes to the Financial Statements

2. Basis of preparation (cont'd)

(e) Changes in accounting policies

(i) Accounting for business combinations

From 1 January 2010, the Group has applied FRS 103 *Business Combinations* (2009) in accounting for business combinations. Business combinations are now accounted for using the acquisition method as at the acquisition date (see note 3(a)(i)).

Previously, business combinations were accounted for under the purchase method. The cost of an acquisition was 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 was credited to profit or loss in the period of the acquisition. For business acquisitions that were achieved in stages, any existing equity interests in the acquiree were not re-measured to their fair value. Contingent consideration was recognised as an adjustment to the cost of acquisition only when it was probable and can be measured reliably.

The change in accounting policy has been applied prospectively to new business combinations occurring on or after 1 January 2010 and has no impact on earnings per share.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied FRS 27 *Consolidated and Separate Financial Statements* (2009) in accounting for acquisitions of non-controlling interests. See note 3(a)(v) for the new accounting policy.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

The change in accounting policy has been applied prospectively and has no impact on earnings per share.

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 using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(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 when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) 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 (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments to align the accounting policies of the associates 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 zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Acquisition of non-controlling interests

Acquisition of non-controlling interests are accounted for as transaction with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

(vi) 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.

(vii) 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 end of reporting period 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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

(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, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(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, which is the date that 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.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

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 classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

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.

Held-to-maturity financial assets comprise debt securities.

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 cash and cash equivalents and 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 above categories of 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 in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

Repurchase agreements

Investments purchased subject to commitments to resell them at future dates at a fixed price are not recognised. The receivables are shown as collateralized by the underlying security. Investments sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with the accounting policy for either assets held for trading or investment as appropriate.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

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

Repurchase agreements (cont'd)

Repurchase and resell agreements not classified as at fair value through profit or loss are classified as liabilities held at cost and loans and receivables respectively. The difference between the sale and repurchase (purchase and resell) considerations is recognised on an accrual basis using the effective interest rate method over the period of the transaction and is included in the profit or loss as interest.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

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

(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, cancelled or expired.

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.

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 in the treasury share account. 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 retained earnings.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(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.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other operating income/other operating expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. 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 20 to 40 years
• leasehold improvements	Remaining lease periods of 37 to 44 years
• renovations	3 to 10 years
• furniture, fittings and office equipment	3 to 131/3 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 reporting period and adjusted if appropriate.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(e) Intangible assets

(i) Goodwill

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

(ii) Trademarks

Trademarks are amortised and recognised in profit or loss 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.

(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 were 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 commenced when the royalties and licences were 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 profit or loss 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.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(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 profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(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.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(i) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period 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, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or 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.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and 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. Loans and 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.

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 profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss 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 profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

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. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(i) Impairment (cont'd)

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. 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 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 testing is performed 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 and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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

Non-current assets or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs 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 profit or loss. 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 profit or loss in the periods during which services are rendered by employees.

Notes to the Financial Statements

3. Significant accounting policies (cont'd)

(k) Employee benefits (cont'd)

(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 liability 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.

(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 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.

(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 customer, 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 profit or loss 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 profit or loss.

(iii) Healthcare consultancy

Revenue arising from healthcare consultancy is recognised in profit or loss 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 profit or loss 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 profit or loss 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 profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss 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, repurchase agreements and fixed deposits), dividend income and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally 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 profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income 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:

- temporary differences on 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;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- 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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect 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 2009		3,044,625	3,806,593	32,965,294
Additions		-	-	145,153
Disposals		-	-	-
Reclassification		-	-	-
Write-offs		-	-	(3,448)
Assets acquired in business combination	30	-	-	-
Effect of movements in exchange rates		(34,463)	(12,171)	(1,292,407)
Transfer to assets held for sale	17	-	-	(1,771,875)
At 31 December 2009		3,010,162	3,794,422	30,042,717
At 1 January 2010		3,010,162	3,794,422	30,042,717
Additions		2,045	-	1,355,621
Disposals		-	-	-
Reclassification		-	-	76,094
Write-offs		-	-	-
Effect of movements in exchange rates		62,619	22,124	(1,122,783)
At 31 December 2010		3,074,826	3,816,546	30,351,649
Accumulated depreciation and impairment losses				
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	17	-	-	(221,331)
At 31 December 2009		532,082	2,917,281	7,330,777
At 1 January 2010		532,082	2,917,281	7,330,777
Depreciation charge for the year		-	20,789	1,175,300
Disposals		-	-	-
Write-offs		-	-	-
Effect of movements in exchange rates		10,087	5,217	(186,174)
At 31 December 2010		542,169	2,943,287	8,319,903
Carrying amounts				
At 1 January 2009		2,506,994	906,627	25,807,153
At 31 December 2009		2,478,080	877,141	22,711,940
At 31 December 2010		2,532,657	873,259	22,031,746

Notes to the Financial Statements

Leasehold improvements \$	Renovations \$	Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
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
9,714,020	7,854,393	5,980,300	916,805	6,727,056	56,856,155	1,994,907	126,890,937
-	481,408	396,984	312,888	857,981	7,469,703	479,948	11,356,578
-	-	(38,545)	(15,360)	(602,471)	(436,910)	(4,667)	(1,097,953)
-	-	-	-	-	(76,094)	-	-
-	(39,850)	(72,719)	-	(121,809)	(247,284)	(283,960)	(765,622)
-	5,658	2,945	-	(17,398)	(1,409,677)	8,572	(2,447,940)
9,714,020	8,301,609	6,268,965	1,214,333	6,843,359	62,155,893	2,194,800	133,936,000
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
2,433,776	3,260,313	3,828,322	472,777	3,096,391	37,615,795	1,396,217	62,883,731
267,573	782,692	428,743	117,113	822,789	3,148,750	153,358	6,917,107
-	-	(32,409)	(9,402)	(253,106)	(338,881)	(2,940)	(636,738)
-	(21,915)	(63,446)	-	(121,809)	(194,076)	(283,875)	(685,121)
-	2,967	(385)	-	(3,912)	(639,288)	7,515	(803,973)
2,701,349	4,024,057	4,160,825	580,488	3,540,353	39,592,300	1,270,275	67,675,006
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
7,012,671	4,277,552	2,108,140	633,845	3,303,006	22,563,593	924,525	66,260,994

Notes to the Financial Statements

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

Company	Leasehold building \$	Leasehold improvements \$	Renovations \$
Cost			
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
At 1 January 2010	8,517,028	9,714,020	6,958,896
Additions	-	-	246,383
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2010	8,517,028	9,714,020	7,205,279
Accumulated depreciation			
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
At 1 January 2010	4,477,188	2,433,776	2,594,790
Depreciation charge for the year	224,435	267,573	698,985
Disposals	-	-	-
Write-offs	-	-	-
At 31 December 2010	4,701,623	2,701,349	3,293,775
Carrying amounts			
At 1 January 2009	4,264,275	7,547,817	4,836,193
At 31 December 2009	4,039,840	7,280,244	4,364,106
At 31 December 2010	3,815,405	7,012,671	3,911,504

Notes to the Financial Statements

Furniture, fittings and office equipment \$	Warehouse equipment \$	Motor vehicles \$	Plant and machinery \$	Computers \$	Total \$
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
1,074,542	564,826	2,178,847	338,229	1,283,040	30,629,428
8,587	230,193	365,888	143,000	346,966	1,341,017
(15,009)	(15,000)	(433,892)	(33,000)	(1,713)	(498,614)
-	-	-	-	(244,907)	(244,907)
1,068,120	780,019	2,110,843	448,229	1,383,386	31,226,924
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
628,591	245,839	930,054	195,710	781,008	12,286,956
91,077	92,430	218,202	43,414	94,610	1,730,726
(9,474)	(9,375)	(159,094)	(22,018)	(1,713)	(201,674)
-	-	-	-	(244,831)	(244,831)
710,194	328,894	989,162	217,106	629,074	13,571,177
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
357,926	451,125	1,121,681	231,123	754,312	17,655,747

Notes to the Financial Statements

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

Included in property, plant and equipment of the Group are assets with a total carrying amount of \$555,345 (2009: \$1,022,174), 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, of which \$79,014 was under finance leases.

The following property, plant and equipment are pledged as security for secured bank loans and credit facilities (note 19):

	Group	
	2010	2009
	\$	\$
Carrying amounts		
Leasehold buildings	10,819,765	16,445,740
Plant and machinery	6,680,610	8,565,715
	<u>17,500,375</u>	<u>25,011,455</u>

In 2009, a subsidiary assessed the recoverable amount of its installation-in-progress as it had not been put into production since it was 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 profit or loss.

5. Intangible assets

	Note	Goodwill on consolidation	Trademarks	Development costs	Royalties	Licences	Total
		\$	\$	\$	\$	\$	\$
Group							
Cost							
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	30	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	17	(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>
At 1 January 2010		1,182,227	363,050	-	-	-	1,545,277
Effect of movements in exchange rates		(117,772)	-	-	-	-	(117,772)
At 31 December 2010		<u>1,064,455</u>	<u>363,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,427,505</u>
Accumulated amortisation							
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	17	-	-	(1,848,095)	(1,145,911)	(17,008,576)	(20,002,582)
At 31 December 2009		<u>-</u>	<u>363,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,050</u>
At 1 January 2010 and 31 December 2010		<u>-</u>	<u>363,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,050</u>

Notes to the Financial Statements

5. Intangible assets (cont'd)

	Goodwill on consolidation \$	Trademarks \$	Development costs \$	Royalties \$	Licences \$	Total \$
Carrying amounts						
At 1 January 2009	2,638,813	-	1,563,446	337,297	6,952,396	11,491,952
At 31 December 2009	1,182,227	-	-	-	-	1,182,227
At 31 December 2010	1,064,455	-	-	-	-	1,064,455

Amortisation of intangible assets for the financial year is included in the following line items of profit or loss:

	Group 2010 \$	Group 2009 \$
Cost of sales	-	2,131,395
Distribution expenses	-	6,012,064
	-	8,143,459

Annual impairment tests 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 29.

The aggregate carrying amount of goodwill is allocated to the packaging unit. The packaging businesses operate largely in Singapore and China.

The recoverable amount of the cash generating unit (CGU) is based on its value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of 5 years.

For the purpose of analysing each CGU, management used the following key assumptions:

	Growth rate %	Discount rate %
2010		
Packaging	3 – 8	6 – 11
2009		
Packaging	3 – 6	7 – 10

The forecasted growth rate is estimated based on past performance and the expectations of market developments relevant to each of the CGU. Discount rates reflect the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each CGU, regard has been given to the weighted average cost of capital to each CGU at the beginning of the budgeted year. Gross margins are based on average values achieved in the year preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements. The Group believes that any reasonably possible change in the above key assumptions is not likely to materially cause the recoverable amount to be lower than its carrying amount.

Notes to the Financial Statements

6. Investment properties

	Note	Group 2010 \$	2009 \$
Cost			
At 1 January		1,908,313	1,928,215
Effect of movements in exchange rates		36,178	(19,902)
Transfer to assets held for sale	17	(564,110)	-
At 31 December		1,380,381	1,908,313
Accumulated depreciation			
At 1 January		79,014	52,465
Depreciation charge for the year		27,979	27,260
Effect of movements in exchange rates		1,124	(711)
At 31 December		108,117	79,014
Carrying amounts			
At 1 January		1,829,299	1,875,750
At 31 December		1,272,264	1,829,299
Fair value			
At 31 December		1,843,080	2,299,313

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.

The fair values of the investment properties 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 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.

7. Subsidiaries

	Company 2010 \$	2009 \$
Equity investments at cost	48,218,053	47,718,053
Impairment losses	(3,193,930)	(1,500,000)
	45,024,123	46,218,053
Loan to a subsidiary	6,000,000	-

The loan to a subsidiary is unsecured, bears interest at 4% per annum and repayable in 2014.

At the reporting date, the Company assessed the carrying amount of its investment in subsidiaries to determine whether there is any indication of impairment. Based on the review, the Company recorded an impairment loss of \$1,693,930 (2009: nil) which mainly relate to a subsidiary which had disposed of its sole underlying investment during the year. The recoverable amount was determined using the fair value less costs to sell approach.

Notes to the Financial Statements

7. Subsidiaries (cont'd)

Details of key subsidiaries are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2010 %	2009 %
@	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 Pte Ltd and its subsidiaries:	Supply of provisions and household products	Singapore	74	74
@	Tips Trading Pte Ltd	Supply of shelving	Singapore	74	74
^	Tips Industry (M) Sdn. Bhd.	Packaging and sale of paper products	Malaysia	74	74
^	Beautex Marketing (M) Sdn. Bhd.	Dormant	Malaysia	74	74
^	Socma Trading (M) Sdn. Bhd. and its subsidiaries:	Marketing and sale of household and consumer products	Malaysia	100	100
^	Econfood Manufacturing (M) Sdn. Bhd.	Dormant	Malaysia	100	100
^	Fresh Fruit Juice Manufacturing (M) Sdn. Bhd.	Manufacture of grass jelly products	Malaysia	100	100
@	PSC Investment Pte Ltd and its subsidiary:	Investment holding	Singapore	100	100
&	Guangzhou PSC Realty Limited Company	Investment holding and property related activities	People's Republic of China	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
y	Palm Meadow Sdn. Bhd.	Property investment	Malaysia	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	
				2010 %	2009 %
∞	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	44.8
#	Nantong Tat Seng Packaging Co., Ltd	Manufacture and sale of corrugated boards	People's Republic of China	44.8	44.8
#	Hefei Dansun Packaging Co., Ltd.	Manufacture and sale of corrugated boards, corrugated cartons and other packaging products	People's Republic of China	60.4	51.2
∞	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	95
^	Halyway Holding Ltd and its subsidiary:	Investment holding	Cyprus	95	95
&	HS Hellas S.A	Provision of hospital management and health support services	Greece	95	95

Notes to the Financial Statements

7. Subsidiaries (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
				2010 %	2009 %
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	95
Ω	Health Solutions Services Sdn. Bhd.	Provision of healthcare consultancy and project management	Malaysia	95	95
*	Health Solutions Medical Services (Vietnam) Co., Ltd.	Provision of healthcare consultancy and medical services	Vietnam	95	95
∇	PT Health Solutions Indonesia	Provision of healthcare consultancy services	Indonesia	95	95
@	Education Solutions International Pte. Ltd. and its subsidiaries:	Investment holding	Singapore	100	100
@	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
β	InnoForm Media (HK) Limited	Publisher, licensee, importer, exporter and distribution of compact discs, tapes and records of all kinds	Hong Kong	-	51
&	InnoForm Media(Taiwan) Co. Limited	Importer, exporter and distribution of compact discs, tapes and records of all kinds	Taiwan	-	51
^	InnoForm Media (M) Sdn. Bhd.	Production and distribution of tapes and compact discs	Malaysia	-	51
@	InnoForm Entertainment Pte. Ltd.	Exclusive collective licensing agent for music label companies for karaoke music and songs	Singapore	-	51
@	InnoForm Digital Media Pte. Ltd.	Supplying and leasing of karaoke-on-demand hardware and software	Singapore	-	26

Notes to the Financial Statements

7. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2010 %	2009 %
@ Alliance Entertainment Singapore Pte. Ltd.	Motion picture, video distribution and services allied to motion picture, video production and distribution	Singapore	-	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	100

@ Audited by KPMG LLP, Singapore.

^ Audited by other member firms of KPMG International.

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

∞ Audited by KPMG LLP, Singapore in 2010 and Ernst & Young LLP, Singapore in 2009.

Audited by other member firms of KPMG International in 2010 and Ernst & Young, People's Republic of China in 2009.

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.

8. Associates

	Group		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Investment in associates	49,683,123	38,908,547	27,107,612	27,163,530
Impairment losses	(85,691)	(85,691)	(6,123,971)	(6,123,971)
	49,597,432	38,822,856	20,983,641	21,039,559

Investment in associates at 31 December 2010 includes goodwill of \$5,425,538 (2009: \$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 in 2009, the Company recorded an impairment loss of \$1,358,688 on an associate following the change in its financial condition. The recoverable amount was determined using the fair value less costs to sell approach.

Notes to the Financial Statements

8. Associates (cont'd)

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
				2010	2009	2010	2009
&	Health Solutions (Australia) Pty Ltd) Provision of healthcare) consultancy and hospital) management services)	Australia	46.6	46.6	-	-
~	Health Solutions (WA) Pty Ltd))	Australia	44.5	44.5	-	-
Ω	Health Solutions (S.E. Asia) Sdn. Bhd.	Provision of healthcare consultancy and management services to the health industry	Malaysia	28.5	28.5	-	-
α	HSI Philippines Inc.	Advisory and management services to hospitals, healthcare facilities and medical establishments	Philippines	38	38	-	-
√	Harbin Puwei Real Estate Development Co Ltd	Development of property	People's Republic of China	40	40	-	-
+	Longkou Luzhibei Preserved Fruit Company Limited	Manufacture and distribution of preserved fruits	People's Republic of China	40	40	-	-
*	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	Sport Social Affairs Co., Ltd	Sport lottery	Cambodia	25	-	-	-

Notes to the Financial Statements

8. Associates (cont'd)

- & 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 AT & C (Cambodia) Co., Ltd., Cambodia.

The summarised financial information of the associates, not adjusted for the percentage of ownership held by the Group are as follows:

	2010 \$	2009 \$
Assets and liabilities		
Total assets	217,915,200	196,488,963
Total liabilities	77,590,993	68,997,391
Results		
Revenue	315,528,533	293,551,430
Profit after taxation	7,922,879	7,968,340

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 \$2,745,516 (2009: \$2,222,442), of which \$523,074 (2009: \$128,162) is its share of the current year's losses. The Group has no obligation in respect of these losses.

None of the Group's associates are publicly listed entities and consequentially do not have published price quotations, except for Intraco Limited, which is listed on the Singapore Stock Exchange (SGX) and has a carrying amount of \$23,433,096 (2009: \$23,907,656). Based on its closing price at the reporting date, the fair value of the Group's investment is \$9,140,706 (2009: \$10,912,087).

Notes to the Financial Statements

9. Other financial assets

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Non-current investments				
Available-for-sale financial assets	14,097,575	13,663,691	1,462,158	1,315,447
Held-to-maturity investments	-	3,331,236	-	3,331,236
	14,097,575	16,994,927	1,462,158	4,646,683
Current investments				
Held-to-maturity investments	20,838,240	19,132,238	3,615,840	2,882,670

Held-to-maturity investments are debt securities that have stated interest rates of 2% to 6% (2009: 2% to 4%) per annum and mature within the next six 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 2010, held-to-maturity investments of the Group and the Company relate to investments in the debt securities of two (2009: three) investee companies and one (2009: two) investee company respectively.

As at 31 December 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 profit or loss 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 20.

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 2009.

	Group		Company	
	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$
2010				
Profit before tax	-	(206,000)	-	(142,000)
Equity	210,216	(4,216)	146,216	(4,216)
2009				
Profit before tax	-	(185,400)	-	(127,800)
Equity	189,145	(3,745)	131,545	(3,745)

The 2010 and 2009 analysis for the Group excludes an available-for-sale quoted equity security with a carrying value of \$11,995,417 (2009: \$11,772,244) as the market in which the security was traded was not considered active during the year (see note 20).

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 2009 \$	Recognised in profit or loss (Note 27) \$	Transfer to assets/ liabilities held for sale (Note 17) \$
Deferred tax assets			
Property, plant and equipment	235,440	(96,294)	(71,846)
Other financial assets	25,802	(24,325)	-
Tax value of loss carry forward	1,014,092	(319,356)	(75,577)
Trade and other payables	148,306	257,225	-
Other items	271,660	109,195	(223,395)
Total	1,695,300	(73,555)	(370,818)
Deferred tax liabilities			
Property, plant and equipment	(3,870,816)	187,567	294,124
Intangible assets	(1,284,898)	(134,089)	1,418,686
Other financial assets	(58,587)	(537,209)	39,134
Total	(5,214,301)	(483,731)	1,751,944

Notes to the Financial Statements

Effect of movements in exchange rates \$	At 31 December 2009 \$	Recognised in profit or loss (Note 27) \$	Effect of movements in exchange rates \$	At 31 December 2010 \$
17	67,317	(38,298)	-	29,019
(1,477)	-	-	-	-
(427)	618,732	(49,111)	-	569,621
-	405,531	(57,675)	-	347,856
1,641	159,101	97,415	1,154	257,670
(246)	1,250,681	(47,669)	1,154	1,204,166
132,586	(3,256,539)	81,935	(6,887)	(3,181,491)
301	-	-	-	-
2,681	(553,981)	(661,896)	6,654	(1,209,223)
135,568	(3,810,520)	(579,961)	(233)	(4,390,714)

Notes to the Financial Statements

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

Company	At 1 January 2009 \$	Recognised in profit or loss \$	At 31 December 2009 \$	Recognised in profit or loss \$	At 31 December 2010 \$
Deferred tax assets					
Tax value of loss carry forward	647,245	(50,386)	596,859	(27,239)	569,620
Other items	47,069	(132)	46,937	3,698	50,635
Total	694,314	(50,518)	643,796	(23,541)	620,255
Deferred tax liabilities					
Property, plant and equipment	(950,329)	204,918	(745,411)	24,819	(720,592)
Other financial assets	(36,420)	(126,935)	(163,355)	(53,433)	(216,788)
Total	(986,749)	77,983	(908,766)	(28,614)	(937,380)

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	
	2010 \$	2009 \$	2010 \$	2009 \$
Deferred tax liabilities	3,683,395	3,259,673	317,125	264,970
Deferred tax assets	496,847	699,834	-	-

Unrecognised deferred tax assets

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

	Group	
	2010 \$	2009 \$
Tax losses	2,573,187	2,810,307
Deductible temporary differences	1,647,339	1,281,238
	4,220,526	4,091,545

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. \$1,230,599 (2009: \$1,128,026) 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 2010, the deferred tax liabilities for temporary differences of \$14,554,577 (2009: \$8,890,995) 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. Inventories

		Group		Company	
	Note	2010	2009	2010	2009
		\$	\$	\$	\$
Raw materials		19,736,318	14,821,335	-	-
Work-in-progress		777,498	653,574	-	-
Finished goods		35,391,954	25,926,787	6,780,725	4,696,697
Packing materials		810,985	844,303	-	-
		56,716,755	42,245,999	6,780,725	4,696,697
Contract work-in-progress	12	331,626	191,612	-	-
		57,048,381	42,437,611	6,780,725	4,696,697

In 2010, allowance for write-down of finished goods amounting to \$61,818 (2009: \$36,335) and \$739 (2009: \$2,650) has 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.

12. Contract work-in-progress

		Group	
		2010	2009
		\$	\$
Project costs		331,626	191,612
Comprising:			
Work-in-progress		331,626	191,612

13. Trade and other receivables

		Group		Company	
	Note	2010	2009	2010	2009
		\$	\$	\$	\$
Trade receivables		101,561,355	82,732,432	5,992,175	5,673,582
Impairment losses		(4,572,655)	(3,640,131)	(517,283)	(511,992)
Net trade receivables		96,988,700	79,092,301	5,474,892	5,161,590
Deposits		897,972	783,756	152,902	101,116
Non-trade receivables		55,326,119	18,039,520	11,891,251	16,030,939
Tax recoverable		543,580	632,819	481,736	481,736
Interest receivable		213,769	707,116	39,989	158,995
Amounts due from:					
- subsidiaries	14	-	-	101,501,873	58,552,942
- associates	15	9,049,924	8,569,938	11,174	11,174
Loans and receivables		163,020,064	107,825,450	119,553,817	80,498,492
Advance to suppliers		10,815,279	1,728,426	-	-
Prepayments		747,094	829,578	38,334	98,723
		174,582,437	110,383,454	119,592,151	80,597,215

Included in the non-trade receivables of the Group and the Company as at 31 December 2010 are amounts of \$53,284,033 and \$11,442,960 respectively, relating to proceeds receivable under repurchase transactions whereby the Group entered into purchases of investments and agreements to sell them at a certain date in the future at a fixed price. These receivables constitute approximately 30% and 10% of the Group's and Company's trade and other receivables respectively as at 31 December 2010, and are due from three parties and one party respectively. These receivables were settled subsequent to the year end.

Notes to the Financial Statements

13. Trade and other receivables (cont'd)

Included in the non-trade receivables of the Group and the Company as at 31 December 2009 were amounts receivable of \$15,662,482 relating to proceeds on disposal of an associate and certain available-for-sale financial assets.

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 20.

14. Amounts due from subsidiaries

	Company	
	2010	2009
	\$	\$
Interest-bearing loans	2,500,000	5,500,000
Current accounts:		
- trade	713,464	682,632
- non-trade	107,213,860	61,295,761
	110,427,324	67,478,393
Impairment losses	(8,925,451)	(8,925,451)
	101,501,873	58,552,942

The interest-bearing loans are unsecured and repayable on demand. At the reporting date, the loans bear interest at 5% (2009: 4% to 5%) per annum. The non-trade current account balances are unsecured, interest-free and repayable on demand.

15. Amounts due from associates

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current accounts:				
- trade	199	-	-	-
- non-trade	12,448,406	11,926,443	1,433,367	1,433,367
	12,448,605	11,926,443	1,433,367	1,433,367
Impairment losses	(3,398,681)	(3,356,505)	(1,422,193)	(1,422,193)
	9,049,924	8,569,938	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	
	2010	2009	2010	2009
	\$	\$	\$	\$
At 1 January	3,356,505	3,091,874	1,422,193	1,422,193
Impairment loss recognised	41,413	264,631	-	-
Effect of movements in exchange rates	763	-	-	-
At 31 December	3,398,681	3,356,505	1,422,193	1,422,193

Notes to the Financial Statements

16. Cash and cash equivalents

		Group		Company	
	Note	2010	2009	2010	2009
		\$	\$	\$	\$
Cash at bank and in hand		24,308,742	22,762,900	1,296,555	954,398
Fixed deposits with banks		22,913,235	62,388,604	10,758,382	52,195,160
Cash and cash equivalents		47,221,977	85,151,504	12,054,937	53,149,558
Bank overdrafts	19	(2,216,636)	(1,425,661)	-	-
Deposits pledged		(6,246,498)	(2,372,030)	-	-
Cash classified as part of assets held for sale		-	2,292,703	-	-
Cash and cash equivalents in the cash flow statement		38,758,843	83,646,516	12,054,937	53,149,558

Bank deposits pledged represents amounts pledged as security by certain subsidiaries to obtain credit facilities (note 19).

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 20.

17. Assets and liabilities held for sale

2010

The Group had commenced efforts to sell certain investment properties with a total carrying value of \$564,110 as at 31 December 2010. The transaction is expected to be completed within the next 12 months.

2009

The Group had commenced efforts to sell its 51% equity interest in InnoForm Media Pte Ltd and its subsidiaries ("InnoForm Group") (which was included in the Group's consumer business segment) as at 31 December 2009. 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 disposal group comprised assets of \$29,559,768 less liabilities of \$13,173,818. In the current year, the Group disposed of its interest in the InnoForm Group for a consideration of \$6,630,000 and an impairment loss of \$1,863,466 was recorded in other operating expense (see note 30).

	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>

Notes to the Financial Statements

17. Assets and liabilities held for sale (cont'd)

	Note	Group 2009 \$
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>

As at 31 December 2009, property, plant and equipment with a total carrying amount of \$1,550,543 were pledged as security for the bank loans granted to the InnoForm Group.

18. Capital and reserves

Share capital

	2010 No. of shares	2009 No. of shares
Group and Company		
On issue at 1 January	561,226,746	561,226,746
Exercise of share options	6,930,000	-
On issue at 31 December	<u>568,156,746</u>	<u>561,226,746</u>

6,930,000 (2009: nil) shares were issued as a result of the exercise of vested options arising from the PSC Executives' Share Options Scheme granted to key management personnel, senior employees and non-executive directors.

At 31 December 2010, the Company held 12,115,000 (2009: 12,115,000) of its own uncanceled shares.

The total number of issued shares excluding treasury shares as at the end of the year ended 31 December 2010 was 556,041,746 (2009: 549,111,746).

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, with no par value.

Reserves

	Group		Company	
	2010 \$	2009 \$	2010 \$	2009 \$
Other reserves	3,433,753	2,979,089	814,133	1,075,585
Fair value reserve	2,086,037	1,648,322	177,577	32,069
Translation reserve	(5,214,557)	(3,521,394)	-	-
Retained earnings	81,490,070	76,092,020	8,525,490	9,524,302
	<u>81,795,303</u>	<u>77,198,037</u>	<u>9,517,200</u>	<u>10,631,956</u>

Notes to the Financial Statements

18. Capital and reserves (cont'd)

Other reserves

Other reserves of the Group comprises mainly (i) the reserve arising from bonus shares issued by a subsidiary, (ii) the reserve arising from acquisition of non-controlling 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 2010, the statutory reserve included in other reserves is \$1,597,238 (2009: \$1,076,850).

Other reserves 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 comprises foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary items which form part of the Group's net investment in foreign operations provided certain conditions are met.

Dividends

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

	Group and Company 2010 \$	2009 \$
Final exempt dividend paid of 1.50 cents per share in respect of financial year ended 31 December 2009	8,337,029 [^]	-

[^] Based on the total number of issued shares excluding treasury shares as at 5 May 2010 of 555,801,746.

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 2010 \$	2009 \$
Final exempt dividend proposed of 1.00 cents (2009: 1.50 cents) per share in respect of financial year ended 31 December 2010	5,560,417 ^{**}	8,257,676 [*]

^{**} Based on the total number of issued shares excluding treasury shares as at 31 December 2010 of 556,041,746.

^{*} 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.

Notes to the Financial Statements

19. 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 20.

	Group	
	2010 \$	2009 \$
Non-current liabilities		
Finance lease liabilities	-	96,704
Current liabilities		
Bank overdrafts	2,216,636	1,425,661
Secured bank loans	3,708,693	3,904,652
Unsecured bank loans	6,202,063	7,096,749
Bankers' acceptance	597,983	-
Bills payable	26,658,707	16,423,295
Finance lease liabilities	91,516	270,181
	<u>39,475,598</u>	<u>29,120,538</u>
Total loans and borrowings	<u>39,475,598</u>	<u>29,217,242</u>

Terms and debt repayment schedule

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

	Currency	Nominal interest rate %	Year of maturity	Carrying amount	
				2010 \$	2009 \$
Group					
Bank loans:					
- variable rate loans	RMB	5.00	2011	5,855,829	4,110,160
	USD	3.60	2011	346,234	-
- fixed rate loans	RMB	5.31 – 5.56	2011	3,708,693	6,891,241
Bank overdrafts	RM	6.8	2011	2,216,636	1,425,661
Bankers' acceptance	RM	3.57 – 3.58	2011	597,983	-
Bills payable	RMB	-	2011	26,459,185	16,268,535
	SGD	-	2011	199,522	154,760
Finance lease liabilities	RMB	8.29	2011	91,516	366,885
Total loans and borrowings				<u>39,475,598</u>	<u>29,217,242</u>

- (i) The bank overdrafts of the Group are secured on bank deposits of \$2,750,000 (2009: \$2,870,000) (note 16).
- (ii) The secured bank loans comprise term loans amounting to \$3,708,693 (2009: \$3,904,652), secured on certain leasehold buildings held by a subsidiary with carrying amounts of \$10,819,765 (2009: \$16,445,740), which form part of the securities in (iii) below.

Notes to the Financial Statements

19. Loans and borrowings (cont'd)

- (iii) Bills payable of \$26,459,185 (2009: \$16,268,535) are secured by certain leasehold buildings and certain plant and machinery held by certain subsidiaries with carrying amounts of \$17,500,375 (2009: \$25,011,455) (note 4) and bank deposits of \$3,496,498 (2009: \$2,372,030) (note 16).

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2010 \$	Interest 2010 \$	Principal 2010 \$	Future minimum lease payments 2009 \$	Interest 2009 \$	Principal 2009 \$
Group						
Within one year	92,704	1,188	91,516	283,227	13,046	270,181
Between one and five years	-	-	-	97,587	883	96,704
	92,704	1,188	91,516	380,814	13,929	366,885

Intra-group financial guarantee

Intra-group financial guarantee comprises a guarantee granted by the Company to banks in respect of banking facilities amounting to \$5,618,950 (2009: \$7,148,482) granted to its subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

20. 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	
		2010 \$	2009 \$	2010 \$	2009 \$
Available-for-sale financial assets	9	14,097,575	13,663,691	1,462,158	1,315,447
Held-to-maturity investments	9	20,838,240	22,463,474	3,615,840	6,213,906
Loans and receivables:					
- Loan to a subsidiary	7	-	-	6,000,000	-
- Trade and other receivables	13	163,020,064	107,825,450	119,553,817	80,498,492
Cash and cash equivalents	16	47,221,977	85,151,504	12,054,937	53,149,558
Recognised financial assets		245,177,856	229,104,119	142,686,752	141,177,403
Intra-group financial guarantees	35	-	-	5,618,950	7,148,482
		245,177,856	229,104,119	148,305,702	148,325,885

Notes to the Financial Statements

20. Financial instruments (cont'd)

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Consumer business	41,123,175	35,038,944	5,722,049	5,377,915
Health solutions	5,307,922	4,065,349	-	-
Packaging	50,557,802	39,988,008	-	-
	96,988,899	79,092,301	5,722,049	5,377,915

Impairment losses

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

	Gross	Impairment	Gross	Impairment
	2010	losses	2009	losses
	\$	\$	\$	\$
Group				
Not past due	77,934,059	207,936	59,631,850	32,330
Past due 0 – 90 days	15,942,097	265,081	15,073,335	38,646
Past due 91 – 180 days	832,354	225,929	626,697	61,938
Past due 181 – 365 days	268,030	226,617	918,819	220,967
More than one year	6,585,014	3,647,092	6,481,731	3,286,250
	101,561,554	4,572,655	82,732,432	3,640,131
Company				
Not past due	5,996,755	506,249	5,561,873	498,638
Past due 0 – 90 days	245,769	14,226	318,616	7,611
Past due 91 – 180 days	-	-	3,675	-
Past due 181 – 365 days	-	-	-	-
More than one year	463,115	463,115	472,050	472,050
	6,705,639	983,590	6,356,214	978,299

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
At 1 January	3,640,131	4,089,590	978,299	939,799
Impairment loss recognised/ (reversed)	932,524	(449,459)	5,291	38,500
At 31 December	4,572,655	3,640,131	983,590	978,299

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 2010, the Group and the Company do not have any collective impairments on their trade receivables. The analysis is performed on the same basis for 2009.

Notes to the Financial Statements

20. Financial instruments (cont'd)

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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Banker's guarantee	1,633,700	1,534,283	700,000	715,000
Fixed deposits	2,755,000	2,765,000	2,755,000	2,765,000
	4,388,700	4,299,283	3,455,000	3,480,000

Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years
	\$	\$	\$	\$
Group				
2010				
Non-derivative financial liabilities				
Variable rate loans	6,202,063	(6,318,285)	(6,318,285)	-
Fixed rate loans	3,708,693	(3,804,701)	(3,804,701)	-
Finance lease liabilities	91,516	(92,704)	(92,704)	-
Bank overdrafts	2,216,636	(2,367,367)	(2,367,367)	-
Bankers' acceptance	597,983	(597,983)	(597,983)	-
Bills payable	26,658,707	(26,658,707)	(26,658,707)	-
Trade and other payables	75,874,304	(75,874,304)	(75,874,304)	-
	115,349,902	(115,714,051)	(115,714,051)	-
2009				
Non-derivative financial liabilities				
Variable rate loans	4,110,160	(4,271,665)	(4,271,665)	-
Fixed 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)	-
	80,358,087	(80,732,288)	(80,634,701)	(97,587)

Notes to the Financial Statements

20. Financial instruments (cont'd)

	Carrying amount \$	Contractual cash flows \$	Cash flows within 1 year \$
Company			
2010			
Trade and other payables	22,173,415	(22,173,415)	(22,173,415)
2009			
Trade and other payables	20,891,650	(20,891,650)	(20,891,650)

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

Currency risk

Exposure to currency risk

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

	Malaysian Ringgit \$	Hong Kong Dollar \$	Singapore Dollar \$	Other currencies \$
Group				
31 December 2010				
Other financial assets	11,995,417	20,838,240	-	-
Trade and other receivables	9,591,440	37,295,409	2,941,552	3,323,289
Cash and cash equivalents	46,481	38,050	99,153	822,990
Trade and other payables	(1,625,756)	-	(39,748,455)	(8,616,098)
Gross exposure	20,007,582	58,171,699	(36,707,750)	(4,469,819)
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 exposure	15,819,005	40,648,716	(11,875,163)	5,087,873

Notes to the Financial Statements

20. Financial instruments (cont'd)

	Malaysian Ringgit \$	Hong Kong Dollar \$	Singapore Dollar \$	Other currencies \$
Company				
31 December 2010				
Other financial assets	-	3,615,840	-	-
Trade and other receivables	6,531,293	11,483,240	-	-
Cash and cash equivalents	16,161	38,050	-	6,523
Trade and other payables	-	-	-	-
Gross exposure	6,547,454	15,137,130	-	6,523
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 exposure	4,108,866	22,155,474	-	376,824

Sensitivity analysis

A weakening 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 \$
2010				
Malaysian Ringgit	(1,199,542)	(801,216)	-	(654,745)
Hong Kong Dollar	-	(5,817,170)	-	(1,513,713)
Singapore Dollar	-	3,670,775	-	-
Other currencies	-	446,982	-	(652)
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)

A strengthening of the above currencies against the functional currency of each of the Group entities at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements

20. Financial instruments (cont'd)

Interest rate risk

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

	Group Carrying amount		Company Carrying amount	
	2010	2009	2010	2009
	\$	\$	\$	\$
Fixed rate instruments				
Financial assets	20,838,240	22,463,474	12,115,840	11,713,906
Financial liabilities	(3,708,693)	(6,891,241)	-	-
	17,129,547	15,572,233	12,115,840	11,713,906
Variable rate instruments				
Financial assets	33,622,192	72,132,326	10,758,382	52,195,160
Financial liabilities	(9,108,198)	(5,902,706)	-	-
	24,513,994	66,229,620	10,758,382	52,195,160

Fair value sensitivity analysis for fixed rate instruments

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

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. There is no impact on equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Group Profit or loss		Company Profit or loss	
	1% increase	1% decrease	1% increase	1% decrease
	\$	\$	\$	\$
2010				
Variable rate instruments	245,140	(245,140)	107,584	(107,584)
2009				
Variable rate instruments	662,296	(662,296)	521,952	(521,952)

Notes to the Financial Statements

20. Financial instruments (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Held-to-maturity \$	Loans and receivables \$	Available- for-sale \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Group						
2010						
Cash and cash equivalents	-	47,221,977	-	-	47,221,977	47,221,977
Loans and receivables	-	163,020,064	-	-	163,020,064	163,020,064
Available-for-sale financial assets	-	-	14,097,575	-	14,097,575	14,097,575
Held-to-maturity investments	20,838,240	-	-	-	20,838,240	20,838,240
	<u>20,838,240</u>	<u>210,242,041</u>	<u>14,097,575</u>	<u>-</u>	<u>245,177,856</u>	<u>245,177,856</u>
Secured bank loans	-	-	-	3,708,693	3,708,693	3,708,693
Unsecured bank loans	-	-	-	6,202,063	6,202,063	6,202,063
Finance lease liabilities	-	-	-	91,516	91,516	91,516
Bankers' acceptance	-	-	-	597,983	597,983	597,983
Bills payable	-	-	-	26,658,707	26,658,707	26,658,707
Trade and other payables	-	-	-	75,874,304	75,874,304	75,874,304
Bank overdrafts	-	-	-	2,216,636	2,216,636	2,216,636
	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,349,902</u>	<u>115,349,902</u>	<u>115,349,902</u>
2009						
Cash and cash equivalents	-	85,151,504	-	-	85,151,504	85,151,504
Loans and receivables	-	107,825,450	-	-	107,825,450	107,825,450
Available-for-sale financial assets	-	-	13,663,691	-	13,663,691	13,663,691
Held-to-maturity investments ⁽¹⁾	19,132,238	-	-	-	19,132,238	19,132,238
	<u>19,132,238</u>	<u>192,976,954</u>	<u>13,663,691</u>	<u>-</u>	<u>225,772,883</u>	<u>225,772,883</u>
Secured bank loans	-	-	-	3,904,652	3,904,652	3,904,652
Unsecured bank loans	-	-	-	7,096,749	7,096,749	7,096,749
Finance lease liabilities	-	-	-	366,885	366,885	366,885
Bills payable	-	-	-	16,423,295	16,423,295	16,423,295
Trade and other payables	-	-	-	51,140,845	51,140,845	51,140,845
Bank overdrafts	-	-	-	1,425,661	1,425,661	1,425,661
	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,358,087</u>	<u>80,358,087</u>	<u>80,358,087</u>

(1) Excludes held-to-maturity investments in unquoted debt securities with a total carrying value of \$3,331,236 (note 31).

Notes to the Financial Statements

20. Financial instruments (cont'd)

	Held-to-maturity \$	Loans and receivables \$	Available-for-sale \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
Company						
2010						
Cash and cash equivalents	-	12,054,937	-	-	12,054,937	12,054,937
Loan to subsidiary	-	6,000,000	-	-	6,000,000	6,000,000
Loans and receivables	-	119,553,817	-	-	119,553,817	119,553,817
Available-for-sale financial assets	-	-	1,462,158	-	1,462,158	1,462,158
Held-to-maturity investments	3,615,840	-	-	-	3,615,840	3,615,840
	<u>3,615,840</u>	<u>137,608,754</u>	<u>1,462,158</u>	<u>-</u>	<u>142,686,752</u>	<u>142,686,752</u>
Trade and other payables	-	-	-	22,173,415	22,173,415	22,173,415
2009						
Cash and cash equivalents	-	53,149,558	-	-	53,149,558	53,149,558
Loans and receivables	-	80,498,492	-	-	80,498,492	80,498,492
Available-for-sale financial assets	-	-	1,315,447	-	1,315,447	1,315,447
Held-to-maturity investments ⁽¹⁾	2,882,670	-	-	-	2,882,670	2,882,670
	<u>2,882,670</u>	<u>133,648,050</u>	<u>1,315,447</u>	<u>-</u>	<u>137,846,167</u>	<u>137,846,167</u>
Trade and other payables	-	-	-	20,891,650	20,891,650	20,891,650

(1) Excludes held-to-maturity investments in unquoted debt securities with a total carrying value of \$3,331,236 (note 31).

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				
2010				
Available-for-sale financial assets	2,102,158	-	11,995,417	14,097,575
2009				
Available-for-sale financial assets	1,891,447	-	11,772,244	13,663,691
Company				
2010				
Available-for-sale financial assets	1,462,158	-	-	1,462,158
2009				
Available-for-sale financial assets	1,315,447	-	-	1,315,447

During the financial year ended 31 December 2010, there were no transfers between Level 1 and Level 2.

Notes to the Financial Statements

20. Financial instruments (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Group \$
Available-for-sale financial assets	
At 1 January 2010	11,772,244
Net unrealised gain recognised in other comprehensive income during the year	223,173
At 31 December 2010	<u>11,995,417</u>

The available-for-sale financial assets recorded in the Level 3 category relates to a quoted equity security which was not considered active for the year ended 31 December 2010.

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.

21. 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.

Notes to the Financial Statements

21. Equity compensation benefits (cont'd)

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.

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 01/01/2010	Options exercised	Options cancelled	Options outstanding at 31/12/2010	Number of option holders at 31/12/2010	Exercise period
20/08/2003	\$0.220	2,460,000	(400,000)	-	2,060,000	4	20/08/2004 – 19/08/2013
22/01/2009	\$0.160	21,030,000	(4,730,000)	(480,000)	15,820,000	7	22/01/2010 – 21/01/2019
22/01/2009	\$0.160	3,400,000	(1,800,000)	-	1,600,000	3	22/01/2010 – 21/01/2014
		<u>26,890,000</u>	<u>(6,930,000)</u>	<u>(480,000)</u>	<u>19,480,000</u>		

No options were exercised in 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 were as follows:

	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

	2010 \$	Group 2009 \$
Share options granted in 2009	-	<u>1,075,585</u>

Notes to the Financial Statements

22. Deferred income

	Group	
	2010	2009
	\$	\$
Cost		
At 1 January	154,643	158,301
Effect of movements in exchange rates	(7,761)	(3,658)
At 31 December	146,882	154,643
Accumulated amortisation		
At 1 January	25,632	6,280
Amortisation charge during the year	14,488	20,142
Effect of movements in exchange rates	(1,698)	(790)
At 31 December	38,422	25,632
Carrying amounts		
Current	10,935	14,819
Non-current	97,525	114,192
	108,460	129,011

Deferred income relates to government grants received for the acquisition of factory building and plant and machinery by a subsidiary 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.

23. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Trade payables	47,142,361	33,240,783	5,581,711	4,004,495
Retention monies payable	17,046	22,023	-	-
Amounts due to:				
- subsidiaries (trade)	-	-	26,778	16,988
- subsidiaries (non-trade)	-	-	8,127,593	7,878,454
- a director of the Company (non-trade)	2,268,353	-	-	-
Other payables	9,860,331	7,566,950	3,438,340	3,341,661
Accruals	16,586,213	10,311,089	4,998,993	5,650,052
	75,874,304	51,140,845	22,173,415	20,891,650

The non-trade amounts due to subsidiaries and a director 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 are disclosed in note 20.

Notes to the Financial Statements

24. Revenue

	Group	
	2010	2009
	\$	\$
Sale of goods	367,276,260	325,201,119
Revenue from construction contracts and healthcare consultancy	6,443,715	6,023,648
	<u>373,719,975</u>	<u>331,224,767</u>

25. Profit for the year

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

	Group	
	2010	2009
	\$	\$
Amortisation of intangible assets	-	8,143,459
Allowance for doubtful debts made/(reversed)	932,524	(449,459)
Bad debts written off	164,775	31,139
Bad debts recovered	(395)	(8,502)
Depreciation of investment properties	27,979	27,260
Depreciation of property, plant and equipment	6,917,107	6,602,497
Exchange loss (net)	1,719,038	370,721
Gain on disposal of interest in associates	-	(1,502,600)
Loss/(gain) on disposal of property, plant and equipment	63,898	(1,513)
Impairment loss on:		
- non-financial assets	-	5,500
- amounts due from an associate	41,413	264,631
- assets held for sale	1,863,466	-
Intangible assets written off	-	4,800
Inventories written off	205,428	346,327
Non-audit fees paid to:		
- auditors of the Company	44,250	54,500
- other auditors	56,010	19,200
Staff costs	43,188,487	42,306,651
Contribution to defined contribution plans included in staff costs	3,084,932	2,885,364
Equity-settled share-based payment transactions, included in staff costs	-	1,075,585
Jobs credit grant, included in staff costs	(212,935)	(1,225,135)
Property, plant and equipment impaired/written off	80,501	306,788
Operating expenses arising from rental of investment properties	24,433	27,213
Rental income from investment property	139,913	136,315
Operating lease expense	<u>5,477,397</u>	<u>4,479,118</u>

Notes to the Financial Statements

26. Finance income and finance expense

	Group	
	2010	2009
	\$	\$
Recognised in profit or loss		
Interest income:		
- repurchase transactions	1,956,639	-
- held-to-maturity investments	3,453,039	2,181,934
- fixed deposits	249,394	313,130
Dividend income on available-for-sale financial assets	124,805	856,036
Gain on disposal of available-for-sale financial assets	-	3,026,835
Finance income	5,783,877	6,377,935
Interest expense:		
- bank borrowings	(892,325)	(704,639)
- finance lease liabilities	(31,314)	(77,468)
Impairment loss on available-for-sale financial assets	-	(1,578,095)
Finance expense	(923,639)	(2,360,202)
Net finance income recognised in profit or loss	4,860,238	4,017,733
The above finance income and finance expense included the following interest income and expense in respect of assets (liabilities) not at fair value through profit or loss:		
- Total interest income on financial assets	5,659,072	2,495,064
- Total interest expense on financial liabilities	923,639	782,107

27. Income tax expense

	Group	
	2010	2009
	\$	\$
Current tax expense		
Current year	4,817,882	4,222,985
Adjustment for prior years	(551,510)	(226,400)
	4,266,372	3,996,585
Deferred tax expense		
Origination and reversal of temporary differences	51,706	221,156
Reduction in tax rate	-	(163,988)
Adjustment for prior years	575,924	500,118
	627,630	557,286
Total income tax expense	4,894,002	4,553,871

Notes to the Financial Statements

27. Income tax expense (cont'd)

	Group	
	2010	2009
	\$	\$
Reconciliation of effective tax rate		
Profit for the year	17,306,866	20,312,521
Total income tax expense	4,894,002	4,553,871
Profit excluding income tax	22,200,868	24,866,392
Tax calculated using Singapore tax rate of 17% (2009: 17%)	3,774,148	4,227,287
Reduction in tax rate	-	(163,988)
Effect of different tax rates in other countries	1,289,090	1,233,483
Income not subject to tax	(464,326)	(1,308,374)
Tax effect on share of profit of associates	(818,165)	(320,536)
Expenses not deductible for tax purposes	958,420	1,372,172
Tax rebate	(187,461)	(184,533)
Adjustment for prior years	24,414	273,718
Tax losses not recognised	244,899	106,693
Utilisation of previously unrecognised tax losses	(4,148)	(621,183)
Others	77,131	(60,868)
	4,894,002	4,553,871

28. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of \$14,238,465 (2009: \$15,643,006), and a weighted average number of ordinary shares outstanding of 554,096,458 (2009: 550,011,132) calculated as follows:

Weighted average number of ordinary shares (basic)

	Note	Group	
		2010	2009
Issued ordinary shares at 1 January	18	561,226,746	561,226,746
Effect of treasury shares purchased		(11,215,614)	(11,215,614)
Effect of share options exercised		4,085,326	-
Weighted average number of ordinary shares at 31 December		554,096,458	550,011,132

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2010 was based on profit attributable to ordinary shareholders of \$14,238,465 (2009: \$15,643,006) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 562,384,653 (2009: 554,044,091) calculated as follows:

Notes to the Financial Statements

28. Earnings per share (cont'd)

Weighted average number of ordinary shares (diluted)

	Group	
	2010	2009
	\$	\$
Weighted average number of ordinary shares (basic)	554,096,458	550,011,132
Effect of share options on issue	8,288,195	4,032,959
Weighted average number of ordinary shares (diluted) at 31 December	<u>562,384,653</u>	<u>554,044,091</u>

At 31 December 2010, nil (2009: 2,460,000) options 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.

29. 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.
 - 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

29. Operating segments (cont'd)

	← Consumer Essentials →		Strategic Investments	
	Consumer Business	Health Solutions	Packaging	Total operations
	\$	\$	\$	\$
Group				
2010				
External revenues	214,000,349	6,443,714	153,275,912	373,719,975
Reportable segment results	5,996,704	282,393	8,363,248	14,642,345
Unallocated results				(2,114,449)
Results from operating activities				12,527,896
Net finance income				4,860,238
Share of profit of associates (net of income tax)				4,812,734
Profit before income tax				22,200,868
Income tax expense				(4,894,002)
Profit for the year				17,306,866
Other segment information				
Depreciation of:				
- property, plant and equipment	2,766,395	55,649	4,095,060	6,917,104
- investment properties	27,979	-	-	27,979
Capital expenditure	2,604,823	13,206	8,738,555	11,356,584
Other non-cash expenses	3,294,001	702,961	223,209	4,220,171
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 (net of income tax)				1,885,508
Profit before income tax				24,866,392
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

Notes to the Financial Statements

29. 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 \$
2010					
External revenue	187,851,526	74,307,733	111,560,716	-	373,719,975
Non-current assets	53,115,728	6,962,466	34,545,622	23,571,329	118,195,145
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

30. Acquisitions and disposals of subsidiaries and non-controlling interests

Year ended 31 December 2010

Disposals of subsidiaries

In March 2010, the Group disposed of its subsidiary, Innoform Media Pte Ltd and its subsidiaries, for a total consideration of \$6,630,000. The disposal costs incurred amounted to \$180,000.

The disposed subsidiaries previously contributed a net profit of \$2,113,515 for the year ended 31 December 2009 and a net profit of \$46,035 from 1 January 2010 to the date of disposal.

Notes to the Financial Statements

30. Acquisitions and disposals of subsidiaries and non-controlling interests (cont'd)

Effects of disposal

The cash flow and net assets of subsidiaries disposed were as follows:

	Group 2010 \$
Property, plant and equipment	2,675,426
Intangible assets	14,229,522
Inventories	2,670,833
Cash and cash equivalents	1,290,815
Trade and other receivables	8,550,591
Deferred tax assets	1,902
	<u>29,419,089</u>
Trade and other payables	11,917,090
Loans and borrowings	1,964,969
Current tax payable	58,690
Deferred tax liabilities	1,383,285
	<u>15,324,034</u>
Net assets disposed	14,095,055
Non-controlling interests	(5,689,931)
Realisation of foreign currency translation reserve	88,342
Impairment loss on assets held for sale	(1,863,466)
Sale consideration	6,630,000
Disposal costs incurred	(180,000)
Cash of subsidiaries disposed	(1,290,815)
Cash inflow on disposal of subsidiaries	<u>5,159,185</u>

Acquisition of non-controlling interests

In April 2010, the Group acquired an additional interest in Hefei Dansun Packaging Co., Ltd. for \$1,302,250 in cash, increasing its ownership from 51.2% to 60.4%. The carrying amounts of Hefei Dansun Packaging Co., Ltd.'s net assets in the Group's financial statements on the date of acquisition was \$7,794,593.

The Group recognised a decrease in non-controlling interests of \$1,187,250 and other reserves of \$115,000 arising from the above acquisition.

The following summarises the effect of changes in the Group's ownership interest in Hefei:

	\$
Group's ownership interest at the beginning of the year	3,838,933
Effect of increase in Group's ownership interest	717,788
Share of comprehensive income	650,767
Group's ownership interest at the end of the year	<u>5,207,488</u>

Notes to the Financial Statements

30. Acquisitions and disposals of subsidiaries and non-controlling interests (cont'd)

Year ended 31 December 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
Non-controlling interests		(232,040)
Consideration paid, satisfied in cash		1,088,782
Cash acquired		(90,552)
Net cash outflow		998,230

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 were their estimated fair values.

Notes to the Financial Statements

30. Acquisitions and disposals of subsidiaries and non-controlling interests (cont'd)

Acquisitions of non-controlling interests

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 non-controlling interests of \$867,676 and other reserves of \$1,683,876 arising from the above acquisitions.

31. 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 2010. For equity securities that are not traded in an active market, the fair value is determined by using a valuation technique (see note 20). It is not practicable to calculate the fair value of non-current held-to-maturity investments in unquoted debt securities because of the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates (note 20).

(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, held-to-maturity investments in debt securities, 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).

Notes to the Financial Statements

32. 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.

The Group has an investment policy which sets out the types of strategic investments and investments in financial assets that may be undertaken and relevant evaluation criteria. Excess funds generated from operations, diversification of investments, proceeds from private placement of shares or rights issue may be invested in financial assets pending identification and evaluation of long term investments. Approvals are required from executive management or the Board of Directors depending on the size of each investment.

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.

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 and other receivables. Cash and fixed deposits are placed with banks which are regulated.

As described above, the Group may undertake investments in financial assets in accordance with its investment policy. The concentration of credit risk of the Group's and the Company's held-to-maturity investments and non-trade receivables are described in notes 9 and 13 respectively. The Group manages its credit risk on its held-to-maturity investments and non-trade receivables by obtaining sufficient financial guarantee from credit worthy counterparties or collateral where appropriate, as means of mitigating the risk of financial loss from defaults.

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.

Notes to the Financial Statements

32. Financial risk management (cont'd)

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 by regularly monitoring current and expected liquidity requirements and ensuring sufficient liquid cash and readily realisable marketable securities and adequate lines of funding from major financial institutions to meet the Group's liquidity requirements in the short and long term.

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. Capital consists of total equity and excluding non-controlling interests of the Group.

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 18, 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 2010 and 2009.

Notes to the Financial Statements

33. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable are as follows:

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

	Group		Company	
	2010	2009	2010	2009
	\$	\$	\$	\$
Within one year	5,727,485	5,020,972	1,317,464	748,120
Between one and five years	14,083,071	15,689,581	3,511,743	2,978,495
More than five years	20,119,597	22,508,702	8,053,441	8,764,269
	39,930,153	43,219,255	12,882,648	12,490,884

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 (2009: \$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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Within one year	611,642	624,067	1,059,111	652,163
Between one and five years	189,799	613,481	254,149	813,986
	801,441	1,237,548	1,313,260	1,466,149

34. Capital commitments

At 31 December 2010, 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	
	2010	2009	2010	2009
	\$	\$	\$	\$
Contracted but not provided for	5,532,338	2,961,091	594,800	119,760

Notes to the Financial Statements

35. Contingent liabilities - unsecured

As at 31 December 2010, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$5,618,950 (2009: \$7,148,482). The Company does not consider it probable that a claim will be made against the Company under the guarantees.

36. Related parties

Key management personnel compensation

Compensation paid/payable to key management personnel comprise:

	Group	
	2010	2009
	\$	\$
Director fees	589,124	590,643
Short-term employee benefits	7,930,463	8,453,650
Post-employment benefits	81,357	79,644
Share-based payment transactions	-	979,951
	8,600,944	10,103,888

The key management personnel comprise the executive and non-executive directors, 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 were as follows:

	Group	
	2010	2009
	\$	\$
<i>Transactions with companies that have a common director with the Company</i>		
Interest income	93,370	-
Purchase of beverages and cereals	258,415	279,159
Advisory and consultancy fees paid/payable	60,000	60,000
<i>Other related party transactions</i>		
Sales	(2,558,890)	(4,237,803)
Hire of motor vehicles payable	13,992	13,632
Rental income received/receivable	(211,470)	(200,642)

As at 31 December 2010, investments in debt securities in companies that have a common director with the Company amounted to \$3,615,840 (2009: \$3,331,236). The related interest income recognised during the year amounted to \$72,182 (2009: \$80,207).

Supplementary Information

(SGX Listing Manual disclosure requirements)

1 Directors remuneration

Company's directors receiving remuneration from the Group:

	Number of directors	
	2010	2009
Remuneration of:		
\$3,500,001 to \$3,750,000	-	1
\$2,500,001 to \$3,000,000	1	-
\$2,000,001 to \$2,250,000	-	1
\$1,500,001 to \$2,000,000	1	-
\$250,000 and below	6	7*
	8	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 Pulai District of Johor Bahru, Johor, Malaysia	Vacant land	Freehold
Suzhou Jiangsu Province, Wanting Town, 88 Wendu Road, People's Republic of China	Factory premises, office building, dormitory and development	50-year lease of: <ul style="list-style-type: none"> - 33,333.5 sq m expiring on 14 December 2045 - 12,667.13 sq m expiring on 22 September 2048 - 12,798 sq m expiring on 12 February 2051
105 Zipeng Road HeFei Eco-Tech Development Zone, Anhui Province, People's Republic of China	Factory premises, office building	<ul style="list-style-type: none"> - 35,800 sq m on 48-year lease expiring on August 2053 - 13,600 sq m on 49-year and 8 months lease expiring on 8 December 2056
Jiangsu Province, Nantong City, Xiting Town, Ting Nan Heng Road, People's Republic of China	Factory premises, office building	<ul style="list-style-type: none"> - 26,586 sq m on 50-year lease expiring on 18 March 2060
20 KM, Jalan Pontian Lama 81110 Pulai, Johor, Malaysia	Apartments	Freehold

Supplementary Information

(SGX Listing Manual disclosure requirements)

3 Interested person transactions

	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)
	\$	\$
Interested person		
Super Coffee Corporation Pte Ltd		
- Purchase of beverages and cereals	258,415	-

4 Material contracts

Except as disclosed in note 36 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.

5 Usage of proceeds from rights issue

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:

	2010 \$	2009 \$
Usage as at 1 January	26,842,000	11,298,000
Purchase of 25% interest in Sport Social Affairs Co., Ltd	6,270,275	-
Capital injection and loan to Guangzhou PSC Realty Limited Company	28,175,169	-
Subscription of HKD80,000,000 convertible notes in Jollify Limited	-	15,544,000
	61,287,444	26,842,000

资产负债表

截日2010年12月31日

		集团		公司	
	附注	2010 \$	2009 \$	2010 \$	2009 \$
资产					
产业及机器设备	4	66,260,994	64,007,206	17,655,747	18,342,472
无形资产	5	1,064,455	1,182,227	-	-
物业投资	6	1,272,264	1,829,299	-	-
子公司	7	-	-	51,024,123	46,218,053
联号公司	8	49,597,432	38,822,856	20,983,641	21,039,559
其它金融资产	9	14,097,575	16,994,927	1,462,158	4,646,683
递延税款资产	10	496,847	699,834	-	-
非流动资产合计		132,789,567	123,536,349	91,125,669	90,246,767
存货	11	57,048,381	42,437,611	6,780,725	4,696,697
应收账款及其它应收款	13	174,582,437	110,383,454	119,592,151	80,597,215
其它金融资产	9	20,838,240	19,132,238	3,615,840	2,882,670
现金和现金等同物	16	47,221,977	85,151,504	12,054,937	53,149,558
持有的待售资产	17	564,110	29,559,768	-	-
流动资产合计		300,255,145	286,664,575	142,043,653	141,326,140
资产合计		433,044,712	410,200,924	233,169,322	231,572,907
股东权益					
股本	18	201,161,582	199,784,331	201,161,582	199,784,331
储备	18	81,795,303	77,198,037	9,517,200	10,631,956
		282,956,885	276,982,368	210,678,782	210,416,287
少数股东权益		29,156,110	34,268,122	-	-
股东权益合计		312,112,995	311,250,490	210,678,782	210,416,287
负债					
贷款与借货	19	-	96,704	-	-
递延收益	22	97,525	114,192	-	-
递延应付税款	10	3,683,395	3,259,673	317,125	264,970
非流动负债合计		3,780,920	3,470,569	317,125	264,970
应付账款和其他应付款	23	75,874,304	51,140,845	22,173,415	20,891,650
贷款与借款	19	39,475,598	29,120,538	-	-
递延收益	22	10,935	14,819	-	-
本期应付税款		1,789,960	2,029,845	-	-
持有的待售负债	17	-	13,173,818	-	-
流动负债合计		117,150,797	95,479,865	22,173,415	20,891,650
负债合计		120,931,717	98,950,434	22,490,540	21,156,620
负债及股东权益合计		433,044,712	410,200,924	233,169,322	231,572,907

附注内容是财务报表的组成部分之一。

综合损益表

截日2010年12月31日

	附注	2010 \$	2009 \$
收入	24	373,719,975	331,224,767
售出产品成本		(292,155,579)	(244,021,476)
毛利		81,564,396	87,203,291
其它营业收入		3,590,257	5,969,255
分销费用		(38,633,088)	(39,137,326)
行政费用		(31,226,895)	(33,966,644)
其它营业费用		(2,766,774)	(1,105,425)
营业活动之盈利		12,527,896	18,963,151
金融收入		5,783,877	6,377,935
金融费用		(923,639)	(2,360,202)
净金融收入	26	4,860,238	4,017,733
联号公司盈利分派 (税后)		4,812,734	1,885,508
税前盈利		22,200,868	24,866,392
所得税	27	(4,894,002)	(4,553,871)
本期盈利	25	17,306,866	20,312,521
可归属：			
公司业主		14,238,465	15,643,006
少数股东权益		3,068,401	4,669,515
本期盈利		17,306,866	20,312,521
每股盈利			
每股盈利基额 (分)	28	2.57	2.84
每股盈利摊薄 (分)	28	2.53	2.82

附注内容是财务报表的组成部分之一。

Shareholding Statistics

As at 9 March 2011

Number of Issued and Fully Paid Shares excluding Treasury Shares	:	556,041,746
Class of Shares	:	Ordinary Shares with equal voting rights
Issued and Fully Paid Share Capital	:	S\$203,944,151.15

SUBSTANTIAL SHAREHOLDERS as at 9 March 2011

SUBSTANTIAL SHAREHOLDERS	NUMBER OF SHARES HELD		SHAREHOLDING PERCENTAGE
	DIRECT INTEREST	DEEMED INTEREST	%
Violet Profit Holdings Limited	134,112,551	-	24.12
Ku Yun-Sen ⁽¹⁾	-	134,112,551	24.12
Goi Seng Hui ⁽²⁾	68,109,404	-	12.25
Super Group Ltd ⁽³⁾	49,449,500	-	8.89

Notes:

- (1) Ku Yun-Sen is deemed to have an interest through Violet Profit Holdings Limited.
- (2) Goi Seng Hui had transferred 52,439,404 shares to Raffles Nominees Pte Ltd and 15,670,000 shares to Hong Leong Finance Nominees Pte Ltd as bare trustees on 10 July 2009 and 21 March 2011 respectively.
- (3) On 28 February 2011, Super Group Ltd entered into a Sale and Purchase agreement with Tang Cheuk Chee, the spouse of the Executive Chairman for the sale by Super Group Ltd of its 49,449,500 ordinary shares in the capital of the Company to Tang Cheuk Chee.

DIRECTORS' SHAREHOLDING as at 21 January 2011

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	1,000,000	633,900*
John Chen Seow Phun	1,000,000	-
Chee Teck Kwong Patrick	800,000	-

- * Teo Kee Bock is deemed to be interested in 633,900 shares held by his wife 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 2011

ANALYSIS OF SHAREHOLDERS as at 9 March 2011

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	2,164	22.42	851,156	0.15
1,000 – 10,000	5,167	53.52	21,229,773	3.74
10,001 – 1,000,000	2,301	23.83	109,283,338	19.23
1,000,001 and above	22	0.23	436,792,479	76.88
	9,654	100.00	568,156,746	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	:	2.18%

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 9 March 2011, 53.86 % 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 2011

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES HELD	%
1.	CIMB Securities (Singapore) Pte. Ltd.	134,190,316	24.13
2.	DBS Vickers Securities (S) Pte Ltd	97,918,026	17.61
3.	Raffles Nominees (Pte) Ltd	53,840,649	9.68
4.	Super Group Ltd	49,449,500	8.89
5.	Hong Leong Finance Nominees Pte Ltd	16,925,421	3.04
6.	United Overseas Bank Nominees Pte Ltd	16,311,274	2.93
7.	DBS Nominees Pte Ltd	11,077,606	1.99
8.	Citibank Nominees Singapore Pte Ltd	10,885,486	1.96
9.	UOB Kay Hian Pte Ltd	9,653,206	1.74
10.	OCBC Nominees Singapore Pte Ltd	6,211,859	1.12
11.	China Healthcare Limited	2,996,700	0.54
12.	OCBC Securities Private Ltd	2,234,108	0.40
13.	Phillip Securities Pte Ltd	1,895,696	0.34
14.	Kim Eng Securities Pte. Ltd.	1,867,397	0.34
15.	Ng Kim Hweng	1,796,000	0.32
16.	Sim Teng Yam	1,608,000	0.29
17.	Tan Wai See	1,267,000	0.23
18.	Econ Medicare Centre Holdings Private Limited	1,253,200	0.22
19.	Eyu Chin Wat @ Yeo An Hai or Lim Siew Lian	1,100,000	0.20
20.	Ho Seong Peng	1,100,000	0.20
		423,581,444	76.17

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-Seventh Annual General Meeting of PSC Corporation Ltd (the “Company”) will be held at 348 Jalan Boon Lay, Singapore 619529 on Friday, 29 April 2011 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and Audited Accounts of the Company and the Group for the year ended 31 December 2010 together with the Auditors’ Report thereon. **[Resolution 1]**
2. To declare a first and final dividend of 1.0 cent per ordinary share one-tier tax exempt for the year ended 31 December 2010. **[Resolution 2]**
3. To re-elect the following Directors of the Company, each of whom will retire in accordance with the Article 87 of the Company’s Articles of Association:

- (a) Chan Sek Nin Jackey
 - (b) Tao Yeoh Chi

[Resolution 3a]
[Resolution 3b]

[See Explanatory Note (1)]
4. To approve the payment of Directors’ Fees of S\$340,000 for the year ended 31 December 2010.
(2009: S\$339,000) **[Resolution 4]**
5. To re-appoint KPMG LLP as Auditors and to authorise the Directors of the Company 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 6 to 8 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

PSC CORPORATION LTD
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)
(COMPANY REGISTRATION NO. 197400888M)

Provided that:

- (1) 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 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (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) 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;
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) 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
- (4) 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."

[Resolution 6]

[See Explanatory Note (2)]

8. Authority to issue shares under the PSC Executives' Share Option Scheme

That pursuant to Section 161 of the Companies Act, the Directors be authorised and empowered to offer and grant options under the PSC Executives' Share Option Scheme (the "Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required to be held, 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. Renewal of Share Buyback Mandate

That for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued ordinary shares fully paid in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to 8% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Company's letter to the shareholders dated 8 April 2011 (the "Letter") in accordance with the terms of the Share Buyback Mandate set out in the Letter, and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[Resolution 8]

[See Explanatory Note (4)]

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of PSC Corporation Ltd (the "Company") will be closed on 10 May 2011 for the purpose of determining the entitlements to the dividend to be proposed at the Annual General Meeting of the Company to be held on 29 April 2011.

Duly completed registrable transfers 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 9 May 2011 will be registered to determine members' entitlements to the said dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 29 April 2011 will be made on 20 May 2011.

BY ORDER OF THE BOARD

Chew Kok Liang
Wee Jee Kin
Joint Company Secretaries
Singapore

8 April 2011

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 Chan Sek Nin Jackey, upon re-election as director of the Company, remains as Non-Executive Director. Mr Tao Yeoh Chi, upon re-election as director of the Company, remains as Chairman of the Remuneration Committee and member of the Audit Committee 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 Annual General 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.

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.

- 3) The proposed Ordinary Resolution 7, if passed, will empower the Directors to issue shares pursuant to the exercise of Options granted under the PSC Executives' Share Option Scheme 2003 (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.
- 4) The proposed Ordinary Resolution 8, if passed, will empower the Directors to purchase or acquire, from the date of the above meeting to the date of the next Annual General Meeting, an aggregate amount not exceeding eight per cent (8%) of the issued share capital of the Company (excluding any ordinary shares held as treasury shares by the Company from time to time) as at the date of Resolution 8. More details of the Share Buyback Mandate to be renewed are 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)

普威集团有限公司第37届常年股东大会将于2011年4月29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2010年12月31日止财政年之董事报告及经审核帐目和审计师报告。 [决议案1]
2. 宣布在截至2010年12月31日止财政年派发每股1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) Chan Sek Nin Jackey [决议案3a]
(b) Tao Yeoh Chi [决议案3b]
- [见附注(1)]
4. 批准截至2010年12月31日止财政年之董事酬劳S\$340,000。
(2009年: S\$339,000) [决议案4]
5. 再次委任KPMG会计公司为公司审计师, 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上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6至8为普通修正决议或无修正决议案:

7. 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条所规定授权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”), 无论是以认股证、红利或其它方式发行; 以及/或
(ii) 订立或授予可能或需要发行股票的配股、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) (尽管由本决议案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) 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(2)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(2)计算);
- (2) 按照新加坡证券交易所指示之计算方式, 为确定按上节(1)而可能发行股份和票据的总数, 已发行股份和票据的比例, 应参照以下股份进行调整之后, 根据在本决议案通过之时本公司股本中已发行股份的总数(不含库存股在内)进行计算:

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)

- (i) 可兑换证券或票据在转换或行使时所产生的新股份;
 - (ii) 本决议案获得通过之时因行使的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;
- (3) 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》的规定 (除非新加坡证券交易所已免除该规定) 及公司章程; 及
- (4) 除非股票发行授权在公司股东大会上遭撤销或修改, 否则, 应持续有效(i)至本公司下一届常年股东大会, 或依法要求召开之下一届常年股东大会日期为止, 以较早者为准; 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, 则至依据该票据条款发行此类股票为止。”

[决议案6]

[见附注 (2)]

8. 授权按普威执行人员认股权计划发行股份

按公司法第161节及普威执行人员认股权计划发行的认股权, 授权董事会在任何时候配发和发行股份。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%) 除非该授权在本公司股东大会上遭撤销或修改, 否则应持续有效, 至本公司下一届常年股东大会或依法要求召开下一届常年股东大会日期为止, 以较早者为准。

[决议案7]

[见附注 (3)]

9. 股票回购授权更新

根据《公司法》第76C和第76E节的规定, 授权本公司董事会以不超过于2011年4月8日致股东的股票回购授权条款中规定的最高收购价格, 按任何平等机会计划, (无论在新加坡证券所收购或场外收购) 收购公司股份资本中的缴足发行普通股, 并不超过公司股本中已发行股份总数 (不包括库存股在内) 的百分之八 (8%) (参照常年股东大会召开之日的股份总数)。除非该授权在本公司股东大会上遭撤销或修改, 否则应持续有效, 至本公司下一届常年股东大会或依法要求召开下一届常年股东大会日期为止, 以较早者为准。

[决议案8]

[见附注 (4)]

登记截止日期通告

为确定股东从本公司将于2011年4月29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2011年5月10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 2011年5月9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2011年5月9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2011年5月20日派发支付。

奉董事会令

Chew Kok Liang
Wee Jee Kin
公司联合秘书
于新加坡

2011年4月8日

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)

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。

特别事项附注:-

- 1) Chan Sek Nin Jackey先生，将在获得重选为公司董事后，继续担任非执行董事。Tao Yeoh Chi先生，将在获得重选为公司董事后，继续担任薪酬委员会主席兼审核委员会成员，并且依《新加坡证券交易所上市指南》第704(8)条所规定，被视为独立董事。
- 2) 决议案6若获通过，将授权本公司董事自本届常年股东大会之日起至下一届常年股东大会；或依法律要求召开之下一届常年股东大会日期，或此授权在本公司常年股东大会上遭修改或撤销之日为止（以较早者为准），发行股份或订位或授予可转换为股票的票据和根据这类票据发行股份，其总数不得超过本公司股本中（不包括库存股在内）已发行股份总数的百分之五十（50%），其中最高百分之二十（20%）可不按比例发行给本公司的现有股东。

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。

- 3) 决议案7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%)。
- 4) 决议案8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8通过日之不超过本公司股份资本中已发行股份(不包括由公司持有、作为库存股的普通股份)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，收录在附于此通告的信件中。

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)			
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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-Seventh Annual General Meeting of members of the Company (the "Meeting") to be held at 348 Jalan Boon Lay, Singapore 619529 on 29 April 2011 at 10:00 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 for the year ended 31 December 2010		
2.	Declaration of first and final dividend		
3.	Re-election of Directors:		
	(a) Chan Sek Nin Jackey		
	(b) Tao Yeoh Chi		
4.	Approval of Directors' Fees amounting to S\$340,000		
5.	Re-appointment of KPMG LLP as Auditors		
	SPECIAL BUSINESS:		
6.	Authority to issue new shares		
7.	Authority for Directors to issue shares under the PSC Executives' Share Option Scheme		
8.	Renewal of Share Buyback Mandate		

Dated this _____ day of _____ 2011

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