CWT Limited Annual Report 2011

COVER DESIGN RATIONALE

The art of papercutting encompasses various facets of unique cultures and traditions around the world covering history, religion, customs, and creativity. It is also an illustration of an imaginative and masterful evolution that adapts to the changing environment while staying true to its origins, embodiment, and expression of aesthetics and inspiration. With its colours, patterns and shapes involving meticulous cutting and folding, its intricacies require careful and skillful work to be able to come up with a fine piece of art. Such high level of expertise is similarly applied by CWT across its strong vision, values, and performance. An expertise that has evolved into responsive innovations by adhering to its foundational purpose of delivering multi-faceted excellence preserved and enhanced through the times.

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ABOUT
THE CWT GROUP

VISION

To Be A World-Class Corporation
With Global Logistics Capabilities

MISSION

To Excel As A Leading Logistics Solutions
Provider Delivering Best Value To Customers

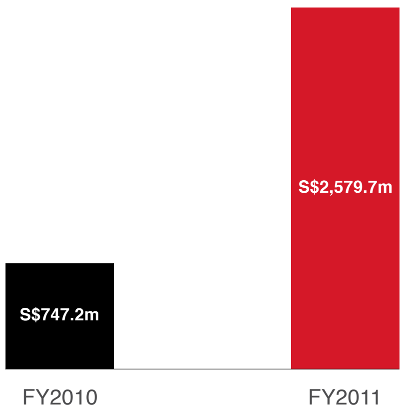
CWT is a leading provider of integrated logistics solutions for worldwide customers in the commodities, chemical and petrochemical, marine, oil & gas, defence and industrial sectors. CWT designs, engineers and manages unique and effective supply chain solutions leveraging its in-depth domain knowledge, innovative capabilities and global logistics infrastructure. Through its global network, the CWT Group is able to connect customers to 120 ports and over 1,200 destinations seamlessly around the world. Headquartered in Singapore, the CWT Group also engages in coal and base metals commodity supply chain management and provides engineering services for building, facilities and equipment fleet as well as financial services through the asset management of Cache Logistics Trust and brokering services for futures and derivatives trade. One of the largest listed logistics companies in Southeast Asia, CWT is traded on the Singapore Stock Exchange under the stock symbol CWT. For more information, visit www.cwtlimited.com.

GROUP
FINANCIAL HIGHLIGHTS

Revenue

+245%

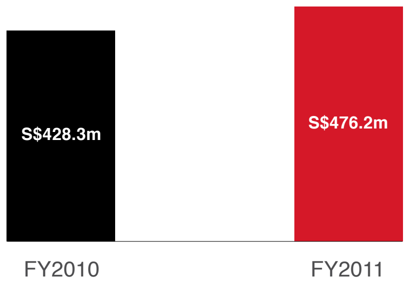
Group revenue surged by 245% to S$2,579.7m, mainly boosted by new business segment in commodity marketing and supply chain management. The increase was also driven by higher business volume from existing and new customers.



Net Assets Value

+11%

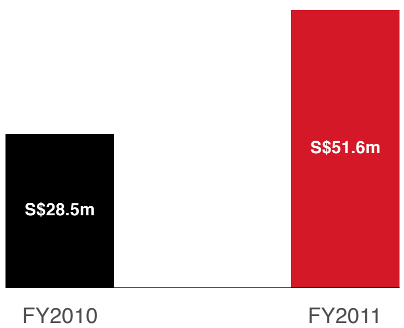
Group Net Assets Value grew in tandem with group earnings.



Operating PATMI

+81%

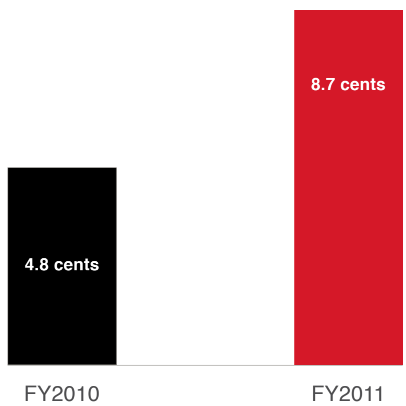
Excluding the exceptional gain from sales & leaseback of two properties in 2010 and other non-recurrent items, Operating PATMI increased by 81% to S$51.6m. The Operating PATMI growth was mainly due to overall improvements in the logistics and engineering businesses and contribution from the Commodity Marketing & Supply Chain Management business.



Operating EPS

+81%

Excluding the exceptional gain from sales & leaseback of two properties in 2010 and other non-recurrent items, Operating EPS rose 81% to 8.7 Singapore cents.



GROUP FIVE-YEAR FINANCIAL SUMMARY

Financial Year Ended 31 December

	2011	2010	2009	2008	2007
For the year (S$ million)					
Revenue	2,579.7	747.2	623.9	602.7	534.9
Profit					
- EBITDA	64.7	181.7	58.7	44.1	55.4
- Operating*	58.5	38.9	31.3	31.7	35.2
- Before tax	65.1	189.4	42.4	77.6	41.0
- PATMI	57.1	179.0	33.9	73.9	34.8
- Operating PATMI*	51.6	28.5	22.8	25.0	17.9
Per share					
Earnings (Singapore cents)					
- Before tax	10.9	32.2	7.4	13.5	7.8
- PATMI	9.6	30.4	5.9	12.9	6.7
Operating Earnings (Singapore cents)	8.7	4.8	4.0	4.4	3.4
Weighted average number of issued shares (million)	595.0	588.8	574.3	574.3	522.9
Number of issued shares as at 31 December (million)	600.3	590.3	574.3	574.3	574.3
At year-end (S$ million)					
Net assets	509.2	449.0	309.5	282.9	216.6
Net tangible assets	362.1	385.4	254.6	224.9	179.2
Shareholders' funds	476.2	428.3	292.0	266.4	204.9
Minority interests	33.0	20.7	17.5	16.5	11.7
Capital employed	787.8	558.2	367.7	436.0	347.8
Net borrowings	180.2	-	88.3	62.1	65.7
Net gearing (x)	0.3	-	0.2	0.2	0.3
Return on shareholders' funds (%)					
Profit before tax	13.7	44.2	14.5	29.1	20.0
PATMI	12.0	41.8	11.6	27.7	17.0
Shareholders' value					
Distribution (Singapore cents per share)					
- Interim dividend (net)	-	6.0	-	-	14.0
- Final dividend (net)	2.5	2.5	2.0	2.0	2.0
- Total distribution	2.5	8.5	2.0	2.0	16.0
Share price as at 31 December (S$)	0.990	1.000	0.845	0.305	1.130

Note:

Profits for 2007, 2008, 2010 and 2011 included non-recurring items from the sale and leaseback of properties.

Net tangible assets have been restated to exclude Non-controlling Interests.

* Excluding non-recurring items and the effect of the government's resilience budget, where applicable.

KEY
HIGHLIGHTS OF THE YEAR

"The CWT Group notched several awards in 2011. They included: Forbes Asia's Best Under A Billion, Frost & Sullivan's 2011 Domestic Logistics Service Provider, MINDEF's Minister for Defence Award..."

Commodity supply chain manager

CWT added commodity marketing and supply chain management capabilities with the acquisition of MRI Trading AG in July 2011. MRI markets non-ferrous base metal concentrates and coal products and manages the supply chain of such products from source to destinations.

Commodity logistics service provider

CWT also expanded its commodity logistics operations network to South Africa and Latin America. In February 2011, CWT executed the maiden delivery of London Metal Exchange (LME) steel billet into US storage facilities, thereby gaining first mover advantage and access to the booming LME steel billet contract market in US and worldwide.

Global ocean freight LCL consolidator

CWT's freight logistics arm CWT Globelink expanded its global network to 102 offices in 26 countries. It added offices in the United Kingdom (UK), Turkey and Bulgaria as part of its expansion strategy to increase its service coverage in Europe. CWT Globelink also set up offices in Costa Rica and Guatemala to tap into the Latin America market. In 2011, it entered into various new commercial relationships which further strengthened its market position.

Packaging and distribution hub manager

CWT handled a significantly higher volume of polyolefin resin for Borouge in 2011, in line with Borouge's expanded plant production in Ruwais, Abu Dhabi. CWT continues to focus on delivering a hub platform that brings products to Borouge's customers in Asia in a timely manner, greatly improving their customers' satisfaction and market share growth in the Asia region.

Largest warehouse operator in Singapore

CWT added 1.16 million square feet of warehouse space under its management in 2011. CWT Logistics Hub 3 and Pandan Logistics Hub have been completed and are currently operating at full occupancy. CWT will also be building its second cold hub to address the growing demand for cold chain logistics services. The 725,000-square foot CWT Cold Hub 2 is expected to be completed in 2013. CWT currently owns and/or manages approximately 7.85 million square feet of warehouse space in Singapore, making it the largest local warehouse operator.

Awards winner

The CWT Group notched several awards in 2011. They included:

- Forbes Asia's Best Under A Billion
- Frost & Sullivan's 2011 Domestic Logistics Service Provider
- MINDEF's Minister for Defence Award
- MINDEF's Meritorious Defence Partner Award
- BCA Green Mark Plus Award for CWT Logistics Hub 3
- SCIC Responsible Care awards for Distribution Code and Community Awareness & Emergency Response

1. CWT Logistics Hub 3

2. MINDEF's Minister for Defence Award

CWT Group CEO Loi Pok Yen receiving the Forbes Asia's 'Best Under A Billion' award

POWER

The strength within

African masks are used in ritual ceremonies depicting deities, spirits of ancestors, mythological and other beings believed to have power over humanity. The ritual dancer brings forth messages of wisdom from powerful spirits through utterances and the message is deciphered by a respected wise man of the tribe. Flowing through our vast network is strength that emanates from our driven spirit. Our perceptive leadership, commitment to service excellence, and visionary direction have collectively fortified our clout in the industry making us a leading logistics company in the region continuously spreading beyond borders, the face of the changing times.

CHAIRMAN'S STATEMENT

"The vision and astuteness of our board and management team in making strategic investments that continue to expand our core have accelerated growth while building stronger, more diverse business models"

Dear Shareholders,

2011 again is a rewarding and eventful year for CWT as revenue for the first time crossed the billion dollar mark to reach S$2.58 billion. Our newly acquired commodities supply chain business contributed largely to the record revenue whilst broad-based demand for our logistics services across all regions and market segments continued to grow in 2011. Net income for 2011 stood at S$57.1 million and earnings per share at 9.6 Singapore cents.

Investing in growth

In this volatile environment, companies must invest to grow, while staying fast and productive. We have extended our competitive advantage while investing in growth. We are evolving from a company with core competencies in logistics provision to an even stronger one with added capabilities in commodities supply chain management. We are also strengthening CWT's ability to innovate across what we believe are the critical pillars for our industry: scale, connectivity, resources and expertise. Because of these actions, CWT is positioned for further growth.

Broadening our base

The vision and astuteness of our board and management team in making strategic investments that continue to expand our core have accelerated growth while building stronger, more diverse business models. One of the key highlights in 2011 was our integration forward into commodity marketing and supply chain management with the acquisition of MRI Trading to complement our existing logistics and collateral management activities to provide end-to-end solutions to customers in the commodities market.

MRI, with its Head Office in Zug, Switzerland, is one of the global leading players in commodities marketing for base metal concentrates. Our acquisition allowed CWT to gain a strong foothold in the huge commodities market and opened up a new revenue stream and opportunities for the company. In addition, we have started offering brokerage services through our subsidiary, Straits Financials, as a complementary extension to our commodities business. Our increased focus and deepened equity in the commodities sector will serve as an important underlying growth strategy as we continue to ride on global market evolvements and respond to changes in market structure and demand.

Building capability around the world

As a constantly evolving company, we are building capability around the world to maximise economic benefits and harness synergies to achieve sustainable growth in our three basic business models, namely commodity logistics, freight logistics and warehousing logistics.

In commodity logistics, we have expanded our operations to Latin America and are first to deliver LME steel billet into our US storage facilities. We are also engaged in the coal supply chain management business in Indonesia, which involves coal sourcing, fulfillment and end-to-end supply chain management.

In freight logistics, we have further expanded our global freight forwarding network with new investments in the UK, Turkey, Bulgaria, Morocco, Costa Rica and Guatemala.

In warehousing logistics, we have started operating our newly completed CWT Logistics Hub 3 and Pandan Logistics Hub in Singapore and are

Loi Kai Meng
CWT Group Chairman

currently building a new warehouse in Port Klang. Today, CWT has offices and warehouses (owned or managed) in close to 50 countries and is able to seamlessly connect customers to 120 direct ports and over 1,200 inland destinations through its global network.

Working towards sustainable development

CWT's value is more than the sum of its parts. We are mindful of what we have achieved and that the way forward is through sustainable development, so we will continue to invest in growth, scale up operations, strengthen resources, enhance capabilities and commit to corporate responsibility. We will continue to maintain a balanced risk profile and take a long-term view of maximising shareholder value. We will continue to develop CWT in accordance with the principles of good corporate governance. We view it to be the foundation upon which we build our leadership culture and reputation for integrity, which in turn provides investors with competitive returns over the long term.

Rewarding our shareholders

Our continued focus to invest in growth has yielded good returns for our investors. I am pleased to report that the Board of Directors has recommended a shareholders' dividend payment of 2.5 Singapore cents per share. This will amount to a total of S$15 million, payable on 22 May 2012 and subject to shareholders' approval at the next Annual General Meeting.

Winning awards

I also take pride in sharing with you a couple of award wins in 2011 which clearly reflects our continued growth momentum. CWT was ranked in Forbes Asia's 'Best Under A Billion' and also named '2011 Singapore Domestic Logistics Service Provider of the Year' by independent market research firm Frost & Sullivan. I am encouraged by this double vote of confidence. CWT will continue to persevere, innovate and raise the bar.

A word of thanks

In closing, I wish to thank all our customers, shareholders, business associates and bankers for their support and also to our employees, here and worldwide, for their good efforts put in the past year. Together, we look forward to an even better year ahead.

Loi Kai Meng
Chairman
30 March 2012

BOARD OF DIRECTORS

Loi Kai Meng
Chairman

Mr Loi joined the Board as Chairman in November 2004. He is an accountant by profession and has been in the logistics sector for over 40 years. Mr Loi is also the Group Managing Director of C&P Holdings Pte Ltd and a Director of a number of private companies.

Liao Chung Lik
Director

Mr Liao joined the Board in November 2004. He is the Deputy Group Managing Director of C&P Holdings Pte Ltd and a Director of a number of private companies. He graduated from the National University of Singapore with a degree in Bachelor of Business Administration.

Loi Pok Yen
Director & Group CEO

Mr Loi joined the Board in November 2004. He is also CWT Group CEO. With his extensive experience in strategic and logistics business management, Mr Loi leads the Executive Team in strengthening the Group's businesses and competitiveness for the long-term success of the CWT Group. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Honours) degree.

Jimmy Yim Wing Kuen
Lead Independent Director

Mr Yim joined the Board as an Independent Director in May 2003. He is a senior director of one of Singapore's most established law firms, Drew & Napier LLC. Mr Yim was admitted to the Singapore Bar in 1983 and was appointed Senior Counsel in 1998. His legal practice covers most areas of civil and commercial law, criminal law and international commercial arbitrations. His various appointments include Fellow of the Singapore Institute of Arbitrations, regional arbitrator with the Singapore International Arbitration Centre and member of the Competition Appeal Board appointed by the Ministry of Trade and Industry.

Hu Jian Ping
Independent Director

Dr Hu was appointed to the Board in December 2004. He is holding a position in Beijing as Deputy Secretary General with China Communication and Transportation Association (CCTA). Dr Hu has more than 20 years of experience in the transportation industry. He was the Chairman from 2007 to 2011 and General Manager from 2001 to 2006 of Shenzhen Bus Group Company Ltd, a China based company that owns the largest bus network in the Shenzhen Special Economic Area. Prior to this, he was the Executive Deputy General Manager of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 2001. Dr Hu was also the Civil Engineer, Project Manager and Deputy Division-Chief of the Department of Construction of Shenzhen Metro Co., Ltd and the Shenzhen Transportation Bureau from 1992 to 1996. Dr Hu did a research study in the Transportation Research Centre, University of Kansas, USA.

Tan Wee Liang
Independent Director

Mr Tan joined the Board in June 2008. He is Associate Professor of Entrepreneurship and Law at the Singapore Management University, where he is programme coordinator for the MSc. (Management) by research. He has previously taught at National University of Singapore and Nanyang Technological University of Singapore. Mr Tan served as the International President of the Institute of Chartered Secretaries and Administrators, U.K. in 2004. He currently also serves on the board of St. Luke's Hospital and executive committee of the Presbyterian Community Services. He was educated at the National University of Singapore, University of Cambridge and MIT.

From left to right (seated):

Loi Kai Meng
Chairman

Jimmy Yim Wing Kuen
Lead Independent Director

Hu Jian Ping
Independent Director

From left to right (standing):

Loi Pok Yen
Director & Group CEO

Tan Wee Liang
Independent Director

Liao Chung Lik
Director

EXECUTIVE TEAM

Loi Pok Yen
Group CEO

Mr Loi was appointed Group CEO in January 2005. He is also a Director of the Board. With his extensive experience in strategic and logistics business management, Mr Loi leads the Executive Team in strengthening the Group's businesses and competitiveness for the long-term success of the CWT Group. Mr Loi graduated from the National University of Singapore with a Bachelor of Business Administration (Honours) degree.

Lynda Goh
Deputy Group CEO & Group CFO

Mrs Goh has been with the Company for more than 20 years holding various senior positions. As Deputy Group CEO & Group CFO, her key role is to assist the Group CEO in the corporate development and strategic expansion, corporate finance and general management of the CWT Group of companies. Mrs Goh is also responsible for managing the Group's engineering business, investments, treasury, financial, human resource and corporate affairs. Mrs Goh is a Certified Public Accountant and Fellow of Chartered Certified Accountant (UK).

Tan Choon Wei
CEO, Freight Logistics Business & Executive Chairman of CWT Globelink Pte Ltd

Mr Tan has been with the Company since 1988. Prior to his appointment as CEO, Freight Logistics Business of CWT in January 2005, Mr Tan held various senior positions in the Group. He led the Company's regional development in the past 20 years and was appointed as Executive Chairman of CWT Globelink Group since January 2002, overseeing the freight consolidation business of the CWT Group.

Adam Slater
CEO, Commodity Logistics Business & Managing Director of CWT Commodities Pte Ltd

Mr Slater has more than 14 years of experience in the commodities logistics industry. As CEO of Commodity Logistics Business, he spearheads the development and expansion, in depth and breadth, of the commodity logistics business of the CWT Group which consists of LME, soft commodities and collateral management across Asia and Europe. Prior to joining the commodities logistics industry, he worked as a metal trader in China for 5 years. He has a Bachelor of Art in East Asian Studies from McGill University and also studied Chinese language at Fudan University.

Mark Lowe
CEO, Commodity Marketing & Supply Chain Management

Mr Lowe was appointed CEO, Commodity Marketing & Supply Chain Management in July 2011 and heads up MRI Trading AG and Capsolon Pte Ltd, the holding company for MRI Trading AG. As the commodities marketing and supply chain management arm of the CWT Group of businesses, the division is actively marketing physical non-ferrous metals, bulk minerals and gas oil. Mr Lowe is an industry veteran with over 25 years of experience in commodities trading. Prior to joining CWT, he held senior positions with Louis Dreyfus Commodities and Trafigura.

Jeremy Ang
CEO, Financial Services Business

Mr Ang was appointed CEO, Financial Services Business in April 2011. He heads up Straits Financial Group, the financial services arm of the CWT Group engaged in the offering of futures and derivatives trade, forex, bullion and over-the-counter (OTC) brokerage services. Mr Ang is an industry veteran, especially in the global derivatives market, with over 26 years of experience in the futures industry. Prior to joining CWT, he held leadership positions with the Singapore Exchange (SGX), Singapore Commodity Exchange (SICOM), DBS Vickers Securities (Singapore) and the REFCO Group.

Martin Versteeg
CEO, CWT Europe B.V.

Mr Versteeg has more than 37 years of experience in the soft commodities logistics industry. As CEO of CWT Europe B.V., he is responsible for the development and expansion of the Group's logistics business in Europe and Africa. Mr Versteeg is a board member of Corporate and Private Banking of Rabobank Amsterdam, the European Cocoa Association in Brussels and the European Warehouse Keepers Federation in Amsterdam. He holds a Masters degree in law from VU University of Amsterdam. In 2009, Mr Versteeg was also awarded the prestigious Amsterdam Ports Medal by the Amsterdam Ports Association in recognition of his significant contribution towards strengthening and reinforcing the prestige of Amsterdam ports.

Eric Herman
CEO, Contract Logistics & Business Development

Mr Herman has over 17 years of experience in the logistics industry. Prior to joining CWT, he was employed by AP Moller Maersk in various senior positions in the United States, Latin America and across Asia, where he optimised supply chain solutions for multinational companies. As CEO of Contract Logistics & Business Development, Mr Herman's key role is to develop/expand value-adding global contract logistics business, including forming and implementing strategies for creating synergies and expanding capabilities.

Foo Say Chuang
Managing Director, Warehousing & Business Development

Mr Foo has more than 28 years of logistics experience in local and multinational corporations. As Managing Director of Warehousing & Business Development, he is responsible for the development and expansion of the Group's logistics business in Singapore and the regional market, including Russia, India, Ukraine, Malaysia and Thailand. He has a Bachelor of Business in Transport from the Royal Melbourne Institute of Technology, a Diploma in Shipping Management (Maritime Studies) and a Diploma in Sales & Marketing.

Kay Kong Swan
CEO, Container & Steel Logistics Business & Managing Director of OCWS Logistics Pte Ltd

Mr Kay has more than 26 years of engineering and logistics experience of which the last 16 years were spent holding key positions in OCWS Logistics. He is responsible for the Group's Container Logistics business and Steel Logistics business. Prior to working in the logistics industry, Mr Kay was also involved in management consultancy and business development. He has a Master's degree in Business Analysis (with distinction) from the University of Lancaster, UK.

Leaw Tiew San
Managing Director (SEA), Contract Logistics Business

Mr Leaw has more than 12 years of experience in the logistics business and over 15 years of experience in Sales & Marketing. He heads up the Chemicals Logistics, Cold Chain Logistics, Bonded Logistics, Industrial & Consumer Logistics and also Conventional Transportation for contract logistics business in Southeast Asia.

Daniel Tok
Deputy CEO, Freight Logistics Business

As the Freight Logistics Group Deputy CEO, Mr Tok oversees the freight logistics group operations and keeps the organisation energised on a day-to-day, tactical basis. As part of the collaborative leadership team, his key role includes the formulation and implementation of key business strategies to realise group synergies. Mr Tok brings to the group close to 30 years of experience in the freight industry.

Ong Yan Wah Oliver
Managing Director, Infrastructure Development

Mr Ong has more than 15 years of experience in the construction and property management sector. As Managing Director of Infrastructure Development, he is responsible for the development and expansion of the Group's logistics infrastructure facilities in Singapore and the regional market, including China, Vietnam, Ukraine and Malaysia. Mr Ong has overseen and completed all the major developments of the Group's various logistics facilities over the last 6 years. He graduated from the National University of Singapore with a Bachelor of Business Administration degree.

• ELEVATION •

Rising through resilience

Rio de Janeiro carnival costumes carry strong African tradition influences stemming from a history of slave trade practised by Portuguese colonisers in Brazil from the 16th to 19th century. The use of feathers on carnival masks in Brazil originated in Africa as a symbol of one's ability to rise above adversity and to travel to another world for rebirth and regrowth. CWT has seen significant changes in the various industries it serves and has faced challenging times as a world trade mobilisation force in the global economy. Through all these, it has remained poised and resilient, responsive and progressive. As a company that knows how to effectively navigate through the shifting currents of progress, it has risen above perils and turned challenges into opportunities for continuous growth.

GROUP STRUCTURE

LOGISTICS

FREIGHT LOGISTICS

CWT Globelink Group

Less Than Container Load (LCL) consolidation

Container Freight Station (CFS) operations

Dangerous Goods (DG) cargo handling

Sea-Air services

Buyer's consolidation

General freight forwarding

COMMODITY LOGISTICS

CWT Commodities Group

Warehousing

LME warehousing

LIFFE/SICOM warehousing

Collateral management

Stock monitoring

Freight forwarding and shipping

Trade credit facilitation

Mining Logistics

CONTRACT & SCM LOGISTICS

CWT Logistics Group

Regional distribution hub operations

Onsite logistics

Supply chain solutions

Petrochemical and chemical logistics

Cold chain logistics

Bonded/Dutiable cargo logistics

Cross border transportation and distribution

CONTAINER LOGISTICS

OCWS Logistics Group

Bonded yard and warehousing facilities

3PL management

Transportation and distribution

Container storage, maintenance and repair

Reefer structural and machinery repair

STEEL LOGISTICS

CWT Engineering Pte Ltd

Integrated steel logistics solution

Corrosion protection of ferrous/ non-ferrous materials

Storage and distribution

Transportation of metal materials (Local/Global)

DEFENCE LOGISTICS & EQUIPMENT

Force 21 Equipment Pte Ltd

Defence logistics (CWT Limited)

Defence, security and rescue gear and equipment solutions

Agent of specialised military equipment

Supply and procurement

COMMODITY SUPPLY CHAIN MANAGEMENT

COAL SUPPLY CHAIN MANAGEMENT

MRI Trading Pte Ltd

Coal sourcing and fulfillment and end-to-end supply chain management

BASE METALS SUPPLY CHAIN MANAGEMENT

MRI Trading AG

Commodity marketing and supply chain management for base metal non-ferrous concentrates (primarily Copper, Lead and Zinc)

FINANCIAL SERVICES

BROKERING SERVICES

Straits Financial Group

Brokerage, clearing, settlement and post-trade support for futures and derivatives trade

MANAGEMENT OF CACHE LOGISTICS TRUST

ARA-CWT Trust Management (Cache) Ltd

Trust Management

ENGINEERING SERVICES

Indeco Engineers Pte Ltd

Facilities management and maintenance

Vehicles and equipment fleet management and maintenance

Supply and installation of engineering products

'Design & Build' solutions for logistics properties

Cache Property Management Pte Ltd

Property Management

GLOBAL PRESENCE

ASIA

Singapore
Singapore (Corporate HQ)*

Australia
Adelaide; Brisbane; Melbourne; Perth; Sydney

China
Beijing; Changzhou; Dalian; Fuzhou; Guangzhou; Hangzhou; Hefei; Lianyungang; Nanjing; Ningbo; Qingdao; Shanghai; Shenzhen; Shijiazhuang; Taiyuan; Tanggu; Tianjin*; Xiamen; Xian; Xingang; Zhengzhou*

Hong Kong
Hong Kong

India
Ahmedabad; Bangalore; Baroda; Chennai; Cochin; Coimbatore; Goa; Hyderabad; Indore; Jaipur; Jodhpur; Kandla/Mundra; Kanpur; Karur; Kolkata; Ludhiana; Moradabad; Mumbai/ Nhava Sheva; New Delhi; Pune; Tirupur; Tuticorin; Udaipur

Indonesia
Jakarta; Surabaya; Semarang; Belawan

Malaysia
Batu Pahat; Kuantan; Melaka; Pasir Gudang; Penang; Port Klang**

Mongolia
Ulaanbatar

Pakistan
Faisalabad; Karachi; Lahore; Sialkot

South Korea
Busan; Gwangyang*; Incheon*; Seoul*

Sri Lanka
Colombo

Thailand
Bangkok; Laem Chabang

Vietnam
Danang; Haiphong; Hanoi; Ho Chi Minh

EUROPE

Belgium
*Antwerp**

Bulgaria
Sofia; Varna

Croatia
Zagreb

Estonia
Tallinn

Germany
*Hamburg**

Ireland
*Dublin**

Netherlands
Amsterdam; Rotterdam**

Portugal
Leixoes; Lisbon; Oporto

Romania
Bucharest; Constanta

Slovenia
Koper; Ljubljana

Spain
Barcelona; Bilbao; Madrid; Valencia

Switzerland
Zug

Turkey
Bursa; Istanbul; Izmir; Mersin

Ukraine
Kiev

UK
Hayes; Hull*; Liverpool*; London; Tilbury*; Warrington*

MIDDLE EAST

Kuwait
Kuwait

United Arab Emirates
Abu Dhabi; Dubai; Sharjah*

AFRICA

Egypt
Alexandria; Cairo; Port Said

Ghana
*Tema**

Ivory Coast
Abidjan

Malawi
Lilongwe

Morocco
Casablanca

Mozambique
Beira & Tete

South Africa
Durban; Johannesburg

Zimbabwe
Harare

Zambia
Lusaka

NORTH & CENTRAL AMERICA

Costa Rica
San Jose

Guatemala
Guatemala City

Mexico
Guadalajara; Manzanillo; Mexico City

United States of America
Baltimore; Chicago*; New Orleans*; New York*

SOUTH AMERICA

Argentina
Buenos Aires

Brazil
Sao Paulo

Chile
Santiago

Peru
Lima

Uruguay
Montevideo

** Locations where CWT owns and/or manages warehouses*

Value

Service that matters

Korean cultural masks are an integral part of the mask dance drama tradition in South Korea portraying the country's rich history, philosophies, and art. Some of these mask plays are even classified as important intangible cultural assets and national treasures of the Korean government because of their renowned cultural value. Ours is a full-spectrum service ingeniously designed to create a chain of value to our customers. This provides them with significant opportunities for increase in productivity and profitability as well as enhancement of assets. Our well-managed system likewise serves as a fertile ground that cultivates value for our partners and stakeholders.

OPERATIONS REVIEW

"Amidst the challenging economic climate, 2011 was a defining year for the CWT Group as we continue to build capabilities around our core to address market volatility and pursue our strategic growth path"

Group Revenue for the year under review rose 245% to hit a record S$2.58 billion with our commodity supply chain management business arm making up approximately 70% of total revenue. The Group also saw sustained and improved performance across its other divisions. On an operating basis, net profit (excluding non-recurring items) increased by 81% to S$51.6 million and operating earnings per share by the same percentage to 8.7 Singapore cents as compared to the same period in the preceding year.

Our sustained ability to consistently deliver good performance whilst investing in growth has translated into shareholder gains over the years. CWT's Total Shareholder Returns (TSR) over the past five years was 206%*, which was well above the benchmark Straits Times Index's (STI) TSR of -11%* in the corresponding period.

As at 31 December 2011, shareholder equity expanded to a record S$509 million. Our balance sheet strength gives us the financial muscle and leverage to secure financing and expand business operations. We remain prudent in cost management and continue to periodically review our risk management policies to mitigate business risk and safeguard shareholder interests.

COMMODITY SUPPLY CHAIN MANAGEMENT

Amidst the challenging economic climate, 2011 was a defining year for the CWT Group as we continue to build capabilities around our core to address market volatility and pursue our strategic growth path. One of the major developments in 2011 was our deliberate entry into commodity marketing and supply chain management which has widened our playing field and further extended our competitive advantage in the commodities market.

In July 2011 the Group acquired MRI Trading AG (MRI), an established Swiss-based commodities marketer which actively markets physical non-ferrous metal concentrates and bulk minerals in resource rich and target demand countries. The combination of MRI and CWT is aimed at creating a platform for growth and increased earnings potential through complementary geographical networks and significant synergies between CWT's core logistics competencies and MRI's marketing and trading expertise as well as the resilient trading flows to be generated. CWT has also set up an entity in Singapore to handle our coal supply chain management business.

As part of our Group strategy to become an integrated commodity service provider, CWT formed Straits Financial Group, a wholly-owned subsidiary, to offer futures and derivatives trade, forex, bullion and over-the-counter (OTC) brokerage services as a complementary extension to our commodities business. Straits Financial currently has offices in Singapore, Shanghai, Jakarta and Chicago, where our US subsidiary obtained Chicago Mercantile Exchange (CME) and Chicago Board of Trade (CBOT) full clearing status and became a licensed US Futures Commission Merchant (FCM) in March 2011. Early this year it added the New York Mercantile Exchange (NYMEX) clearing membership to expand its product offerings and services. Moving forward, we plan to expand our financial services division by establishing international offices, primarily throughout Asia and growing our client base.

LOGISTICS

Commodity Logistics

We remain focused in growing our existing commodity logistics business which forms the backbone of our extended presence in the commodities market. Last year we continued to expand our geographical networks and broadened our capabilities through strategic investment tie-ups as well as organically. We started operating in Chicago, New Orleans and Baltimore and were first to deliver LME steel billet into US storage facilities early last year. We further expanded to Latin America to tap into the huge market potential by entering into a joint venture with a leading logistics provider in the region to carry out commodity logistics operations across Latin America with a focus on Brazil, Argentina, Uruguay, Chile, Peru and Mexico.

Another important part of our game plan is to establish operational capabilities in Southern Africa to facilitate trade flows between Africa and China, India, the Middle East and Europe. We have completed the acquisition of CWT ASI in Africa and commenced operations in Malawi, Mozambique, South Africa, Zambia and Zimbabwe. In March 2011, we restructured all our European and African operations to come under CWT Europe B.V. to better align the interests of all parties concerned in the Group's existing commodity logistics business

* Source: Bloomberg

1. A staff from CWT Commodities Antwerp standing next to a coffee bagging unit installed in a container. The mobile bagging unit can be transported to where the client is which enlarges CWT's flexibility towards its end customers

2. Cocoa beans under CWT's collateral management in Ivory Coast

and future developments in the Europe, Middle East and Africa (EMEA) region.

Our commodity logistics division currently manages cargo in close to 300 locations in 17 countries around the world, including about 20 warehouses approved by the LME and London International Financial Futures and Options Exchange (LIFFE) approved warehouses in 10 countries. We will continue to gear our efforts towards solidifying and building on our global presence in key regions in the commodities market to enable us to better oversee and manage trade flows of commodities around the world.

Freight Forwarding and LCL Consolidation

The freight market in 2011 was highly volatile, plagued with natural disasters, political revolutions in the Middle East and Africa nations, higher fuel cost and challenges in the European economies. The overall market conditions worsened in the second half of the year. Our volume growth was somewhat constrained by the overall market environment.

Despite the adverse market conditions, we remain focused on the factors that we can control and pushed ahead with our various strategies. Our inroads into the global accounts segments had shown measured success. We were encouraged by the increase in various new commercial relationships we had entered into, which further strengthened our market position as one of the leading global players in the industry.

Our sustained network strategy saw us expand our global footprints with new branches being set up in Costa Rica and Guatemala – our first foray into the Latin America market. We added Turkey onto our network, which served as an important strategic gateway in the Bosphorus Straits. We also strengthened our product offerings in the Black Sea region with the establishment of new branches in Bulgaria and together with the existing offices in Romania, Slovenia and Croatia further enhanced our service coverage in Eastern Europe.

Moving forward, we remain committed to our efforts in improving efficiencies and expanding our core competencies. We will continue to focus on our expansion strategy and in driving cost down to capitalise on any opportunities that the market may present.

Contract Logistics and Warehousing

2011 saw increased volume and activities across all our logistics business units which resulted in better operating performance as compared to 2010.

A notable highlight is our supply chain collaboration with Borouge, a global leading plastics manufacturer, to better support its customers in Southeast Asia through our packaging and distribution hub services in Singapore. In 2011, Borouge achieved a 90% completion for their expanded plant production in Ruwais, Abu Dhabi for the production of polyethylene and polypropylene. As a result, there was a significant increase in volume handled by CWT as compared to 2010.

CWT has successfully delivered a hub platform that brought products to Borouge's customers in Asia in a timely manner, greatly improving their customers' satisfaction and most importantly, market share growth in the Asia region. Right from the start our packaging facility has been designed to be able to handle increased capacity. We have also expanded our skilled workforce in anticipation of the volume growth. Today we have a dedicated team of trained professionals, technicians and operators running the Borouge operations where we package, store and move a significant number of containers of polyolefin resin on a daily basis. In ensuring mutual success, we will work closely with our customers to continually enhance the processes in place to improve operations efficiency and effectiveness.

In our last annual report, we reported the acquisition of Force 21 Equipment to beef up our defence services division with supply and procurement solutions. In July 2011, Force 21 secured contracts with the Ministry of Defence for

OPERATIONS REVIEW

1. Packaging and distribution hub operations

2. Pandan Logistics Hub

Brunei Darussalam to supply pixelated camouflage combat uniforms, combat vests and field packs for the Brunei army. Additionally our defence logistics arm continued to provide project and shipment management services for multiple overseas exercises and break bulk cargos. We also expanded our retail management for the Singapore Armed Forces' (SAF) eMarts from four to 21 eMarts across the island. In July 2011, CWT was one of the recipients for the Meritorious Defence Partner Award from the Singapore Ministry of Defence (MINDEF) in appreciation of organisations that have shown commendable support for Total Defence.

As the largest warehouse operator in Singapore and managing over 10 million square feet of global warehouse space, CWT is committed to providing reliable, efficient and effective storage, movement and distribution services and solutions to our customers. In 2011 we continued to consolidate our market leadership position and expanded our warehouse assets to meet the increasingly growing demand for warehouse space. We completed the construction of two new warehouses in Singapore last year – CWT Logistics Hub 3 and Pandan Logistics Hub which are operating at full occupancy – provide some of our warehouse and logistics customers with a combined 1.16 million square feet of warehouse space. Both multi-level warehouses come with drive-up ramps for transport vehicles to reach each facility directly, facilitating efficient loading and unloading operations and vehicle turnaround time.

Complementary to our logistics capabilities and solutions, CWT's extensive logistics infrastructure has remained a key requisite component for our market competitiveness and it is vital for us to continue to strengthen and expand this advantage. In mid 2012 we will add to our assets portfolio another 100,000 square feet of warehouse which we are currently building in Port Klang, Malaysia. Also in the pipeline is a new and bigger CWT Cold Hub 2 – the 725,000-square foot cold chain logistics facility in Singapore is expected to be ready in 2013.

ENGINEERING SERVICES

Our engineering and maintenance arm Indeco Engineers secured over S$75 million worth of maintenance service contracts for the year under review and continued to gain market share in the local market.

Among the key highlights, we inked a major contract with AIMS AMP Capital Industrial REIT (AACI REIT) to design and construct a warehouse in Singapore and renewed contracts with the Republic of Singapore Air Force (RSAF) to provide maintenance services for its aviation ground equipment and air specialist vehicles. We further enhanced our market leadership in High Volume Low Speed (HVLS) fans when we were awarded the contract to supply and install HVLS fans to 30 schools under Phase 1 of the Ministry of Education (MOE) Schools Project.

We were also awarded by the Singapore Land Authority the symbolic and historical project for the dismantling of the railway and ancillary structure from Woodlands Train Checkpoint to Tanjong Pagar Railway Station. In addition, we helped maintain vehicles, facilities and buildings for various government and related institutions throughout the year. These included army camps and military vehicles. In 2011 Indeco received the 'Minister for Defence Award' in recognition for our significant contribution to the Singapore defence force.

Expanding beyond our domestic activities, we have also formed a joint venture in India to provide facility and vehicle maintenance services and tap into the huge market there.

CWT Group CEO Loi Pok Yen with the Chairman of Port Klang Authority and Port Klang Free Zone, Dato' Dr. Teh Kim Poo, at the groundbreaking ceremony for CWT's new warehouse in Port Klang, Malaysia

Frost & Sullivan '2011 Singapore Domestic Logistics Service Provider of the Year' Award

AWARDS RECOGNITION

CWT's continued operating and financial performance growth have been duly recognised. In September 2011 we were named in Forbes Asia's annual 'Best Under A Billion' list which identifies the 200 best publicly listed companies with sales less than US$1 billion (based on revenue in 2010) in the Asia Pacific region. CWT is the only company from the logistics industry which makes the cut to garner a spot in the 'Best Under A Billion' list.

In addition, leading independent market research firm Frost & Sullivan named CWT the '2011 Singapore Domestic Logistics Service Provider of the Year' under its Asia Pacific Best Practices Award which took place last September. The award recognises the best performing domestic logistics service provider in Singapore for 2010 which has shown excellent growth in Singapore and other countries as well as demonstrated the ability to address the diverse business opportunity that exists in the evolving logistics industry.

CHARACTER

Our identity and performance

European masks particularly Greek and Roman were used in the performing arts to portray characters in a play. This added colour and pageantry to the performance, making the story come alive with strong characterisations and palpable emotions, creating an awesome visual treat and intellectual stimulus that capture and impact the audience. Our character goes beyond image, longevity, and infrastructure. It is the essential and balanced fusion of our heritable attributes as a company that serves as a catalyst bringing us to greater heights, more opportunities, and wider presence. Our character influences our performance. Our performance defines who we are.

CORPORATE
SOCIAL RESPONSIBILITY

"At CWT we align our business strategy towards sustainable development and social progress. We continue to positively impact our communities through the work we do and ongoing commitment to corporate responsibility"

CWT's diversified workforce is our key asset and continues to shape the Group for the better. Some of our employees from Malaysia, Singapore, Ivory Coast (top row left to right), UK, Turkey and Spain (bottom row left to right) are pictured here

Our People

Our people play a pivotal role in ensuring the Group's sustainable development and long-term success. CWT continues to refine and improve our human resource policies in attracting, engaging and retaining the right people to lead the Group to the next phase of growth. In 2011 we expanded our diversified workforce in line with our business expansion. Today our 5,000-plus dedicated employees the world over are unified by a shared vision in 'connecting world trade.' They form the nucleus from which we innovate, build relationships and grow the business.

At CWT we aim to create an inclusive and fun workplace where employees bond, learn and grow together. We encourage open communication and engage employees through regular feedback and meeting sessions, birthday and festive celebrations as well as via our intranet portal which shares general employee resources, news and events. New employees also undergo an orientation programme to help them familarise with the business and work environment.

As part of our overall growth strategy, CWT promises a rewarding career and continues to nurture and develop our people to acquire new knowledge and skills. Over the past twelve months many of our employees attended various enrichment and training courses as part of their learning and development and skills upgrading. We remain committed to ensuring that our people receive the most appropriate training according to their needs in order to develop personally and professionally whilst strengthening our business competitiveness.

EHS activities and related awards

Environment, Health and Safety

CWT adopts a top-down approach in ensuring our people work in a healthy and safe environment at all times whilst integrating environmental best practices into our business.

Our Environment, Health and Safety (EHS) Committee actively promotes a healthy work life and safe work place driven by our desire for an accident-free work space. Through education, enforcement and encouragement we continue to instill in our employees individual and collective responsibility towards this cause. In 2011 CWT invested more than 1,900 man hours on EHS training – an increase of 27% over the time invested last year. Our continued and increasing efforts to strengthen our safety culture will remain a top priority.

In addition we continue to be guided by our principles and activities in reducing the environmental impact of our operations. Last year CWT Logistics Hub 3 was accredited with the Green Mark Gold Plus Award by the Building and Construction Authority (BCA) of Singapore for incorporating internationally recognised best practices in environmental design and performance. These included energy and water efficiency and savings, solar heat gain minimisation and good natural ventilation design, among other green features.

CWT also received Achievement Awards in Distribution Code and Community Awareness and Emergency Response (CAER) for the third consecutive year in the Responsible Care Awards organised by the Singapore Chemical Industry Council (SCIC). Responsible Care is the chemical industry's global initiative to continuously improve its operations in terms of health, safety and environmental standards.

CORPORATE
SOCIAL RESPONSIBILITY

1. CWT's Eric Herman speaks at a packed auditorium filled with students from Ngee Ann Polytechnic at a logistics-themed seminar

2. CWT hosts Singapore Polytechnic students on a company visit and facility tour

3. CWT launches Road Safety Campaign for our drivers

"As an industry leader CWT also hosted overseas government and business delegates at our facilities, participated in various industry speaking conferences and presented at logistics seminars organised by and in local institutions"

Community Involvement

Through volunteerism, financial support and in-kind giving CWT continues to step up our efforts and reach out to underserved communities. Last year we provided logistics and transportation support to the Children's Cancer Foundation at its 'Hair for Hope' fund-raising drive. We also made contributions to non-profit charitable organisations which count the less privileged, young children and the needy as beneficiaries. Some of the charitable events which we supported included World Gourmet Summit Charity Dinner to raise funds for Community Chest; Dover Park Hospice Sunflower Ball; and donations to the Yellow Ribbon Fund, the Business Times Budding Artists Fund and Lions Befrienders, among others.

As an industry leader CWT also hosted overseas government and business delegates at our facilities, participated in various industry speaking conferences and presented at logistics seminars organised by and in local institutions. In September 2011, CWT became a co-sponsor for the fifth straight year at the Russia-Singapore Business Forum organised by International Enterprise (IE) Singapore. A homegrown logistics company we also celebrated with the nation and sponsored waist pouches for participants and volunteers at the Singapore National Day Parade 2011.

The CWT Group operates one of the largest fleet of heavy vehicles ranging from trucks to prime movers and trailers in Singapore. As part of our ongoing effort to promote road safety awareness and instill proper and safe driving discipline, we launched a Road Safety Campaign for our drivers last September. This is just an example of our corporate responsibility towards society – to help keep our roads safe for our drivers and the public at large.

Investor Relations

We regularly engage shareholders and stakeholders to facilitate informed investment decisions and build confidence in the company within the investment community. For the year under review, senior management participated in non-deal investor road shows and met with analysts and fund managers on company updates. Such investor relations activities also served as a platform for senior management to gain feedback and insights into the equity market's perception of the company.

We strive to provide clear, consistent and timely information regarding the company's performance and progress. Our investor relations website is updated regularly and contains company announcements, stock and financial information. There is also an option to subscribe to company announcements via email. Additionally, the investor relations contact information is clearly stated on the website to facilitate ease of enquiries.

CORPORATE DATA

Board of Directors

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Jimmy Yim Wing Kuen
Hu Jian Ping
Tan Wee Liang

Audit Committee

Jimmy Yim Wing Kuen (Chairman)
Tan Wee Liang
Liao Chung Lik

Nominating cum Remuneration Committee

Jimmy Yim Wing Kuen (Chairman)
Hu Jian Ping
Loi Kai Meng

Executive Council

Loi Kai Meng (Chairman)
Liao Chung Lik (Vice Chairman)
Loi Pok Yen
Lye Siew Hong - Lynda Goh
Tan Choon Wei
Adam Slater
Eric Herman
Foo Say Chuang

Company Secretary

Lye Siew Hong - Lynda Goh

Registered Office

38 Tanjong Penjuru
CWT Logistics Hub 1
Singapore 609039
Tel: 6262 6888
Fax: 6261 2373
Email: e-mail@cwtlimited.com

Auditors and Reporting Accountants

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner in-charge of the audit:
Lee Jee Cheng Philip
(appointed in financial year 2010)

Principal Bankers

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

Standard Chartered Bank
8 Marina Boulevard #27-01
Marina Bay Financial Centre Tower 1
Singapore 018981

Oversea-Chinese Banking Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Solicitors

Rajah & Tann LLP
9 Battery Road
#25-01 Straits Trading Building
Singapore 049910

Drew & Napier LLC
10 Collyer Quay
#10-01 Ocean Financial Centre
Singapore 049315

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

CORPORATE GOVERNANCE

CWT Limited (CWT or the Company) believes in having high standards of corporate governance and is committed to making sure that effective self-regulatory corporate practices exist to protect the interests of its shareholders and maximise long-term shareholder value.

In its aim to achieve the best practices in corporate governance, CWT subscribes to the Proposed Revised Code of Corporate Governance (the Code) dated 22 November 2011, which forms a sound platform for supporting good governance and transparency practices.

The Board is pleased to report that throughout the reporting period for the financial year ended 31 December 2011, CWT largely complied with the Code's principles and guidelines. This statement outlines CWT's corporate governance practices with specific reference to the principles and guidelines of the Code.

BOARD MATTERS

Board's Conduct of Affairs (Principle 1)

The Board charts the long-term strategic direction and oversees the business affairs of the CWT Group. It assumes responsibility for the Group's overall strategic plans and key business initiatives, significant investments and major funding, and financial performance reviews and corporate governance practices. The Board also determines the compensation policies for Senior Management and monitors standards of performance and issue policy, both directly and through board committees, ensuring the Group's compliance with all laws and regulations as may be relevant to the business.

To support its role and assist in the execution of its responsibilities, the Board has established two board committees, namely, the Nominating cum Remuneration Committee (NRC) and the Audit Committee (AC). The terms of reference and composition of each board committee are described in the respective section on Board Membership and Audit Committee.

The Board meets regularly and holds at least four meetings a year, with ad-hoc meetings being convened when circumstances require. Meetings via teleconference are permitted by the Company's Articles of Association (the Articles). The frequency of meeting and attendance of each Director at every board and board committee meeting are hereby disclosed.

Board of Directors	No. of Board Meetings Held	No. of Board Meetings Attended	No. of NRC Meetings Held	No. of NRC Meetings Attended	No. of AC Meetings Held	No. of AC Meetings Attended
Loi Kai Meng	6	6	2	2	N.A.	N.A.
Liao Chung Lik	6	6	N.A.	N.A.	5	5
Loi Pok Yen	6	6	N.A.	N.A.	N.A.	N.A.
Jimmy Yim Wing Kuen	6	6	2	2	5	5
Hu Jian Ping	6	4	2	2	N.A.	N.A.
Tan Wee Liang	6	6	N.A.	N.A.	5	5

Note: N.A. denotes Not Applicable

CORPORATE GOVERNANCE

All Directors of the Board objectively take decisions in the interests of the Company. Matters which specifically require the Board's decision are those involving a conflict of interest for a substantial shareholder or a director (such transactions are subject to AC's prior approval), material capital expenditure/investments, material acquisitions and disposal of investments/assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders as well as matters which require the Board's approval as specified under the Company's interested person transaction policy. Specific approval from the Board is also required for any investment or expenditure exceeding 5% of the Group Net Tangible Assets.

In line with best practices in corporate governance and the Code, new Directors will receive a letter from the Company stating clearly the Directors' duties and obligations, including the time commitment that the Director would be expected to allocate and other relevant matters. To give Directors a better understanding of the Company's businesses and allow them to assimilate into their new roles, Management conducts orientation programme to familiarise new Directors with the Group's structure and organisation, businesses and governance policies. In addition, the Company has available budget for Directors to receive further relevant training of their choice in relation with their duties. Relevant courses include programmes conducted by the Singapore Institute of Directors.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interest in transactions involving CWT, prohibitions on dealings in CWT's securities and restrictions on disclosure of price-sensitive information. Directors are also informed of regulatory changes affecting CWT.

Board Composition and Guidance (Principle 2)

As at 31 December 2011, the Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Nature of Appointment
Loi Kai Meng	Chairman	26 November 2004	23 April 2010	Non-executive/ Non-independent
Liao Chung Lik	Director	26 November 2004	23 April 2009	Non-executive/ Non-independent
Loi Pok Yen	Director	26 November 2004	23 April 2009	Executive/ Non-independent
Jimmy Yim Wing Kuen	Director	28 May 2003	23 April 2010	Non-executive/ Independent
Hu Jian Ping	Director	10 December 2004	25 April 2011	Non-executive/ Independent
Tan Wee Liang	Director	15 June 2008	25 April 2011	Non-executive/ Independent

The Board currently comprises 6 Directors. The Board is of the view that the present board size of 6 Directors is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive, independent and non-independent Directors, taking into account the scope and nature of operations of the Company. Each Director has been appointed on the strength of his calibre, experience and potential to contribute to the Company and its businesses. Directors bring valuable insights from different perspectives vital to the strategic interests of the Company. The Board is of the view that its Directors as a group possess the necessary competencies to lead and govern the Company effectively. Their profiles are found on pages 10 to 11.

CORPORATE GOVERNANCE

The NRC noted that all Independent Directors had completed their self-assessment and confirmed their independence of the Company.

There is a fairly strong independent element in the Board, with the NRC considering 3 out of 6 Directors to be independent from Management and the Group. The independence of each Independent Director is reviewed annually by the NRC. The NRC adopts the Code's definition of what constitutes an Independent Director in its review and it is satisfied that no individual or small group of individuals dominate the Board's decision-making process.

The Non-executive Directors (NEDs) participate in board and board committee activities, provide necessary advice and guidance and contribute to the overall strategic development of the Group. The NEDs may be called upon by the AC and NRC if necessary to formally meet without the presence of Management or Executive Directors to review any matters that must be raised privately. The NRC, comprising only NEDs, reviews Management's performance and determines the rewards for such performance.

Chairman and Group Chief Executive Officer (Principle 3)

The Company has a separate Chairman and Group Chief Executive Officer (CEO). There is appropriate division of responsibilities between the Chairman and the Group CEO, which ensures a balance of power and authority within the Company. The Chairman leads the Board and is responsible for its workings and proceedings. The Group CEO is the most senior executive in the Group and bears executive responsibility for the Group's business. The Group CEO, Loi Pok Yen, is the son of the Chairman, Loi Kai Meng.

Lead Independent Director

The Board appointed Jimmy Yim Wing Kuen as Lead Independent Director (LID) on 18 August 2008 to lead and coordinate the activities of the Independent Directors (IDs) of the Company. The LID aids the IDs to constructively challenge business proposals and review business strategies put up by Management and provide necessary advice and guidance to Management.

Jimmy Yim, who has been on the CWT Board of Directors since 28 May 2003, would have served beyond nine years from the date of his first appointment by 28 May 2012. The Board is in consensus with the NRC's views that it is satisfied with the assessment and confirmation of the independence of Jimmy Yim from the Group and the Management and the fact that Jimmy Yim being LID had contributed significantly to the Board, the AC and the NRC on various fronts including his active participation in the evaluation and deliberation of business initiatives and investments of CWT. The Board strongly believes that Jimmy Yim will continue to make valuable contributions to the Board as he has good understanding of the Group's businesses and its business models. The Board, having considered all factors including the importance of continuity, supports the recommendation of the NRC for re-election of Jimmy Yim as independent director of CWT at the Annual General Meeting (AGM) in April 2012.

Board Membership (Principle 4)

The Company's Executive Council (EXCO), AC and NRC have been formed to assist the Board in the execution of its responsibilities. These committees have written mandate and operating procedures, which are reviewed periodically.

Executive Council (EXCO)

The EXCO comprised two NEDs, Loi Kai Meng and Liao Chung Lik, one Executive Director, Loi Pok Yen, and members of Senior Management. The EXCO oversees the management of CWT and its group of companies. Its principal responsibilities include strategy formulation and review of the Group's long-term objectives, organisation and resource structure, financial performance, cost management, business sustainability and corporate effectiveness.

CORPORATE GOVERNANCE

Audit Committee (AC)

The AC comprised two IDs, Jimmy Yim Wing Kuen (AC Chairman) and Tan Wee Liang, and one NED, Liao Chung Lik. The role and responsibilities of the AC are described in the section on Audit Committee (Principle 12).

Nominating cum Remuneration Committee (NRC)

The NRC is chaired by LID Jimmy Yim Wing Kuen, who has a wealth of experience in corporate management and is not associated with a substantial shareholder. The other members of the NRC are ID Hu Jian Ping and NED Loi Kai Meng.

The NRC covers dual roles in Directors' nomination cum evaluation and remuneration. The NRC's functions include considering and making recommendations to the Board concerning the appointment and re-election of Directors, and determining the independence of the Directors; evaluating Board and individual Director's performance and effectiveness; and reviewing the board composition of the CWT Group and salary and variable bonus for Senior Management.

The NRC recommends all appointments and re-appointments of Directors to the Board and Board Committees. It takes into consideration whether Directors who serve on many boards are able to commit the necessary time to discharge their responsibilities. The Board has determined that each Director can hold up to a maximum number of 6 listed company board representations in a year. The NRC also conducts an annual review of Director's independence. Based on the Code's criteria for independence, the NRC has ascertained that all NEDs are independent.

Article 92 of the Articles requires one-third of the Board to retire by rotation at every AGM. In other words, no directors stay in office for more than 3 years without being re-elected by shareholders. New Directors are at present appointed by way of a board resolution, after the NRC approves their appointments. Such new Directors must submit themselves for re-election at the next AGM of the Company.

The NRC noted that Liao Chung Lik and Loi Pok Yen would be due for retirement as Directors and stand for re-election in the next AGM. The NRC has approved to put the re-election of Liao Chung Lik and Loi Pok Yen to the shareholders for approval at the next AGM.

Pursuant to Section 153 of the Companies Act (Cap. 50), Loi Kai Meng being above the age of 70 will also be subject to appointment at the next AGM by an ordinary resolution.

A record of the Directors' appointment and re-appointment dates is set out on page 34.

With regard to the selection of new Directors, the NRC seeks to identify the desirable competencies for a particular appointment to enhance the existing board composition. The NRC may engage recruitment consultants to undertake the research on or assess candidates for new positions on the Board, or to engage such other independent experts as the Committee considers necessary to carry out its duties and responsibilities. The NRC meets with the short-listed Board candidates to assess their suitability and availability, and then makes recommendations to the Board for its consideration and approval.

Board Performance (Principle 5)

The Board and the NRC will evaluate together the Board's performance as a whole. The assessment process adopts objective performance criteria such as comparison of the Company's performance with its industry peers. The Board's performance targets include a measure aligned with shareholders' interests, such as Total Shareholder Returns (TSR) and a comparison of CWT's TSR against industry peers. The performance criteria also consider the Company's share price performance over a three-year period vis-a-vis the Singapore Straits Times Index and a benchmark index of its industry peers.

CORPORATE GOVERNANCE

The NRC, in considering the re-appointment of any director, will evaluate the performance of the Director. The assessment of each Director's performance is undertaken by the Board Chairman and the NRC Chairman. The criteria for assessment include, but not limited to, attendance record at meetings of the Board and Board Committees, intensity of participation at meetings and the quality of contributions. Other performance criteria include Return on Total Assets and Return on Equity.

Access to Information (Principle 6)

Directors are provided with relevant information containing facts, analysis and recommendations in advance prior to each Board and Board Committee meeting to enable them to be properly informed of matters to be discussed and/or approved. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during Board and Board Committee meetings.

The Board also receives regular reports pertaining to the operational and financial performance of the Group. In addition, all analyst reports on the Company are forwarded to the Board as and when received to keep the Directors abreast of analysts' views on the Company's performance.

Directors have separate and independent access to the Senior Management and Company Secretary at all times. The Company Secretary attends all Board meetings and advises the Board on all governance matters; ensures that legal and regulatory requirements as well as board policies and procedures are complied with; and facilitates and organises directors' induction and training. The Board is involved in the appointment and removal of the Company Secretary.

Procedures are in place for Directors and Board Committees, where necessary, to seek independent professional advice, paid for by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle 7)

The NRC has recommended, in consultation with the Board Chairman, to the Board a framework of Director's fees for the Company's NEDs and has reviewed the compensation package for key executives, which is performance-based. The Committee reviewed regularly to seek enhancement to the compensation structure with the view to incentivise performance. Where necessary, the NRC shall seek expert advice inside and/or outside the Company on remuneration of all Directors. No NRC member or Director is involved in deliberations in respect of any remuneration, compensation or any form of benefits to be granted to him.

Presently, other than fixed term contract with certain key management member(s) approved by the Board before appointment, there is no provision in the current employment contracts with the Executive Director or key management personnel for compensation or parachute payment upon termination of their contract. Any such contractual commitment would need the prior approval of the NRC before execution.

Level and Mix of Remuneration (Principle 8)

The NRC has given due consideration to the Code's principles and guidance notes on the level and mix of remuneration so as to ensure that the level of remuneration is appropriate to attract, retain and motivate Directors needed to run the Company successfully.

CORPORATE GOVERNANCE

It has also taken into account factors such as efforts and time spent, and the responsibilities of NEDs. The NRC has ensured that that the proportion of the remuneration especially that of key executives is linked to corporate and individual's performance, and that the performance-related elements of remuneration should form a significant portion of the total remuneration package of the Executive Director, whose remuneration package was designed to align his interests with those of shareholders.

Presently, there is no long-term incentive scheme for employees in place.

The Company shall review the pay and employment conditions within the industry and those from peer companies to ensure that the Directors and Senior Management are adequately remunerated.

Additionally, the NRC has come to a consensus that it is not feasible to enforce contractual provision on reclaim of incentive components of remuneration from the Executive Director or key management personnel. Such provision is presently absent from the relevant employment contracts.

Disclosure on Remuneration (Principle 9)

Every Director on the Board during Financial Year 2011 (FY2011) received a basic fee. In addition, he would have received the Chairman's allowance if he were the Board Chairman, as well as the relevant allowance (depending on whether he is the Chairman or Member of the relevant Board Committee) for each position he has held on a Board Committee, subject to an overall cap on the total fees and allowances to be received by him. If he occupied a position for part of FY2011, the fee or allowance payable will be prorated accordingly.

Based on the existing approved director fee structure, the Directors' fees for FY2011 have been computed and summarised as follow:

DIRECTOR	FY2011 FEES
Loi Kai Meng	S$220,000
Jimmy Yim Wing Kuen	S$175,000
Liao Chung Lik	S$95,000
Tan Wee Liang	S$75,000
Hu Jian Ping	S$60,000
Total Fees for FY2011	**S$625,000**

All NEDs received 100% fixed fees for their services in FY2011 in accordance with the approved fee structure. The fees payable to each of the NEDs fall within the S$250,000 band.

Total fees payable for FY2011 of S$625,000 is S$30,000 lower than FY2010's fees of S$655,000 which reflects fewer board meetings held in FY2011 compared to FY2010.

The NRC has recommended and the Board has endorsed the proposed Directors' Fees and it will be tabled for shareholders' approval at the AGM in April 2012.

CORPORATE GOVERNANCE

With regard to the remuneration of key management personnel, there are both fixed and variable components, with the latter being tied to organisational and business units' performance. The overall average fixed and variable components paid to key management personnel, including the Executive Director, in FY2011 were respectively 51% and 49%. A summary on the remuneration range corresponding to the number of key executives is provided below:

Annual Remuneration	Number of Executives
More than S$3,750,000	1
S$1,000,000 to S$1,250,000	2
S$500,001 to S$750,000	4
S$250,001 to S$500,000	5

The Group CEO is the son of the Chairman. His remuneration package falls in the highest band above and 78% of his package is variable.

Presently, the Company does not have any employee share scheme.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

The Board, through its announcements of quarterly and full-year results, aims to provide shareholders with a balanced and understandable assessment of the Company's performance and prospects. Results for the first three quarters are released to shareholders within 45 days of the end of the quarter. Annual results are released within 60 days of the financial year end.

Management provides the EXCO with a monthly financial and operational report within 20 days from the end of the relevant reporting period. Monthly meetings are conducted involving Senior Management and the business unit heads. In addition, Management also provides Directors with a quarterly financial management report, which includes the quarterly management accounts, other financial statements and an analysis of those accounts and an update of business and development projects. The report is submitted within 45 days of the quarter end.

The Company has clear policies and guidelines for dealings in securities by Directors and employees, as recommended by the SGX-ST's Best Practices Guide. Directors and employees are cautioned to observe the insider trading laws at all times.

Risk Management and Internal Controls (Principle 11)

The Group carries out periodic assessments of risks and controls to ensure the adequacy of financial and operational controls and compliance with those policies, procedures and controls.

The Audit Controller, who reports directly to the Audit Committee, conducts regular audit of internal control systems of the group companies and recommends necessary improvements and enhancements.

The Company's auditors, KPMG, also carry out a review of the internal controls to the extent that these are relevant to the preparation of true and fair financial statements. The Audit Committee also reviews the audit plans and findings of the external auditors including performance improvement observations noted by the auditors in connection with their audit.

In addition, the Audit Committee reviews the actions taken by Management to address findings by both the internal and external auditors.

Based on the above, the Board of Directors is satisfied that there are adequate internal controls in the Group. The AC expects the risk assessment process to be a continuing process.

CORPORATE GOVERNANCE

Audit Committee (Principle 12)

The AC comprises three NEDs, the majority of whom, including the AC Chairman, is independent. As stated under Board Membership on page 36, the members of the AC are Jimmy Yim Wing Kuen (AC Chairman), Tan Wee Liang and Liao Chung Lik. The members of the AC, collectively, have the expertise in financial management and are qualified to discharge the AC's responsibilities.

The AC has full access to and cooperation by the Company's Management and auditors, and has full discretion to invite any Director or executive officer to attend its meetings. The auditors have unrestricted access to the AC. The AC has reasonable resources to enable it to discharge its functions properly.

The AC holds at least four meetings a year and performs the following functions:

a) reviews the quarterly financial results before submission to the Board and announcement to the shareholders;

b) reviews the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board and the auditors' report on those financial statements;

c) reviews the scope and results of the external and internal audits, and to evaluate, with the assistance of internal and external auditors, the adequacy of the systems of internal and accounting controls, risk management and compliance;

d) reviews the audit plans of the Company's auditors and their evaluation of the systems of internal accounting controls arising from their audit examination;

e) reviews that the system of internal controls maintained by the Company is sufficient to provide reasonable assurances that assets are safeguarded against loss from unauthorised use, transactions are properly authorised and proper accounting records are maintained;

f) reviews the independence of the auditors;

g) reviews interested person transactions; and

h) recommends the nomination of auditors, approves the compensation of the auditors, and reviews the scope and results of the audit and its cost-effectiveness.

The AC may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal reviews and external audits and its exposure to risks of a regulatory or legal nature. It keeps under review the effectiveness of the Company's system of accounting and financial controls, for which the Directors are responsible. It also keeps under review the Company's programme to monitor compliance with its legal, regulatory and contractual obligations.

The AC has the explicit authority to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings are regularly submitted to the Board for its information and review.

The AC reviews with the Chief Financial Officer and auditors all audit matters including:

a) Auditors' report to management on significant audit findings and recommendations for improvements in control systems;

CORPORATE GOVERNANCE

b) The company's quarterly and audited annual financial statements and related footnotes, and the integrity of financial reporting of the Company and accounting principles, for recommendation to the Board for approval; and

c) The auditor's audit of the annual financial statements and reports.

Where necessary, the AC meets with internal and external auditors – without the presence of Management – to review any matters that might be raised privately.

The AC has received the requisite information from the external auditors evidencing the latter's independence. It has also reviewed the volume and nature of non-audit services provided by the external auditors during the current financial year. Based on this information, the AC is satisfied that the financial, professional and business relationships between the Company and the external auditors will not prejudice the independence and objectivity of the external auditors.

The AC reviewed the performance of the existing auditors and decided to nominate for re-appointment, KPMG, as the Company's auditors for the financial year 2012.

CWT has an open culture where there is no restriction for staff of the Company to access the AC, Board Chairman, Group CEO, members of the EXCO, the Audit Controller, the Chief Financial Officer and the Manager of Human Resources to raise concerns about improprieties. Contact details of these persons are accessible to all staff.

In the review of the financial statements for the year ended 31 December 2011, the AC discussed with Management and the external auditors the accounting principles that were applied and their judgement of items that might affect the financial statements. Based on the review and discussions, the AC is of the view that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects.

Internal Audit (Principle 13)

CWT has put in place an internal audit function that is independent of the activities it audits. The Audit Controller is an independent qualified resource reporting directly to the AC on all audit matters, and to the Chief Financial Officer on administrative matters.

The Audit Controller meets the standards set out by recognised professional bodies and operates within the framework stated in its Internal Audit Charter, which is approved by the AC. Its mission is to provide independent review, objective assessment of CWT's internal control framework/systems to add value and improve CWT's operations. It helps CWT achieve its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, controls and governance processes.

The Audit Controller plans its internal audit schedules annually in consultation with, but independent of, Management and its plan is submitted to and approved by the AC. The audit plans are aligned to the business objectives of the Company and the scope of the audit is driven primarily from a risk-based audit approach, with audit resources being focused on higher risk assignments.

The Audit Controller's reports are distributed to the AC, Management and the external auditors as and when issued. These reports are discussed with Senior Management periodically, and with the AC quarterly.

In addition, the Audit Controller also works with the external auditors to discuss the audit scope and findings as well as to coordinate their specific audit efforts to achieve maximum synergies. Supervisory reports issued by the external auditors and the Audit Controller are actively followed up for implementation by Management based on the agreed timelines.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders' Rights (Principle 14)

CWT fully supports and encourages shareholder participation at AGMs. All shareholders of the Company receive the annual report and notice of AGM in advance of the AGMs. The notice is also advertised in newspapers and made available on the Company's website.

CWT ensures that shareholders have the opportunity to participate effectively in and vote at AGMs. Shareholders are informed of the rules that govern general meetings of shareholders.

While CWT does not have a specific limit in the Articles on the number of proxy votes for nominee companies, there is a limit for the number of proxies. This is because CWT does not want to create separate classes of rights in shareholders. Also, under current law, on a show of hands, only one vote is counted.

Communication with Shareholders (Principle 15)

CWT is committed to maintaining high standards of disclosure and corporate transparency. The Company strives to convey to shareholders pertinent information in a clear, forthcoming, detailed, timely manner and on a regular basis, and take into consideration their views and inputs, and address shareholders' concerns.

The Company also monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis.

All financial results are made available to the public and all shareholders by publishing it through the SGXNET, and the Company's website www.cwtlimited.com. All information on the Company's new initiatives is first disseminated via SGXNET followed by a news release, which is also available on the website.

The investor relations section of the Company's website contains extensive investor-related information on CWT which serves as a one-stop resource platform for shareholders and investors to gain access to company, financial and stock data, assisting them in their investment decisions.

The Company does not practise selective disclosure. Results and annual reports are announced or issued within the mandatory period and are available on the Company's website.

Conduct of Shareholder Meetings (Principle 16)

At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Company. The Articles also allow a shareholder of the Company to appoint one proxy to attend and vote in place of the shareholder.

The Articles presently do not provide for shareholders to vote at AGMs in absentia such as by mail, email or fax to ensure proper authentication of the identity of shareholders and their voting intent. The Company will consider implementing the relevant amendment to the Articles if the Board is of the view that there is a demand for the same, and after the Company has evaluated and put in place the necessary security and other measures to facilitate absentia voting and protect against errors, fraud and other irregularities.

CORPORATE GOVERNANCE

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

Chairpersons of the AC and NRC as well as the external auditors will be present and available to address questions at AGMs. Additionally, all minutes of AGMs, and a summary of the questions and answers raised at AGMs are publicly available to shareholders upon request.

SUPPLEMENTARY INFORMATION

Share Dealing and Interested Person Transaction Policy

Relevant Management employees of the Group have been advised of the guideline on Share Dealings, the implications of insider trading and the recommendations of the Best Practices Guide issued by the Singapore Exchange Limited.

The Company has put in place an internal policy in respect of any interested person transactions of the Company (IPT Policy). All division heads are required to familiarise themselves with the IPT policy, and highlight any such transactions to the Company's Corporate Services Division, where a register of the Company's interested person transactions is maintained. The IPT policy also sets out the levels and procedures to obtain approval for applicable transaction.

The transactions conducted for the year ended 31 December 2011 were as follow:

Purchases	Aggregate Value S$'000
C&P Capital Pte Ltd	858
C&P Transport Pte Ltd	582

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

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 2011.

DIRECTORS

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

Loi Kai Meng (Chairman)
Liao Chung Lik
Loi Pok Yen
Jimmy Yim Wing Kuen
Tan Wee Liang
Hu Jian Ping

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings registered in the name of director or nominee			Holdings in which director is deemed to have an interest		
	At 1/1/2011	At 31/12/2011	At 21/1/2012	At 1/1/2011	At 31/12/2011	At 21/1/2012
CWT Limited						
Ordinary shares						
Loi Kai Meng	64,800,000	67,000,000	67,000,000	223,180,000	223,630,000	223,630,000
Liao Chung Lik	16,301,000	16,301,000	16,301,000	19,581,000	19,581,000	19,581,000
Loi Pok Yen	13,800,000	14,100,000	14,100,000	16,100,000	16,100,000	16,100,000
Jimmy Yim Wing Kuen	1,089,000	1,089,000	1,089,000	–	–	–
C & P Holdings Pte Ltd						
Ordinary shares						
Loi Kai Meng	–	–	–	2,790,551	2,790,551	2,790,551
Liao Chung Lik	–	–	–	3,331,735	3,331,735	3,331,735

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

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

During the financial year, the Company paid professional fees amounting to $124,903 to a firm in which a director of the Company, Jimmy Yim Wing Kuen, is a member. However, the director has neither received nor become entitled to receive benefits arising out of these transactions other than those which he is ordinarily entitled to as a member of the professional firm.

Except for the above and salaries, bonuses and fees and those benefits disclosed in Note 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.

SHARE OPTIONS

During the financial year, there were:

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

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

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

AUDIT COMMITTEE

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

Jimmy Yim Wing Kuen (Chairman)
Liao Chung Lik
Tan Wee Liang

The Audit Committee performs the functions specified by section 201B of the Companies Act, the SGX Listing Manual, the Code of Corporate Governance and the Best Practices Guide of the Singapore Exchange.

The Audit Committee has held 4 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

YEAR ENDED 31 DECEMBER 2011

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 of 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.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

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

On behalf of the Board of Directors

Loi Kai Meng
Director

Jimmy Yim Wing Kuen
Director

30 March 2012

STATEMENT BY DIRECTORS

YEAR ENDED 31 DECEMBER 2011

In our opinion:

(a) the financial statements set out on pages 49 to 131 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 2011 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

Loi Kai Meng
Director

Jimmy Yim Wing Kuen
Director

30 March 2012

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
CWT LIMITED AND ITS SUBSIDIARIES

Report on the financial statements

We have audited the accompanying financial statements of CWT Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2011, 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 49 to 131.

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.

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 properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 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
30 March 2012

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

		Group		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current assets					
Property, plant and equipment	4	308,226	217,446	42,723	43,288
Intangible assets	5	139,555	49,947	331	273
Subsidiaries	6	–	–	310,890	188,817
Associates	7	23,616	23,863	200	200
Jointly-controlled entities	8	25,200	12,076	5,356	5,343
Financial assets	9	83,575	91,902	80,686	91,857
Non-current receivables	10	8,470	5,013	1,630	–
Deferred tax assets	12	5,364	1,838	–	–
Other non-current assets	13	4,681	93	3	3
		598,687	402,178	441,819	329,781
Current assets					
Inventories	14	170,334	2,566	1,781	388
Trade and other receivables	16	536,349	146,093	122,155	93,614
Derivative financial instruments	27	83,563	–	–	–
Tax recoverable		591	445	86	86
Cash and cash equivalents	21	211,982	202,865	6,453	73,946
		1,002,819	351,969	130,475	168,034
Non-current assets held-for-sale	23	2,345	–	–	–
		1,005,164	351,969	130,475	168,034
Total assets		1,603,851	754,147	572,294	497,815
Equity attributable to owners of the Company					
Share capital	24	174,338	161,965	174,338	161,965
Reserves	25	301,832	266,324	129,109	128,329
		476,170	428,289	303,447	290,294
Non-controlling interests		33,030	20,698	–	–
Total equity		509,200	448,987	303,447	290,294
Non-current liabilities					
Other payables	30	81,459	–	–	–
Financial liabilities	26	81,274	2,666	54,101	–
Derivative financial instruments	27	2,418	–	–	–
Employee benefits	28	11,802	–	–	–
Deferred tax liabilities	12	30,799	8,847	–	302
Deferred gains	31	70,828	97,672	64,442	89,883
		278,580	109,185	118,543	90,185
Current liabilities					
Trade and other payables	30	443,196	138,480	118,345	86,621
Financial liabilities	26	310,887	15,804	1,279	–
Derivative financial instruments	27	17,071	–	–	–
Employee benefits	28	2,319	–	–	–
Current tax payable		8,210	7,262	416	416
Deferred gains	31	32,832	32,557	29,954	29,954
Provisions	32	1,556	1,872	310	345
		816,071	195,975	150,304	117,336
Total liabilities		1,094,651	305,160	268,847	207,521
Total equity and liabilities		1,603,851	754,147	572,294	497,815

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Revenue	34	2,579,696	747,181
Cost of sales		(2,421,804)	(647,972)
Gross profit		157,892	99,209
Other income		12,096	151,919
Administrative expenses		(105,251)	(66,651)
Other operating expenses		(9,583)	(2,145)
Profit from operations		55,154	182,332
Finance income		17,893	7,371
Finance expenses		(16,187)	(5,107)
Net finance income	37	1,706	2,264
Share of profit of associates and jointly-controlled entities, net of tax		8,222	4,783
Profit before income tax	35	65,082	189,379
Income tax expense	38	(5,609)	(6,966)
Profit for the year		59,473	182,413
Attributable to:			
Owners of the Company		57,145	178,967
Non-controlling interests		2,328	3,446
Profit for the year		59,473	182,413
Earnings per share (cents)			
Basic	39	9.60	30.39
Diluted	39	9.60	30.39

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2011

	2011 $'000	2010 $'000
Profit for the year	59,473	182,413
Other comprehensive income		
Foreign currency translation differences relating to foreign operations	1,923	(20,755)
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiaries	(1,195)	33
Net change in fair value of available-for-sale financial assets	(4,230)	9,689
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposal	(2,194)	(1,607)
Effective portion of changes in fair value of cash flow hedges	(2,651)	–
Share of other comprehensive income of associates and jointly-controlled entities	767	2,695
Other comprehensive loss for the year, net of income tax	(7,580)	(9,945)
Total comprehensive income for the year	51,893	172,468
Total comprehensive income attributable to:		
Owners of the Company	50,480	170,985
Non-controlling interests	1,413	1,483
Total comprehensive income for the year	51,893	172,468

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Statutory reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
2010									
At 1 January 2010	149,390	6,799	(5,781)	(542)	532	141,555	291,953	17,551	309,504
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	178,967	178,967	3,446	182,413
Other comprehensive income									
Exchange differences arising from translation of foreign operations	–	19	(18,801)	–	–	–	(18,782)	(1,973)	(20,755)
Exchange difference reclassified to profit or loss on disposal of a subsidiary	–	–	33	–	–	–	33	–	33
Fair value changes on available-for-sale financial assets	–	9,679	–	–	–	–	9,679	10	9,689
Fair value changes on available-for-sale financial assets reclassified to profit or loss arising on disposal	–	(1,607)	–	–	–	–	(1,607)	–	(1,607)
Share of other comprehensive income/(loss) of associates and jointly-controlled entities	–	–	2,697	(2)	–	–	2,695	–	2,695
Total other comprehensive income	–	8,091	(16,071)	(2)	–	–	(7,982)	(1,963)	(9,945)
Total comprehensive income for the year	–	8,091	(16,071)	(2)	–	178,967	170,985	1,483	172,468

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

	Note	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Statutory reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of new shares	24	12,575	–	–	–	–	–	12,575	–	12,575
Final one-tier dividend paid of 2 cents per share in respect of 2009		–	–	–	–	–	(47,224)	(47,224)	–	(47,224)
Dividend paid to non-controlling interest		–	–	–	–	–	–	–	(1,071)	(1,071)
Total contributions by and distributions to owners		12,575	–	–	–	–	(47,224)	(34,649)	(1,071)	(35,720)
Transfer of reserves										
Transfer to statutory reserve in compliance with foreign entities' statutory requirements		–	–	–	–	25	(25)	–	–	–
Changes in ownership interests in subsidiaries that do not result in loss of control										
Changes in non-controlling interests		–	–	–	–	–	–	–	2,735	2,735
Total transactions with owners		12,575	–	–	–	25	(47,249)	(34,649)	1,664	(32,985)
At 31 December 2010		161,965	14,890	(21,852)	(544)	557	273,273	428,289	20,698	448,987

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
2011										
At 1 January 2011	161,965	14,890	(21,852)	(544)	–	557	273,273	428,289	20,698	448,987
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	57,145	57,145	2,328	59,473
Other comprehensive income										
Exchange differences arising from translation of foreign operations	–	–	1,990	–	–	–	–	1,990	(67)	1,923
Exchange difference reclassified to profit or loss on disposal of a subsidiary	–	–	(1,195)	–	–	–	–	(1,195)	–	(1,195)
Fair value changes on available-for-sale financial assets	–	(4,177)	–	–	–	–	–	(4,177)	(53)	(4,230)
Fair value changes on available-for-sale financial assets reclassified to profit or loss arising on disposal	–	(2,194)	–	–	–	–	–	(2,194)	–	(2,194)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(1,856)	–	–	–	(1,856)	(795)	(2,651)
Share of other comprehensive (loss)/income of associates and jointly-controlled entities	–	(10)	777	–	–	–	–	767	–	767
Total other comprehensive income	–	(6,381)	1,572	(1,856)	–	–	–	(6,665)	(915)	(7,580)
Total comprehensive income for the year	–	(6,381)	1,572	(1,856)	–	–	57,145	50,480	1,413	51,893

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2011

	Note	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging reserve $'000	Capital reserve $'000	Statutory reserve $'000	Retained profits $'000	Total attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total equity $'000
Transactions with owners, recognised directly in equity											
Contributions by and distributions to owners											
Issue of new shares	24	12,373	–	–	–	–	–	–	12,373	–	12,373
Dividend paid to equity holders		–	–	–	–	–	–	(14,758)	(14,758)	–	(14,758)
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	–	(1,242)	(1,242)
Total contributions by and distributions to owners		12,373	–	–	–	–	–	(14,758)	(2,385)	(1,242)	(3,627)
Transfer of reserves											
Transfer to statutory reserve in compliance with foreign entities' statutory requirements		–	–	–	–	–	47	(47)	–	–	–
Changes in ownership interests in subsidiaries											
Group restructuring		–	–	–	544	(887)	–	835	492	7,635	8,127
Changes in ownership interest in subsidiaries that do not result in loss of control											
Changes in non-controlling interests		–	–	–	–	(477)	–	(229)	(706)	4,526	3,820
Total changes in ownership interest in subsidiaries		–	–	–	544	(1,364)	–	606	(214)	12,161	11,947
Total transactions with owners		12,373	–	–	544	(1,364)	47	(14,199)	(2,599)	10,919	8,320
At 31 December 2011		174,338	8,509	(20,280)	(1,856)	(1,364)	604	316,219	476,170	33,030	509,200

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Profit before income tax	65,082	189,379
Adjustments for:		
Interest expense	13,484	2,185
Interest income	(8,185)	(1,065)
Dividend income from available-for-sale financial assets	(7,585)	(4,656)
Depreciation of property, plant and equipment	21,854	16,559
Net (gain)/loss on disposal or liquidation of:		
- Available-for-sale financial assets	(2,123)	(1,607)
- Property, plant and equipment and intangible assets	(2,672)	225
- Subsidiaries, jointly-controlled entity and associates	(4,718)	(444)
- Non-current assets held-for-sale	–	(147,581)
Share of profit of associates and jointly-controlled entities	(8,222)	(4,783)
Amortisation of:		
- Intangible assets	5,308	1,599
- Deferred gain	(32,871)	(26,966)
Fair value gain on a derivative instrument	–	(43)
Allowance/(reversal) of impairment losses on:		
- Intangible assets	127	–
- Trade and other receivables	729	350
- Property, plant and equipment	378	(41)
Provision	(334)	38
Operating profit before working capital changes	40,252	23,149
Changes in working capital:		
Inventories	179,363	202
Trade and other receivables	(46,531)	(30,659)
Trade and other payables	33,393	14,268
Customer segregated funds	(41,469)	–
Cash generated from operations	165,008	6,960
Income taxes paid	(5,685)	(5,552)
Net cash from operating activities	159,323	1,408

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2011

	Note	2011 $'000	2010 $'000
Cash flows from investing activities			
Interest received		8,249	1,084
Dividends received from:			
- Associates and jointly-controlled entities		3,505	1,452
- Available-for-sale financial assets		7,585	4,656
Purchases of:			
- Property, plant and equipment		(68,424)	(57,936)
- Intangible assets		(742)	(250)
- Available-for-sale financial assets		(6,132)	(68,732)
- Exchange membership		(4,429)	–
Contingent consideration paid		–	(2,747)
Proceeds from disposal of:			
- Property, plant and equipment		9,642	1,039
- Available-for-sale financial assets		10,158	4,013
- Non-current assets held-for-sale		–	426,103
- Subsidiaries, net of cash disposed of	41	12,971	(3,760)
Acquisitions of interest in:			
- Subsidiaries, net of cash acquired	40	(418,491)	(3,012)
- Associates		(1,155)	(2,804)
- Jointly-controlled entities		(10,549)	(400)
- Non-controlling interests		(428)	–
Net cash (used in)/from investing activities		(458,240)	298,706
Cash flows from financing activities			
Interest paid		(13,484)	(2,185)
Dividends paid:			
- Equity holders of the Company		(14,758)	(47,224)
- Non-controlling interests		(1,242)	(1,071)
Proceeds from issuance of new shares		–	12,575
Capital contributions from non-controlling interests		4,142	2,118
Loan to an associate		(420)	(4,200)
Repayment of finance lease obligations		(860)	(981)
Repayment of loan from non-controlling interest		(116)	–
Proceeds from bank borrowings		143,847	12,983
Repayment of bank borrowings		(74,676)	(159,976)
Quasi equity loan to jointly-controlled entities		(1,296)	–
Loan from non-controlling interest		3,677	–
Changes in pledged fixed deposits		(288)	3,342
Net cash from/(used in) financing activities		44,526	(184,619)
Net (decrease)/increase in cash and cash equivalents		(254,391)	115,495
Cash and cash equivalents at beginning of the year		197,337	83,549
Effect of exchange rate fluctuations on balances held in foreign currencies		1,927	(1,707)
Cash and cash equivalents at end of the year	21	(55,127)	197,337

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 March 2012.

1 DOMICILE AND ACTIVITIES

CWT Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039.

The principal activities of the Group and Company are those relating to the provision of warehousing and logistics services, transportation services, import and export cargo consolidation and freight forwarding services, engineering services, collateral management services, commodities marketing and supply chain management, container depot operations, building and construction services and investment holding.

The consolidated financial statements relate to the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and jointly-controlled entities.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

In the application of the Group's accounting policies, which are described in note 3, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

The key assumptions concerning the future, and other key sources at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are described in the following notes:

- Note 4 – Impairment assessment, provision for restoration costs and depreciation of property, plant and equipment
- Note 5 – Measurement of recoverable amounts for goodwill impairment test
- Note 6 – Impairment allowances on investments in subsidiaries
- Note 12 – Measurement of deferred tax assets
- Note 15 – Measurement of allowance for foreseeable losses
- Note 16 – Measurement of allowance for trade receivables
- Note 32 – Measurement of provisions
- Note 38 – Assessment of income tax provision
- Note 40 – Valuation of assets, liabilities and contingent liabilities acquired in business combinations
- Note 42 – Valuation of financial instruments

2.5 Changes in Accounting Policies

Overview

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2011. The adoption of these new and revised FRSs and INT FRSs does not result in substantial changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

Measurement of non-controlling interests in business combinations

From 1 January 2011, the Group applied the amendments to FRS 103 *Business Combinations* resulting from the *Improvements to FRSs 2010* in measuring at the acquisition date, non-controlling interests that are not present ownership interests and do not entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Such non-controlling interests are now measured at fair value (see note 3.1).

Previously, the Group has elected on a transaction-by-transaction basis whether to measure non-controlling interests that are not present ownership interests and do not entitle holders to proportionate share of the acquiree's net assets on liquidation at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date.

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

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in Accounting Policies (cont'd)

Overview (cont'd)

Identification of related party relationships and related party disclosures

From 1 January 2011, the Group applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

FRS 24 (2010) requires disclosure of transactions in all direct relationships involving control, joint control or significant influence and excludes the need to disclose transactions between two entities in which a person has significant influence over one entity, and a close family member of that person has significant influence over the other entity. Transactions and outstanding balances, including commitments, with these related parties for the current and comparative years have been disclosed accordingly in note 44 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) 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 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

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 remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

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.

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.

Investments in associates and jointly-controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control 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.

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore the carrying amount of assets and liabilities are not changed 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. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associates and jointly-controlled entities by the Company

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

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. The functional currencies of the Group entities are mainly the Singapore dollar, United States dollar, Euro and the Chinese Yuan. Monetary assets and liabilities denominated in foreign currencies at the end of the 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 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 costs 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 monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments 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 (currency translation reserve) in equity. However, if the foreign 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, significant influence or joint control is lost, the cumulative amount in the currency 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 or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Net investments in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in the respective profit or loss of the Group entities. Such exchange differences are reclassified to other comprehensive income in the consolidated financial statements and are presented within equity in the currency translation reserve.

3.3 Property, plant and equipment

Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets 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.

Where 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 or 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 income/other expenses in profit or loss.

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.

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 (or lease term, if shorter) of each part of an item of property, plant and equipment. Freehold land and assets-under-construction are not depreciated.

The estimated useful lives are as follows:

Leasehold land and buildings	5 to 58 years
Leasehold improvements	15 years
Plant, machinery and equipment	5 to 10 years
Motor vehicles and trailers	5 to 10 years
Furniture, fittings, computers and office equipment	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Assets-under-construction are stated at cost. Expenditure directly attributable to assets-under-construction is capitalised when incurred. Depreciation will commence when the asset is ready for use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

When entities within the Group are lessors of a finance lease

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant rate of return on the Group's net investment outstanding in respect of the leases.

When entities within the Group are lessees of a finance lease

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

Assets subject to operating leases are included in leasehold buildings and are stated at cost less accumulated depreciation and impairment losses. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the 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.

Sale and leaseback transactions

In a sale and leaseback of an asset, the excess of the sale proceeds over the carrying amount of the asset is recognised immediately in income except where the transaction results in a finance lease or where the sale price is above the fair value of asset leased back in an operating lease. Where the sale and leaseback results in a finance lease, the excess of the sale proceeds over the carrying amount of the asset is deferred and amortised over the term of the finance lease. Where the sale proceeds is in excess of the fair value of an asset sold and leased back in an operating lease, the excess of the sale proceeds over the fair value of the asset is deferred and amortised over the period for which the asset is expected to be used.

If the sale results in a loss, the loss is recognised immediately except where the sale price is below fair value which is compensated by future lease payments at below market price; in which case, the difference is deferred and amortised over the period the asset is expected to be used.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets

Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

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.

Other intangible assets

Other intangible assets are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

- ***Computer software***
  Computer software which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is stated at cost less accumulated amortisation and impairment losses.

  Computer software is amortised to profit or loss using the straight-line method over its estimated useful life of 3 to 5 years.

- ***Customer contracts***
  Customer contracts relate to the estimated value of contracts acquired in a business combination; and have finite lives and are measured at cost less accumulated amortisation and impairment losses.

  Customer contracts are amortised to profit or loss using the straight-line method over the customers' contract periods of 1 to 10 years.

- ***London Metal Exchange ("LME") licence***

  The licence relates to the estimated licence value acquired in a business combination; and has finite life and is measured at cost less accumulated amortisation and impairment losses.

  LME licence is amortised to profit or loss using the straight-line method over its estimated useful life of 30 years.

- ***Port Concession Rights ("PCR")***

  PCR relates to the estimated value of PCR arising from a foreign warehouse located and operated within a port concession area that was acquired in a business combination; and has finite life and is measured at cost less accumulated amortisation and impairment losses.

  PCR is amortised to profit or loss using the straight-line method over its estimated useful life of 36 years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

Other intangible assets (cont'd)

- ***Business Relationships ("BRS")***

  BRS were acquired in a business combination by the Group and have finite useful lives. It is measured at cost less accumulated amortisation and impairment losses.

  BRS is amortised to profit or loss using the straight-line basis over its estimated useful life of 10 years.

- ***Brand ("BD")***

  BD was acquired in a business combination by the Group and has finite useful life. It is measured at cost less accumulated amortisation and impairment losses.

  BD is amortised to profit and loss on a straight-line basis over its estimated useful life of 5 years.

The amortisation period and amortisation method of intangible assets are reviewed at each reporting date.

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Allowance is made where necessary for obsolete, slow moving and defective inventories.

(i) *Commodity inventories*

Cost is determined on a first-in, first-out (FIFO) basis and includes the full costs of materials, freight and insurance and all other costs incurred in bringing the inventories to their present conditions and location.

(ii) *Inventories of other businesses*

Cost is calculated using the weighted average cost formula or and on a first-in, first-out (FIFO) basis as appropriate and includes all costs of purchase, costs of conversion, freight and insurance and other costs incurred in bringing the inventories to their present location and condition.

3.7 Contract work-in-progress

Contract work-in-progress comprises uncompleted service contracts.

Contract work-in-progress at the reporting date is recorded in the statement of financial position at cost plus attributable profit less recognised losses, net of progress billings and allowances for foreseeable losses, and is presented in the statement of financial position as contract work-in-progress (as an asset) or as excess of progress billings over contract work-in-progress (as a liability), as applicable. Cost includes all expenditure related directly to specific contracts and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Allowance is made where applicable for any foreseeable losses on uncompleted contracts as soon as the possibility of the loss is ascertained.

Progress claims not yet paid by the customer are included in the statement of financial position under progress billings receivable.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Non-current assets held-for-sale

Non-current assets 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 are remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

3.9 Financial instruments

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair values at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or liabilities.

Derivative financial instruments relate to the commodity trading activities and consist of instruments such as commodity futures, commodity options, commodity fixed price forward contracts and other forward contracts with determinable pricing. All purchases and sales of derivative financial instruments are recognised on the trade date, which is the date that the Group commits to sell or purchase the asset. All realised and unrealised gains and losses arising from changes in the fair value of derivative financial instruments are included in profit or loss in the period in which they arise.

The fair value of publicly traded derivatives is based on quoted market prices at the balance sheet date. The fair value of commodity fixed price forward contracts is calculated as the present value of the estimated future cash flows. The fair value of foreign exchange forward contracts is determined using forward foreign exchange market rates at the balance sheet date.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, as well as its risk management objectives and strategy for undertaking the hedge transactions. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of risk being hedged and how the entity assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value of or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they are designated.

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Financial instruments (cont'd)

Cash flow hedge (cont'd)

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Non-derivative financial instruments

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

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

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

Available-for-sale financial assets

The Group's investment in equity securities is classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value plus any directly attributable transaction costs, and changes therein, other than impairment losses, are recognised in the other comprehensive income and presented in fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss previously recognised in equity is transferred to profit or loss.

Loan and receivables

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

Cash and cash equivalents

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

Others

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

Other non-derivative financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

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 statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of financial assets (including receivables)

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

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

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

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's 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 receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in 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 time value are reflected as a component of interest income.

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

Share capital

Ordinary shares

Ordinary shares are classified as equity.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Impairment – non-financial assets

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

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination. The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

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

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

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.

3.12 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition

Provision of logistics services

Provided it is probable that the economic benefits will flow to the Group, and that the revenue and costs can be measured reliably, revenues from the provision of logistic services are recognised as follows:

Freight forwarding

Export revenue is recognised when the cargos are delivered to the carriers and import revenue is recognised upon the arrival of cargos.

Distribution services, repair and maintenance services and surface preparation services

Revenues from distribution services, repair and maintenance services and surface preparation services are recognised as and when the services are rendered.

Sale of goods

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the sale of certain commodities are initially recorded based on 100% of the provisional sales prices. Until final settlement occurs, adjustments to the provisional sales price are made to take into account metal price changes, based upon the month-end spot price and metal quantities upon receipt of the final assay and weight certificates, if different from the initial certificates. The Company marks to market its provisional sales based on the forward price for the estimated month of settlement. In the balance sheet such mark to market adjustments are included within 'accrued income' or 'accrued expenses'.

Financial services income

Commission and brokerage fee income

Commission and brokerage fee income are recognised as earned on the date the contracts are entered into.

Interest income

Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable.

Warehouse rental income

Warehouse rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Revenue recognition (cont'd)

Contract revenue

When the outcome of the service contract can be estimated reliably, contract revenue and costs are recognised as income and expense using the percentage of completion method, measured by reference to the contract activity. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred and revenue is recognised only to the extent of contract costs incurred that can probably be recovered.

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. The percentage of completion is measured by reference to the percentage of costs incurred to date to the estimated total contract costs. 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.

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

3.14 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the period in which the employees render their services.

Short-term employee benefits

All short-term employee benefits, including accumulated compensated absences, are recognised in profit or loss in the period in which the employees render their services.

Pension obligations

The Group operates defined benefit pension schemes. The schemes are generally funded through payments from employees and from the relevant Group companies. The assets of the plan are held in separately administered funds. The Group's defined benefit plans define an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (cont'd)

Pension obligations (cont'd)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Other employee benefits

The Group operates other long-term employee benefit schemes. Every year the Group calculates the amount to be debited/credited to the bonus pool under the schemes. Such amounts are recognised in the statement of comprehensive income. Payments to beneficiaries are dependent on certain conditions such as minimum service period and long-term profitability. Payments within 12 months to beneficiaries after the service period are reclassified from non current liabilities to current liabilities.

3.15 Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gain on disposal of available-for-sale financial assets, changes in the fair value of derivative financial instruments and net foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, loss on disposal of available-for-sale financial assets, net foreign currency losses, impairment losses recognised on financial assets and losses on derivative instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.16 Government grants

Government grants received in relation to the purchase or construction of assets are deducted against the costs of the assets acquired. These government grants are recognised in profit or loss on a straight-line basis over the useful lives of the assets by way of a reduced depreciation charge.

Jobs Credit Scheme

Cash grants received from the government in relation to the jobs credit scheme are recognised in profit or loss upon receipt.

3.17 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is 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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income tax expense (cont'd)

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

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

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of multifaceted judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share 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 year, adjusted for own shares held. Diluted earnings per share 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 effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.19 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 CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, business development costs and corporate expenses arising from group functions.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these financial statements. The Group and the Company are still in the process of assessing the impact of these new and revised standards on the results and financial position of the Group and the Company.

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land, buildings and improvements	Freehold land	Plant, machinery and equipment	Motor vehicles and trailers	Furniture, fittings, computers and office equipment	Assets-under-construction	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Cost								
At 1 January 2010		164,195	7,087	35,373	22,815	15,358	6,337	251,165
Additions		4,695	–	1,398	2,369	1,823	47,957	58,242
Acquisition through business combinations		1,593	–	–	19	30	–	1,642
Transfers		1,932	–	11,002	–	–	(12,934)	–
Disposals		(721)	–	(410)	(813)	(1,724)	–	(3,668)
Effect of movement in exchange rates		(7,467)	(616)	(994)	(317)	(432)	(82)	(9,908)
At 31 December 2010		164,227	6,471	46,369	24,073	15,055	41,278	297,473
Additions		7,204	–	9,111	6,971	3,455	44,010	70,751
Disposal of subsidiaries		(8,896)	–	(131)	–	–	–	(9,027)
Acquisition through business combinations	40	60,000	–	–	104	63	877	61,044
Transfers		82,076	–	179	–	–	(82,255)	–
Reclassification to assets held-for-sale		(3,682)	–	(150)	–	–	–	(3,832)
Disposals		(7,353)	–	(75)	(3,611)	(283)	–	(11,322)
Effect of movement in exchange rates		(2,035)	68	(29)	(69)	(160)	(9)	(2,234)
At 31 December 2011		291,541	6,539	55,274	27,468	18,130	3,901	402,853

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land, buildings and improvements	Freehold land	Plant, machinery and equipment	Motor vehicles and trailers	Furniture, fittings, computers and office equipment	Assets-under-construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Accumulated depreciation and impairment losses							
At 1 January 2010	29,137	2,350	17,361	9,751	9,022	–	67,621
Depreciation charge for the year	7,330	–	4,119	3,077	2,033	–	16,559
Reversal of impairment losses	–	(41)	–	–	–	–	(41)
Disposals	(202)	–	(496)	(615)	(1,228)	–	(2,541)
Effect of movement in exchange rates	(581)	(266)	(324)	(117)	(283)	–	(1,571)
At 31 December 2010	35,684	2,043	20,660	12,096	9,544	–	80,027
Depreciation charge for the year	11,467	–	5,206	3,000	2,181	–	21,854
Impairment loss	–	378	–	–	–	–	378
Disposals	(1,539)	–	(13)	(2,694)	(226)	–	(4,472)
Disposal of subsidiaries	(1,258)	–	(30)	–	–	–	(1,288)
Reclassification to assets held-for-sale	(1,389)	–	(98)	–	–	–	(1,487)
Effect of movement in exchange rates	(263)	75	(1)	(81)	(115)	–	(385)
At 31 December 2011	42,702	2,496	25,724	12,321	11,384	–	94,627
Carrying amount							
At 1 January 2010	135,058	4,737	18,012	13,064	6,336	6,337	183,544
At 31 December 2010	128,543	4,428	25,709	11,977	5,511	41,278	217,446
At 31 December 2011	248,839	4,043	29,550	15,147	6,746	3,901	308,226

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold buildings and improvements $'000	Plant, machinery and equipment $'000	Motor vehicles and trailers $'000	Furniture, fittings, computers and office equipment $'000	Assets-under-construction $'000	Total $'000
Cost						
At 1 January 2010	47,179	5,761	9,618	7,261	4,284	74,103
Additions	688	492	1,304	181	660	3,325
Disposals	–	(652)	(218)	–	–	(870)
Transfers	–	4,284	–	–	(4,284)	–
At 31 December 2010	47,867	9,885	10,704	7,442	660	76,558
Additions	1,552	1,786	467	364	655	4,824
Disposals	–	(2)	(1,028)	–	–	(1,030)
Transfers	319	–	–	–	(319)	–
At 31 December 2011	49,738	11,669	10,143	7,806	996	80,352
Accumulated depreciation						
At 1 January 2010	16,387	3,497	5,144	4,067	–	29,095
Depreciation charge for the year	1,920	805	1,033	638	–	4,396
Disposals	–	(3)	(218)	–	–	(221)
At 31 December 2010	18,307	4,299	5,959	4,705	–	33,270
Depreciation charge for the year	2,241	1,026	1,097	609	–	4,973
Disposals	–	(2)	(612)	–	–	(614)
At 31 December 2011	20,548	5,323	6,444	5,314	–	37,629
Carrying amount						
At 1 January 2010	30,792	2,264	4,474	3,194	4,284	45,008
At 31 December 2010	29,560	5,586	4,745	2,737	660	43,288
At 31 December 2011	29,190	6,346	3,699	2,492	996	42,723

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) During the year, the Group acquired property, plant and equipment with an aggregate cost of $70,751,000 (2010: $58,242,000), of which $2,327,000 (2010: $306,000) was acquired under finance lease arrangements. At the reporting date, the carrying amount of property, plant and equipment of the Group held under finance lease and hire purchase arrangements amounted to $3,932,000 (2010: $1,201,000).

(ii) Property, plant and equipment with a carrying amount of $78,696,000 (2010: $20,727,000) have been pledged as security for bank loans and bank overdrafts granted to the Group.

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

(a) Depreciation of property, plant and equipment

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

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

(b) Provision for restoration

In some lease agreements, the Group and Company are required to carry out site restoration work upon expiry of the leases. At 31 December 2011, the Group and Company have provisions for site restoration amounted to $534,000 (2010: S$534,000) and $284,000 (2010: $284,000), respectively. The expected site restoration costs are based on estimated costs of dismantling and removing assets and restoring the premises to their original conditions provided by external contractors.

(c) Impairment assessment

The Group has substantial investments in property, plant and equipment for its logistics and warehousing businesses. Each of these warehouse properties (including land) and the related plant and equipment forms a separate cash-generating unit ("CGU"). Management evaluates the performance of the CGUs annually and performs an impairment assessment for CGUs with impairment trigger. The recoverable amount of a CGU is determined based on the higher of fair value less costs to sell and value-in-use.

During the financial year, one of the subsidiaries, Pryzma Ltd, carried out a review of the recoverable amount of its freehold land which has become idle since the termination of the warehouse property project in 2008. The Group obtained an updated open market valuation of the freehold land conducted by an independent professional valuer on a willing-buyer-willing-seller basis close to the reporting date. The market value had decreased and accordingly, an impairment loss of $378,000 was recognised in the financial year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) *Expenses capitalised*

During the financial year, the Group capitalised the following expenses in leasehold buildings:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Operating lease expense	514	482	–	–

5 INTANGIBLE ASSETS

	Note	Goodwill on consolidation	Computer software	Customer contracts	LME licence	Port concession rights	Business relationship	Brand	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
Cost									
At 1 January 2010		21,453	3,551	7,935	10,198	13,068	–	–	56,205
Additions		2,747	250	–	–	–	–	–	2,997
Acquisition through business combinations		5,821	–	–	–	–	–	–	5,821
Disposal		(137)	(1,496)	–	–	–	–	–	(1,633)
Disposal of subsidiaries		(9)	–	–	–	–	–	–	(9)
Effect of movement in exchange rates		(1,201)	(88)	–	–	(1,925)	–	–	(3,214)
At 31 December 2010		28,674	2,217	7,935	10,198	11,143	–	–	60,167
Additions		–	709	–	–	33	–	–	742
Acquisition through business combinations	40	37,970	–	–	–	–	32,435	21,603	92,008
Disposal		–	(120)	–	–	–	–	–	(120)
Effect of movement in exchange rates		3,194	(9)	–	–	(236)	(269)	(179)	2,501
At 31 December 2011		69,838	2,797	7,935	10,198	10,940	32,166	21,424	155,298

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YEAR ENDED 31 DECEMBER 2011

5 INTANGIBLE ASSETS (CONT'D)

	Goodwill on consolidation	Computer software	Customer contracts	LME licence	Port concession rights	Business relationship	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation and impairment loss								
At 1 January 2010	741	3,055	4,940	1,105	424	–	–	10,265
Amortisation charge for the year	–	297	638	340	324	–	–	1,599
Disposals	–	(1,496)	–	–	–	–	–	(1,496)
Effect of movement in exchange rates	(1)	(71)	–	–	(76)	–	–	(148)
At 31 December 2010	740	1,785	5,578	1,445	672	–	–	10,220
Amortisation charge for the year	–	350	673	340	318	1,555	2,072	5,308
Impairment loss	127	–	–	–	–	–	–	127
Effect of movement in exchange rates	1	(9)	–	–	(28)	53	71	88
At 31 December 2011	868	2,126	6,251	1,785	962	1,608	2,143	15,743
Carrying amount								
At 1 January 2010	20,712	496	2,995	9,093	12,644	–	–	45,940
At 31 December 2010	27,934	432	2,357	8,753	10,471	–	–	49,947
At 31 December 2011	68,970	671	1,684	8,413	9,978	30,558	19,281	139,555

	Computer software $'000
Company	
Cost	
At 1 January 2010	2,711
Additions	232
Disposal	(1,401)
At 31 December 2010	1,542
Additions	239
At 31 December 2011	1,781
Accumulated amortisation	
At 1 January 2010	2,485
Amortisation charge for the year	185
Disposal	(1,401)
At 31 December 2010	1,269
Amortisation charge for the year	181
At 31 December 2011	1,450
Carrying amount	
At 1 January 2010	226
At 31 December 2010	273
At 31 December 2011	331

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

5 INTANGIBLE ASSETS (CONT'D)

The amortisation charge is recognised in the following line items in profit or loss:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Administration expenses	329	282	173	185
Cost of sales	20	16	8	–
Other operating expenses	4,959	1,301	–	–
	5,308	1,599	181	185

Impairment test for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the following cash-generating units, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes:

	Group	
	2011	2010
	$'000	$'000
LME licence	3,276	13,055
General warehousing	11,844	–
Collateral management ("CMA")	6,117	6,117
Freight forwarding	3,240	3,148
Defence logistics	5,482	5,482
Commodity marketing and supply chain management ("SCM")	38,978	–
Others	33	132
	68,970	27,934

Due to the restructuring in Europe during the year, the Group reorganised its reporting structure in a manner that changes the composition of cash-generating units to which goodwill has been allocated. As a result, certain entities previously falling under LME licence are now reallocated to general warehousing.

The recoverable amount of the cash-generating units is based on value-in-use calculations which were determined by discounting future cash flows generated from continuing use of the units. The key assumptions used for projecting future cash flows are as follows:

	LME licence	General warehousing	CMA	Freight forwarding	Defence logistics	SCM
Revenue annual growth rate	3% - 12%	3% - 18%	3% - 14%	5% - 7%	0% - 50%	3% - 29%
Discount rate	8%	8%	8%	13%	8%	8%

The budgeted gross margins used in the forecasts are based on past performance trends and expectations of market developments. The average growth rate used is consistent with past performance trends and forecasts included in industry reports. The discount rates used are pre-tax and reflect the weighted average cost of capital adjusted for the risks specific to the respective cash-generating units.

Cash flows are projected based on financial budgets approved by management covering 2012 and are extrapolated using the growth rates and gross margins as described above for the next four years. The terminal value is estimated by using the fifth year cash flow through perpetuity at zero growth rate and discounting it.

The Group believes that any reasonably possible changes in the above key assumptions are not likely to cause any of the recoverable amounts to be materially lower than the related carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

6 SUBSIDIARIES

	Note	Company 2011 $'000	Company 2010 $'000
Unquoted equity shares, at cost		132,487	109,282
Quasi-equity loans	(a)	192,175	93,307
		324,662	202,589
Less: Accumulated impairment losses			
At 1 January / 31 December		(13,772)	(13,772)
Carrying amount		310,890	188,817

(a) Quasi-equity loans to subsidiaries are interest-free and form part of the Company's net investments in subsidiaries. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

(b) Details of the significant subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ business	Effective interest held by the Group 2011 %	Effective interest held by the Group 2010 %
[1] Jurong Districentre Pte Ltd	Singapore	70.0	70.0
[1] CWT International Pte Ltd	Singapore	100.0	100.0
[1] CWT Engineering Pte Ltd	Singapore	100.0	100.0
[1] CWT Logistics Pte Ltd	Singapore	100.0	100.0
[1] CWT Globelink Pte Ltd	Singapore	100.0	100.0
[1] CWT Commodities Pte Ltd	Singapore	100.0	100.0
[1] OCWS Logistics Pte Ltd	Singapore	100.0	100.0
[1] CWT Logistics (S) Pte Ltd (Formerly known as Trident Districentre Pte Ltd)	Singapore	100.0	100.0
[1] Indeco Engineers (Pte) Ltd	Singapore	100.0	100.0
[1] CWT Commodities (Metals) Pte Ltd	Singapore	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

6 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation/ business	Effective interest held by the Group 2011 %	2010 %
[1] CWT Commodities (China) Pte Ltd	Singapore	100.0	100.0
[1] CWT Commodities (SEA) Pte Ltd	Singapore	100.0	100.0
[1] CWT Commodities Warehousing Pte Ltd	Singapore	100.0	100.0
[1] Cache Property Management Pte Ltd	Singapore	60.0	60.0
[1] Force 21 Equipment Pte Ltd	Singapore	70.0	70.0
[1] SM Integrated Transware Pte Ltd	Singapore	100.0	100.0
[2] CWT Commodities (Antwerp) NV	Belgium	70.0	100.0
[2] Globelink International Pty Limited	Australia	65.0	65.0
[2] Globelink WW India Pvt Ltd	India	51.0	51.0
[2] Globelink Uniexco S.L.	Spain	56.0	56.0
[2] Globelink-Trans (Tianjin) International Forwarding Co., Ltd	People's Republic of China	100.0	100.0
[3] 49 Pandan Pte Ltd	Singapore	100.0	100.0
[4] CWT Tianjin Logistic Hub Co., Ltd	People's Republic of China	100.0	100.0
[5] Globelink Container Lines (JB) Sdn. Bhd.	Malaysia	90.0	90.0
[2] CWT Sitos Group B.V.	The Netherlands	70.0	60.0
[2] Sitos Commodities (Amsterdam) B.V.	The Netherlands	70.0	60.0
[6] CWT Commodities Shanghai Warehousing Management Co., Ltd	People's Republic of China	51.0	51.0
[8] Straits Financial LLC	United States of America	93.3	80.0
[1] Straits Financial Group Pte Ltd (Formerly known as CWT Banc Holdings Pte Ltd)	Singapore	100.0	100.0
[2] MRI Trading AG	Switzerland	96.6	–
[2] CWT Europe B.V.	The Netherlands	70.0	100.0

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

6 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Country of incorporation/ business	Effective interest held by the Group	
		2011 %	2010 %
[7] CWT Mongolia LLC	Mongolia	70.0	70.0
[2] CWT Sitos B.V.*	The Netherlands	70.0	–

1 *Audited by KPMG LLP, Singapore*
2 *Audited by other member firms of KPMG International*
3 *Audited by Lee Seng Chan & Co*
4 *Audited by Tianjin Guangxin Certified Public Accountant Co., Ltd*
5 *Audited by Horwath Malaysia*
6 *Audited by Shanghai Huaxia Certified Public Accountants Co., Ltd*
7 *Audited by CMD Audit LLC*
8 *Audited by Ryan.& Juraska Certified Public Accountants, Chicago*

* As a result of the Group's restructuring in Europe, CWT Sitos B.V., an associate in the prior year, became a subsidiary during the year. Pursuant to the restructuring, the Group's interest in CWT Europe B.V. was reduced to 70%.

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries.

7 ASSOCIATES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Investments in associates	23,270	23,517	200	200
Quasi-equity loans	346	346	–	–
	23,616	23,863	200	200

Investments in associates include goodwill on acquisition of $1,404,000 (2010: $1,706,000).

The quasi-equity loans to an associate are interest-free and form part of the Group's net investment in associates. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

7 ASSOCIATES (CONT'D)

Details of the significant associates are as follows:

Name of associates	Country of incorporation/ business	Effective interest held by the Group 2011 %	2010 %
[1] Globelink West Star Shipping LLC	United Arab Emirates	49.0	49.0
[1] CWT Sitos B.V.*	The Netherlands	–	30.0
[2] Westford Trade Services Ltd	Hong Kong	50.0	50.0

[1] *Audited by other member firms of KPMG International*
[2] *Audited by Kenneth Chau & Co*

* As a result of the Group's restructuring in Europe, CWT Sitos B.V., an associate in the prior year, became a subsidiary during the year.

Other member firms of KPMG International are auditors of significant foreign-incorporated associates.

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

The financial information of associates is as follows:

	Group 2011 $'000	2010 $'000
Income statement		
Revenue	225,328	214,573
Expenses	(214,055)	(208,296)
Profit before tax	11,273	6,277
Income tax	(203)	104
Profit after taxation	11,070	6,381
Statement of financial position		
Total assets	148,677	152,912
Total liabilities	102,644	101,688

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

7 ASSOCIATES (CONT'D)

The Group's share of the associates' commitments and contingent liabilities is as follows:

	2011 $'000	2010 $'000
(a) Non-cancellable operating lease commitments		
Payable:		
Within 1 year	32	267
After 1 year but within 5 years	31	1,003
After 5 years	8	4,243
	71	5,513
Receivable:		
Within 1 year	16	1,437
After 1 year but within 5 years	-	2,154
	16	3,591
(b) Contingent liabilities		
Share of associates' contingent liabilities	1,079	786

8 JOINTLY-CONTROLLED ENTITIES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Investments in jointly-controlled entities	22,663	10,848	4,115	4,115
Quasi-equity loans	2,537	1,228	1,241	1,228
	25,200	12,076	5,356	5,343

Investments in jointly-controlled entities include goodwill on acquisition of $9,426,000 (2010: nil).

The quasi-equity loans to jointly-controlled entities are interest-free and form part of the Group's net investment in the jointly-controlled entities. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future.

Details of the jointly-controlled entities are as follows:

Name of jointly-controlled entities	Country of incorporation/business	Effective interest held by the Group 2011 %	Effective interest held by the Group 2010 %
[1] Fujian Atl-CWT Logistic Co., Ltd	People's Republic of China	49.0	49.0
[2] JIC Inspection Services Pte Ltd	Singapore	22.0	22.0
[3] CWT-SML Logistics LLC	United Arab Emirates	40.0	40.0
[4] ARA-CWT Trust Management (CACHE) Limited	Singapore	40.0	40.0
[1] Globelink Unimar Logistics Inc	Turkey	50.0	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

[1] Audited by other member firms of KPMG International
[2] Audited by Deloitte & Touche, Singapore
[3] Audited by Deloitte & Touche, United Arab Emirates
[4] Audited by KPMG LLP, Singapore

The jointly-controlled entities are not significant as defined under the Singapore Exchange Limited Listing Manual.

The Group's share of the jointly-controlled entities' results, assets and liabilities is as follows:

	Group	
	2011	2010
	$'000	$'000
Assets and liabilities		
Non-current assets	10,353	7,987
Current assets	11,588	6,884
Current liabilities	(6,158)	(2,435)
Non-current liabilities	(2,921)	(1,934)
Net assets	12,862	10,502
Cumulative share of unrecognised losses*	376	346
	13,238	10,848
Results		
Revenue	24,198	12,521
Expenses	(20,849)	(10,798)
Profit before tax	3,349	1,723
Income tax expense	(373)	(134)
Profit after taxation	2,976	1,589

* *As at 31 December 2011 and 31 December 2010, the Group's cumulative share of unrecognised losses for certain jointly-controlled entities had exceeded the Group's cost of investment in these jointly-controlled entities.*

The Group's share of the jointly-controlled entities' commitments is as follows:

	2011	2010
	$'000	$'000
(a) Non-cancellable operating lease commitments		
Payable:		
Within 1 year	478	698
After 1 year but within 5 years	1,337	1,319
After 5 years	11,007	11,164
	12,822	13,181
Receivable:		
Within 1 year	152	15
After 1 year but within 5 years	12	–
	164	15

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

9 FINANCIAL ASSETS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Quoted equity securities classified as available-for-sale, measured at fair value	83,530	91,857	80,686	91,857
Unquoted equity securities classified as available-for-sale measured at cost	45	45	–	–
	83,575	91,902	80,686	91,857

10 NON-CURRENT RECEIVABLES

		Group		Company	
	Note	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Non-current portion of:					
Loans to non-controlling interests		3,121	–	1,630	–
Loan to a jointly-controlled entity	18	369	377	–	–
Loans to associates	19	4,311	3,851	–	–
Finance lease receivables	11	649	785	–	–
Others		20	–	–	–
Non-current receivables classified as loans and receivables		8,470	5,013	1,630	–

The loans to non-controlling interests are unsecured and are repayable at the end of the term. The interest on the loans is on average at 1.73% per annum.

11 FINANCE LEASE RECEIVABLES

		Group	
	Note	2011	2010
		$'000	$'000
Amounts receivable under finance leases:			
Gross receivables		921	1,094
Unearned interest income		(82)	(113)
Net receivables classified as loans and receivables		839	981
Current	16	190	196
Non-current	10	649	785
		839	981

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

11 FINANCE LEASE RECEIVABLES (CONT'D)

	Gross receivables $'000	Unearned income $'000	Net receivables $'000
2011			
Within 1 year	216	(26)	190
After 1 year but within 5 years	601	(54)	547
After 5 years	104	(2)	102
	921	(82)	839
2010			
Within 1 year	227	(31)	196
After 1 year but within 5 years	621	(74)	547
After 5 years	246	(8)	238
	1,094	(113)	981

These lease receivables relate to the finance leases of the Group's machinery, equipment and motor vehicles. The average term of finance leases entered into is 10 years (2010: 10 years).

The interest rate inherent in the leases is fixed at the agreement date throughout the lease term. The average effective interest rate is 3.6% (2010: 3.6%) per annum.

The carrying amount of the Group's finance lease receivables approximates their fair value, based on discounting the estimated cash flows at the market rate prevailing at the reporting date.

12 DEFERRED TAX

Movements in temporary differences during the year:

	At 1 January 2010 $'000	Translation differences $'000	Acquisition through business combinations $'000	Recognised in profit or loss (note 38) $'000	At 31 December 2010 $'000	At 1 January 2011 $'000	Translation differences $'000	Acquisition through business combinations (note 40) $'000	Recognised in profit or loss (note 38) $'000	At 31 December 2011 $'000
Group										
Deferred tax liabilities/(assets)										
Fair value adjustment on leasehold building	1,591	(129)	–	(54)	1,408	1,408	(6)	6,482	(264)	7,620
Property, plant and equipment	4,196	7	6	(442)	3,767	3,767	46	–	(659)	3,154
Intangible assets	5,836	(628)	–	(168)	5,040	5,040	(169)	9,187	(782)	13,276
Inventories	–	–	–	–	–	–	(63)	534	72	543
Trade and other receivables	(313)	22	–	212	(79)	(79)	(109)	4,407	3,644	7,863
Trade and other payables	(399)	(4)	–	(12)	(415)	(415)	75	(1,085)	1,027	(398)
Provisions	(215)	(12)	–	62	(165)	(165)	11	(136)	(130)	(420)
Unutilised tax losses	(2,067)	42	–	(522)	(2,547)	(2,547)	(29)	(2)	(3,682)	(6,260)
Others	–	–	–	–	–	–	2	1	54	57
	8,629	(702)	6	(924)	7,009	7,009	(242)	19,388	(720)	25,435
Company										
Deferred tax liabilities/(assets)										
Property, plant and equipment	2,294	–	–	–	2,294	2,294	–	–	(302)	1,992
Trade and other payables	(69)	–	–	–	(69)	(69)	–	–	–	(69)
Unutilised tax losses	(1,923)	–	–	–	(1,923)	(1,923)	–	–	–	(1,923)
	302	–	–	–	302	302	–	–	(302)	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

12 DEFERRED TAX (CONT'D)

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 statement of financial position as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Deferred tax liabilities	30,799	8,847	-	302
Deferred tax assets	(5,364)	(1,838)	-	-

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

	Group	
	2011	**2010**
	$'000	**$'000**
Deductible temporary differences	556	988
Unutilised tax losses	63,838	38,680
	64,394	39,668

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences and tax losses 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 profits will be available against which certain subsidiaries of the Group can utilise the benefits.

13 OTHER NON-CURRENT ASSETS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Other investments	4,681	93	3	3

Other investments include clearing memberships with the Chicago Mercantile Exchange ("CME"), the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") amounting to $4,200,000 (2010: nil). The clearing membership is a prerequisite for the Group to trade in CME, CBOT and NYMEX.

NOTES TO THE FINANCIAL STATEMENTS

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14 INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Raw materials	1,284	790	–	–
Work-in-progress	61	20	–	–
Consumables, equipment and spare parts	1,512	1,389	21	12
Commodities and other goods for sale	167,477	367	1,760	376
	170,334	2,566	1,781	388

Raw materials, consumables, changes in work-in-progress and commodity inventories recognised in cost of sales amounted to $1,821,901,000 (2010: $8,113,000).

Commodity inventories with carrying amounts of $153,000,000(2010: nil) have been pledged as securities for certain of the Group's bank credit facilities.

15 CONTRACT WORK-IN-PROGRESS

	Note	Group	
		2011	2010
		$'000	$'000
Costs incurred and attributable profits		386,486	411,888
Allowance for foreseeable losses		(1,225)	(4,906)
		385,261	406,982
Progress billings		(387,125)	(414,835)
		(1,864)	(7,853)
Represented by:			
Progress billing receivables	16	5,138	1,755
Advance billings and billings in excess of costs incurred and recognised profits	30	(7,002)	(9,608)
		(1,864)	(7,853)

The Group assesses allowance for foreseeable losses by taking into account the contracted revenue, estimated costs to completion, project duration and overruns. It is possible that management estimate is not indicative of future losses that may be incurred. Any increase or decrease would affect profit or loss in the future years.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

16 TRADE AND OTHER RECEIVABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade receivables		417,416	106,939	11,458	8,304
Less: Allowance for impairment of receivables		(2,778)	(2,131)	(290)	(369)
		414,638	104,808	11,168	7,935
Subsidiaries:					
- trade and non-trade	20	–	–	18,790	20,337
- loans	17	–	–	89,138	61,181
Related parties:					
- trade		2,286	1,082	11	3
- non-trade		1,357	264	–	–
- loans		3,359	5,254	–	–
- interest receivables		48	19	–	–
Associates:					
- trade		2,398	2,294	494	576
- non-trade		4	209	–	–
- dividend receivables		94	94	–	–
Jointly-controlled entities:					
- trade		248	116	53	32
- non-trade		64	188	64	29
- loan	18	225	–	–	–
Non-controlling interests:					
- non-trade		318	314	–	–
- loans		407	–	407	–
Staff loans		251	399	2	7
Finance lease receivables	11	190	196	–	–
Interest receivables		16	27	–	14
Other receivables		71,706	10,814	663	2,567
Progress billing receivables	15	5,138	1,755	–	–
Loans and receivables		502,747	127,833	120,790	92,681
Deposits		12,306	9,849	108	168
Prepayments		21,296	8,411	1,257	765
		536,349	146,093	122,155	93,614

The non-trade amounts due from subsidiaries, related parties, associates, jointly-controlled entities and non-controlling interest are unsecured, interest-free and repayable on demand.

The related party loans are unsecured and are repayable on demand. The loans are based on floating interest rates ranging from 1.10% to 1.20% (2010: 1.10% to 10.0%) per annum. Interest is repriced on a quarterly basis.

The loans to non-controlling interests are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

16 TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables include accrued income of $31,069,000 (2010: nil) which represents primarily price adjustments to the provisional sales/purchase price of certain commodities. During the contractually agreed quotational period, the sales/purchase prices are not fixed and fluctuate based on the changes in the market prices of the underlying metals. The Group marks to market its provisional sales and purchases based on the forward price for the estimated month of settlement. In the statement of financial position, positive mark to market adjustments are included within 'accrued income' whereas negative adjustments are included within 'accrued expenses'. Upon completion of the quotation period, the prices are fixed based upon the spot price and metal contents and quantities upon receipt of the final assay and weight certificates.

Trade receivable and prepayments in the amount of $155,098,000 (2010: nil) and $8,178,000 (2010: nil) respectively are pledged as securities for bank credit facilities.

The maximum exposure to credit risk for receivables classified as loans and receivables at the reporting date by business segment is:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Operating segment				
Logistics services	134,811	110,900	120,790	92,681
Engineering services	30,664	16,933	–	–
Commodity marketing and supply chain management ("SCM")	323,194	–	–	–
Others	14,078	–	–	–
	502,747	127,833	120,790	92,681

Sales by the SCM segment are generally secured by letters of credit. The Group generally does not require collateral for sales from other segments. As at 31 December 2011, trade receivables of the Group secured by letters of credit amounted to $245,045,000 (2010: nil).

The ageing of receivables classified as loans and receivables at the reporting date is:

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Group				
Not past due	451,482	(6)	87,077	(8)
Past due 0 – 30 days	26,352	(67)	22,361	(55)
Past due 31 – 90 days	17,715	(152)	11,029	(288)
Past due 91 – 180 days	4,708	(230)	4,777	(53)
Past due 181 - 365 days	3,372	(749)	2,583	(557)
Past due more than 1 year	1,896	(1,574)	2,137	(1,170)
	505,525	(2,778)	129,964	(2,131)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

16 TRADE AND OTHER RECEIVABLES (CONT'D)

	Gross 2011 $'000	Impairment losses 2011 $'000	Gross 2010 $'000	Impairment losses 2010 $'000
Company				
Not past due	72,770	–	73,297	–
Past due 0 – 30 days	12,144	–	4,028	–
Past due 31 – 90 days	9,996	–	4,994	–
Past due 91 – 180 days	13,832	–	1,782	–
Past due 181 days – 365 days	9,531	–	8,427	–
Past due more than 1 year	4,582	(2,065)	2,297	(2,144)
	122,855	(2,065)	94,825	(2,144)

The changes in allowance for impairment losses in respect of receivables classified as loans and receivables during the year were as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 January	2,131	2,412	2,144	1,858
Allowance recognised/(reversed)	729	350	(79)	297
Allowance utilised	(11)	(597)	–	(11)
Translation differences	(71)	(34)	–	–
At 31 December	2,778	2,131	2,065	2,144

The Group assessed collectibility based on historical default rates to determine the impairment loss to be recognised. Management reviews the ageing of receivables classified as loans and receivables, and except for the impaired receivables, no impairment loss is necessary in respect of the remaining receivables due to the good track records and reputation of customers.

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

17 LOANS TO SUBSIDIARIES

	Note	Company 2011 $'000	Company 2010 $'000
Current			
Loans to subsidiaries*	16	89,138	61,181

* *Loans to subsidiaries are classified as loans and receivables*

The current loans to subsidiaries are unsecured and bear interest at a rate ranging from 1.35% to 2.5% (2010: 1.43% to 10.0%) per annum. The interest rate reprices on monthly or quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

18 LOAN TO JOINTLY-CONTROLLED ENTITY

	Note	Group 2011 $'000	Group 2010 $'000
Non-current			
Loan to a jointly-controlled entity, classified as loans and receivables	10	369	377
Current			
Loan to a jointly-controlled entity		350	125
Allowance for impairment losses		(125)	(125)
	16	225	–

The non-current loan to a jointly-controlled entity is unsecured and bears interest at a fixed rate of 5% (2010: 5%) per annum. As at the reporting date, the Group has given an undertaking to the jointly-controlled entity not to recall the loan within the next 12 months.

The current loan to a jointly-controlled entity is unsecured and bears interest at an effective rate of 3.7% (2010: 3.7%) per annum. The interest rate reprices on an annual basis.

19 LOANS TO ASSOCIATES

	Note	Group 2011 $'000	Group 2010 $'000
Non-current			
Loans to associates, classified as loans and receivables	10	4,311	3,851

The non-current loans to associates are unsecured and bear interest at 0.76% - 6% (2010: 0.94%) per annum. The Group has given an undertaking to the associates not to recall the loan within the next 12 months.

20 AMOUNTS DUE FROM SUBSIDIARIES

	Note	Company 2011 $'000	Company 2010 $'000
Amounts due from subsidiaries			
- trade		19,094	20,389
- non-trade		1,471	1,723
		20,565	22,112
Allowance for impairment losses		(1,775)	(1,775)
	16	18,790	20,337

All the balances with subsidiaries are classified as loans and receivables. The trade balances are transacted at arm's length. The non-trade balances are unsecured, interest-free and repayable on demand.

The Company assessed collectibility of the balances, having considered the financial conditions of the subsidiaries and their ability to make the required repayments. Management believes that no further impairment loss beyond the recorded allowances is necessary. If the financial conditions of the subsidiaries were to deteriorate subsequently, further impairment loss may then be recognised in future periods.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

21 CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Fixed deposits		74,210	59,994	–	50,000
Customer segregated funds		41,469	–	–	–
Cash and bank balances		96,303	142,871	6,453	23,946
Cash and cash equivalents in the statement of financial position		211,982	202,865	6,453	73,946
Less:					
Bank overdrafts	26	(225,050)	(5,226)		
Customer segregated funds		(41,469)	–		
Fixed deposits pledged		(590)	(302)		
Cash and cash equivalents in the statement of cash flows		(55,127)	197,337		

Customer segregated funds represent customers' funds held by a regulated subsidiary that are required to be held in segregated accounts by the laws and regulations of the United States of America.

Included in bank overdrafts as at 31 December 2011 is an amount of $452,000 (2010: $535,000) which is unsecured. The remainder of $224,598,000 (2010: $4,691,000) is secured on certain fixed deposits, a lien on trade receivables, inventories, fixed and floating charges over certain property, plant and equipment.

The weighted average effective interest rates per annum at the reporting date are as follows:

	Group	
	2011 %	2010 %
Fixed deposits	1.28	1.09
Bank overdrafts	2.31	3.71

Interest rates reprice at intervals of one week, one, three or six months.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

22 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION

Accounting classification and fair values

Fair values versus carrying amounts

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

	Note	Fair value – hedging instruments	Loans and receivables	Available-for-sale	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
2011							
Cash and cash equivalents	21	–	211,982	–	–	211,982	211,982
Trade and other receivables	16	–	502,747	–	–	502,747	502,747
Non-current receivables	10	–	8,470	–	–	8,470	8,470
Available-for-sale securities	9	–	–	83,575	–	83,575	83,575
Commodities futures used for hedging	27	83,563	–	–	–	83,563	83,563
		83,563	723,199	83,575	–	890,337	890,337
Interest rate swaps used for hedging	27	(2,418)	–	–	–	(2,418)	(2,418)
Commodities futures used for hedging	27	(17,071)	–	–	–	(17,071)	(17,071)
Secured bank loans	26	–	–	–	(143,773)	(143,773)	(143,773)
Unsecured bank loans	26	–	–	–	(20,662)	(20,662)	(20,662)
Hire purchase and finance lease liabilities	26	–	–	–	(2,676)	(2,676)	(2,676)
Trade and other payables	30	–	–	–	(512,194)	(512,194)	(512,194)
Bank overdrafts	21	–	–	–	(225,050)	(225,050)	(225,050)
		(19,489)	–	–	(904,355)	(923,844)	(923,844)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

22 FINANCIAL ASSETS AND LIABILITIES CLASSIFICATION (CONT'D)

	Note	Fair value – hedging instruments	Loans and receivables	Available-for-sale	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
		$'000	$'000	$'000	$'000	$'000	$'000
Group							
2010							
Cash and cash equivalents	21	–	202,865	–	–	202,865	202,865
Trade and other receivables	16	–	127,833	–	–	127,833	127,833
Non-current receivables	10	–	5,013	–	–	5,013	5,013
Available-for-sale securities	9	–	–	91,902	–	91,902	91,902
		–	335,711	91,902	–	427,613	427,613
Secured bank loans	26	–	–	–	(6,722)	(6,722)	(6,722)
Unsecured bank loans	26	–	–	–	(5,304)	(5,304)	(5,304)
Finance lease liabilities	26	–	–	–	(1,218)	(1,218)	(1,218)
Trade and other payables	30	–	–	–	(122,990)	(122,990)	(122,990)
Bank overdrafts	21	–	–	–	(5,226)	(5,226)	(5,226)
		–	–	–	(141,460)	(141,460)	(141,460)
Company							
2011							
Cash and cash equivalents	21	–	6,453	–	–	6,453	6,453
Trade and other receivables	16	–	120,790	–	–	120,790	120,790
Non-current receivables	10	–	1,630	–	–	1,630	1,630
Available-for-sale securities	9	–	–	80,686	–	80,686	80,686
		–	128,873	80,686	–	209,559	209,559
Secured bank loans	26	–	–	–	(53,900)	(53,900)	(53,900)
Unsecured bank loans	26	–	–	–	(1,245)	(1,245)	(1,245)
Hire purchase	26	–	–	–	(235)	(235)	(235)
Trade and other payables	30	–	–	–	(116,782)	(116,782)	(116,782)
		–	–	–	(172,162)	(172,162)	(172,162)
2010							
Cash and cash equivalents	21	–	73,946	–	–	73,946	73,946
Trade and other receivables	16	–	92,681	–	–	92,681	92,681
Available-for-sale securities	9	–	–	91,857	–	91,857	91,857
		–	166,627	91,857	–	258,484	258,484
Trade and other payables	30	–	–	–	(83,598)	(83,598)	(83,598)
		–	–	–	(83,598)	(83,598)	(83,598)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

23 NON-CURRENT ASSETS HELD-FOR-SALE

	Group 2011 $'000	Group 2010 $'000
Property, plant and equipment	2,345	–

During the year, the Group entered into a sale and purchase agreement to dispose of a warehouse property. The sale was completed on 6 February 2012 (see note 45(b)).

24 SHARE CAPITAL

Company	2011 No. of shares ('000)	2011 $'000	2010 No. of shares ('000)	2010 $'000
Issued and fully paid, with no par value:				
At 1 January	590,305	161,965	574,305	149,390
Shares issued	10,000	12,373	16,000	12,575
At 31 December	600,305	174,338	590,305	161,965

Issue of ordinary shares

During the year, 10,000,000 ordinary shares were issued for $12,373,000, being partial settlement of the purchase consideration for the acquisition of MRI Trading AG (see note 40a) (2010: 16,000 ordinary shares were issued for cash of $12,575,000).

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

Capital management

The Board defines "Capital" to include share capital, reserves and non-controlling interests. The Board's policy is to maintain a sound capital base to sustain the future development and expansion of the Group's business, so as to maintain investor and creditor confidence in the Group. The Board of Directors monitors the level of dividend payment by taking into account the Group's business expansion requirements.

The Board of Directors also seeks to maintain an optimal mix of equity and debt with a view to optimise financial return to shareholders. The Group targets to achieve a return on shareholders' equity ("ROE") of between 13.0% and 18.0%. In 2011, the Group achieved a ROE of 12% (2010: 40.8%).

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as total borrowings divided by equity. Total borrowings refer to "financial liabilities" as shown in the consolidated statement of financial position; and equity refers to share capital, reserves and non-controlling interests as shown in the consolidated statement of financial position.

The Group's strategy, which is unchanged from 2010, is to maintain the debt to equity ratio under 1.0. The debt to equity ratio at 31 December 2011 and 2010 were as follows:

	Group 2011 $'000	Group 2010 $'000
Debt to equity ratio	0.77	0.04

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

24 SHARE CAPITAL (CONT'D)

Capital management (cont'd)

Straits Financial LLC ("SFLLC"), a subsidiary incorporated in the United States of America, is subject to minimum capital requirements pursuant to laws and regulations of the United States. Management has established controls and policies to ensure that the subsidiary complies with the minimum capital requirements.

The Group and its subsidiaries, other than set out above, are not subject to externally imposed capital requirements.

25 RESERVES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Fair value reserve	8,509	14,890	9,232	14,868
Currency translation reserve	(20,280)	(21,852)	–	–
Hedging reserve	(1,856)	(544)	–	–
Statutory reserve	604	557	–	–
Capital reserve	(1,364)	–	–	–
Retained profits	316,219	273,273	119,877	113,461
	301,832	266,324	129,109	128,329

The fair value reserve comprises the cumulative net changes in the fair values of available-for-sale financial assets.

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

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

The statutory reserve relates to profits set aside in accordance with local legislation by certain foreign entities and is non-distributable.

The capital reserve comprises the difference between purchase considerations and net assets acquired in group restructuring and acquisition of non-controlling interests that does not result in a change in control.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

26 FINANCIAL LIABILITIES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Current liabilities					
Bank overdrafts	21	225,050	5,226	–	–
Bank loans (secured)		64,451	4,761	–	–
Bank loans (unsecured)		20,662	5,304	1,245	–
Hire purchase and finance lease liabilities	(a)	724	513	34	–
Total		310,887	15,804	1,279	–
Non-current liabilities					
Bank loans (secured)		79,322	1,961	53,900	–
Hire purchase and finance lease liabilities	(a)	1,952	705	201	–
Total		81,274	2,666	54,101	–

The bank loans of the Group are secured over property, plant and equipment with carrying amounts of $78,696,000 (2010: $20,727,000) (see note 4), receivables and prepayments with carrying amounts of $163,276,000 (2010: nil) (see note 16), letter of intent by CWT Commodities Pte Ltd, counter guarantee letter given by CWT Europe B.V., personal guarantee by directors of the Company, and cross guarantee between the entities of CWT Sitos B.V. Group.

(a) Hire purchase and finance lease liabilities.

Obligations under hire purchase and finance leases that are repayable as follows:

	Principal $'000	Interest $'000	Payments $'000
Group			
2011			
Repayable within 1 year	724	109	833
Repayable after 1 year but within 5 years	1,887	161	2,048
Repayable after 5 years	65	14	79
	2,676	284	2,960
2010			
Repayable within 1 year	513	81	594
Repayable after 1 year but within 5 years	705	73	778
	1,218	154	1,372
Company			
2011			
Repayable within 1 year	34	7	41
Repayable after 1 year but within 5 years	136	28	164
Repayable after 5 years	65	14	79
	235	49	284
2010			
Repayable within 1 year	–	–	–
Repayable after 1 year but within 5 years	–	–	–
Repayable after 5 years	–	–	–
	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

26 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	2011 Face value $'000	2011 Carrying amount $'000	2010 Face value $'000	2010 Carrying amount $'000
Group						
S$ fixed rate loans	5.0%	2011	–	–	112	112
S$ floating rate loans	1.18% - 1.31%	2012	53,900	53,900	–	–
GBP fixed rate loan	3.6% - 6.47%	2014 - 2031	2,880	2,880	1,356	1,356
Euro floating rate loans	2.98% - 3.12%	2012	4,623	4,623	4,288	4,288
Euro floating rate loan	1-Month EURIBOR + 2.55% per year	2017	798	798	966	966
Euro fixed rate loans	3.38% - 3.97%	2025 - 2027	22,014	22,014	–	–
Euro floating rate loan	3-month EURIBOR + 1.35% per year	2027	591	591	–	–
Euro floating rate loan	3-month EURIBOR + 1.85% per year	2030	1,115	1,115	–	–
USD floating rate loan	1.53% - 5%	2012	77,759	77,759	5,304	5,304
TRY fixed rate loans	10% - 18%	2012 - 2015	755	755	–	–
Bank overdrafts	1.65% - 6%	2012	225,050	225,050	5,226	5,226
Hire purchase and finance lease liabilities	1.5% - 10%	2012-2018	2,676	2,676	1,218	1,218
			392,161	392,161	18,470	18,470
Company						
S$ floating rate loans	1.2% - 1.3%	2012	53,900	53,900	–	–
US$ floating rate loans	1.8%	2012	1,245	1,245	–	–
Hire purchase	3%	2018	235	235	–	–
			55,380	55,380	–	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

26 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule (cont'd)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities excluding derivatives (shown separately in note 27), including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
Group					
2011					
Floating rate loans	138,786	(142,471)	(83,186)	(57,184)	(2,101)
Fixed rate loans	25,649	(32,103)	(3,270)	(9,886)	(18,947)
Hire purchase and finance lease liabilities	2,676	(2,960)	(833)	(2,048)	(79)
Bank overdrafts	225,050	(225,050)	(225,050)	–	–
Trade and other payables*	512,194	(512,194)	(430,735)	(81,459)	–
	904,355	(914,778)	(743,074)	(150,577)	(21,127)
2010					
Floating rate loans	10,558	(10,633)	(9,818)	(602)	(213)
Fixed rate loans	1,468	(1,674)	(406)	(1,268)	–
Finance lease liabilities	1,218	(1,372)	(594)	(778)	–
Bank overdrafts	5,226	(5,226)	(5,226)	–	–
Trade and other payables*	122,990	(122,990)	(122,990)	–	–
	141,460	(141,895)	(139,034)	(2,648)	(213)

* *Excluding advance billings and billings in excess of costs incurred and recognised profits, as well as deposits received*

		Cash flows			
Company	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 1 to 5 years $'000**	**More than 5 years $'000**
2011					
Floating rate loans	55,145	(57,263)	(1,261)	(56,002)	–
Hire purchase	235	(284)	(41)	(164)	(79)
Trade and other payables*	116,782	(116,782)	(116,782)	–	–
	172,162	(174,329)	(118,084)	(56,166)	(79)
2010					
Trade and other payables*	83,598	(83,598)	(83,598)	–	–
	83,598	(83,598)	(83,598)	–	–

* *Excluding deposits received*

NOTES TO THE FINANCIAL STATEMENTS

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27 DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	Asset 2011 $'000	Liability 2011 $'000	Asset 2010 $'000	Liability 2010 $'000
Held for hedging				
Interest rate swaps	–	2,418	–	–
Commodities futures	83,563	17,071	–	–
	83,563	19,489	–	–
Analysed as:				
- current	83,563	17,071	–	–
- non-current	–	2,418	–	–
	83,563	19,489	–	–

Net gains (realised and unrealised) from fair value adjustments of derivative financial instruments relating to commodities futures in the amount $107,843,000 are included in 'Cost of sales'.

The interest rate derivatives are used to hedge the interest rate risk related to the floating interest rate loans. The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Maturity		
Group	Within 1 year $'000	Within 1 to 5 years $'000	More than 5 years $'000
2011			
Interest swaps	2,418	–	–
Commodities futures	17,071	–	–
	19,489	–	–

28 EMPLOYEE BENEFITS

		Group	
	Note	2011 $'000	2010 $'000
Non-current			
Subordinated employee benefit liabilities		10,418	–
Retirement benefit obligations	29	1,384	–
		11,802	–
Current			
Subordinated employee benefit liabilities		2,319	–
		14,121	–

NOTES TO THE FINANCIAL STATEMENTS

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28 EMPLOYEE BENEFITS (CONT'D)

Subordinated employee benefit liabilities

A newly acquired subsidiary has created an Employee Cumulative Severance Benefit Programme (ECSBP). This programme represents a termination benefit which is paid in 3 instalments upon leaving of the Company. Such benefit is granted to employees at the Management's discretion. Entitlement to benefits is received after reaching 2 years of service with the subsidiary.

An amount of $1,624,000 (2010: nil) is included in administrative expenses to recognise the Group's employee benefit liability under this program.

29 RETIREMENT BENEFIT OBLIGATION

The present value of the funded obligations and the fair value of the plan assets were determined as at 31 December 2011 by a qualified actuary.

	Group 2011 $'000
Present value of funded obligations	10,733
Fair value of plan assets	(7,631)
Deficit in the plan	3,102
Unrecognised actuarial losses	(1,718)
Liability in the statement of financial position	1,384

Movement in the defined benefit obligation is as follows:

	Group 2011 $'000
Defined benefit obligations at 1 January	–
Acquisition through business combinations	13,172
Service cost	703
Interest cost	163
Change in assumptions	454
Actuarial gains/losses	(958)
Benefits paid	(1,472)
Exchange differences	(1,329)
Defined benefit obligations at 31 December	10,733

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

29 RETIREMENT BENEFIT OBLIGATION (CONT'D)

The movement in the fair value of plan assets of the year is as follows:

	Group 2011 $'000
Fair value of plan assets at 1 January	–
Acquisition through business combinations	(9,451)
Expected return on plan assets	(176)
Company contribution	(521)
Actuarial losses	97
Benefits paid	1,472
Exchange differences	948
Fair value of plan assets at 31 December	(7,631)

The amounts recognised in the income statement are determined as follows:

	Group 2011 $'000
Current service cost	703
Interest cost	163
Expected return on plan assets	(176)
Amortisation of unrecognised losses	32
Exchange differences	(110)
	612

The expense is recognised in the following line items in the income statement:

	Group 2011 $'000
Administrative expenses	612

The actual return on plan assets was $194,000. Plan assets comprise a qualifying insurance policy with a third party insurance company under a contract subject to specific Swiss pension regulations ('BVG', 'BVV').

Expected contributions to post-employment benefits for the 12 months ending 31 December 2012 are $929,000.

Funded status as of year end

	Group 2011 $'000
Present value of defined benefit obligation	10,733
Fair value of plan assets	(7,631)
Deficit in the plan	3,102
Experience adjustments on plan liabilities	958
Experience adjustments on plan assets	(97)

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YEAR ENDED 31 DECEMBER 2011

29 RETIREMENT BENEFIT OBLIGATION (CONT'D)

The principal actuarial assumptions are as follows:

	Group 2011
Mortality tables, actuarial statistics (disability, mortality, etc)	**BVG 2010**
Discount rate	2.50%
Average future salary increase	1.50%
Future pension increases	1.00%
Interest credited on savings accounts	2.50%
Expected return on plan assets	4.00%
Turnover	10.00%

30 TRADE AND OTHER PAYABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Current liabilities					
Trade payables and accrued operating expenses		410,392	118,523	22,376	25,425
Advance billings and billings in excess of costs incurred and recognised profits	15	7,002	9,608	–	–
Deposits received		5,459	5,882	1,563	3,023
Subsidiaries:					
- trade		–	–	3,026	257
- non-trade		–	–	62	16
- loan		–	–	87,654	54,306
Related parties:					
- trade		461	295	173	148
- non-trade		440	220	–	–
- loan		1,734	53	–	–
Deferred purchase consideration					
- deferred payment		9,018	3,446	3,482	3,446
- put and call option		8,421	–	–	–
Associates and jointly-controlled entities:					
- trade		269	245	9	–
- non-trade		–	208	–	–
		443,196	138,480	118,345	86,621
Non-current liabilities					
Non-controlling interest:					
- loan		4,905	–	–	–
Deferred purchase consideration					
- deferred payment		33,159	–	–	–
- put and call option		33,400	–	–	–
- contingent consideration		9,995	–	–	–
		81,459	–	–	–

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YEAR ENDED 31 DECEMBER 2011

30 TRADE AND OTHER PAYABLES (CONT'D)

The non-trade amounts due to the subsidiaries, related parties, associates and jointly-controlled entities are unsecured, interest-free and repayable on demand.

The loans due to subsidiaries are unsecured, bear interest rate at ranging from 0.2% to 1.3% (2010: 0.2% to 0.8%) per annum and are repayable on demand.

Deferred purchase consideration is derived from acquisition of subsidiaries and a jointly-controlled entity.

31 DEFERRED GAIN

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Deferred gain:				
- current	32,832	32,557	29,954	29,954
- non-current	70,828	97,672	64,442	89,883
	103,660	130,229	94,396	119,837

Deferred gain relates to the excess of sales proceeds over the fair values of the leasehold buildings disposed of under sale and leaseback arrangements. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period ranging from 5 to 8 years.

32 PROVISIONS

	Warranties	Claims for damage of goods and services	Site restoration cost	Third party claims	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 January 2011	296	999	534	43	1,872
Provision made	–	95	–	63	158
Reversal of provision	–	(331)	–	–	(331)
Acquisition of subsidiaries	–	21	–	–	21
Provision utilised	–	(57)	–	(104)	(161)
Translation differences	–	(1)	–	(2)	(3)
At 31 December 2011	296	726	534	–	1,556
Company					
At 1 January 2011	–	61	284	–	345
Provision utilised	–	(35)	–	–	(35)
At 31 December 2011	–	26	284	–	310

32 PROVISIONS (CONT'D)

The provisions made by the Group and the Company are in respect of:

(i) warranty claims for completed projects. The provision is made based on estimates from historical warranty data and a weighting of all possible outcomes against their associated probabilities;

(ii) claims by customers for damage of goods and liquidated damages for services rendered in the course of business including third party claims for accident; and

(iii) obligations to carry out site restoration work on the leasehold buildings used for warehouse operations, estimated by third party consultants.

33 SEGMENT REPORTING

Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the Group CEO (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a) *Logistics services.* Include warehousing, transportation, freight forwarding and cargo consolidation, collateral management services, surface preparation of metal materials for corrosion control and container depot operations. The Group, being a one-stop logistics provider, views all logistics services as a total logistics solutions provided to customers. These logistics services are aggregated into a single operating segment since the aggregated operating results of this segment are regularly reviewed by the Group CEO to make decisions about resources to be allocated to it and to assess its performance.

(b) *Engineering services.* Include design, building and construction management, maintenance and repair of vehicles, equipment and buildings.

(c) *Commodity marketing and supply chain management.* Include physical trading and supply chain management of base metal non-ferrous concentrates with predominant focus on copper, lead, zinc and other minor metals and energy products like coal and fuel.

Other services of the Group include asset management services, brokerage services and other investment holding activities. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2011 or 2010.

Performance is measured based on segment profit before income tax and is reviewed regularly by the GCEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these business environments. Inter-segment pricing is determined on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

33 SEGMENT REPORTING (CONT'D)

Segment profit before tax represents operating revenue less expenses. Corporate expenses represent the cost of Group function not allocated to the reportable segments.

Segment assets represent assets directly managed by each segment, and primarily include receivables, property, plant and equipment.

Segment liabilities represent liabilities directly managed by each segment, and primarily include payables and financial liabilities.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

33 SEGMENT REPORTING (CONT'D)

Information about reportable segments

	Logistics services		Engineering services		SCM		Others		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
External revenue	701,216	662,993	90,827	84,188	1,784,764	-	2,889	-	2,579,696	747,181
Inter-segment revenue	64	58	268	240	-	-	-	-	332	298
Total reportable segment revenue	701,280	663,051	91,095	84,428	1,784,764	-	2,889	-	2,580,028	747,479
Interest income	1,450	1,021	50	135	6,764	-	3	-	8,267	1,156
Interest expense	(2,920)	(2,262)	-	-	(10,646)	-	-	(14)	(13,566)	(2,276)
Depreciation and amortisation	(22,512)	(17,300)	(871)	(844)	(3,683)	-	(96)	(14)	(27,162)	(18,158)
Reportable segment profit before tax	58,743	191,115	6,843	3,573	6,858	-	(5,462)	(455)	66,982	194,233
Share of profits of associates and jointly-controlled entities	5,127	3,904	1,767	365	-	-	1,328	514	8,222	4,783
Other material non-cash items:										
Gain/(loss) on disposal of property, plant and equipment	2,717	(92)	75	4	-	-	-	-	2,792	(88)
Gain on disposal of non-current asset held-for-sale	-	147,581	-	-	-	-	-	-	-	147,581
(Allowance)/reversal of impairment loss on property, plant and equipment	(378)	41	-	-	-	-	-	-	(378)	41
Gain on disposal of available-for-sale financial assets	2,123	1,607	-	-	-	-	-	-	2,123	1,607
Impairment loss on an associate	-	-	(21)	-	-	-	-	-	(21)	-
Impairment loss on intangible assets	(127)	-	-	-	-	-	-	-	(127)	-
Gain/(loss) on disposal of subsidiaries	4,718	(73)	-	(16)	-	-	-	-	4,718	(89)
Gain on disposal of associates and jointly-controlled entities	-	533	-	-	-	-	-	-	-	533
Reportable segment assets	695,293	687,107	34,842	25,951	770,723	-	45,784	2,774	1,546,642	715,832
Investment in associates and jointly-controlled entities	47,544	34,521	1,222	560	-	-	50	858	48,816	35,939
Non-current assets held-for-sale	2,345	-	-	-	-	-	-	-	2,345	-
Capital expenditure	69,239	58,162	143	294	137	-	1,232	51	70,751	58,507
Reportable segment liabilities	223,124	266,534	27,609	24,210	743,220	-	61,689	91	1,055,642	290,835

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

33 SEGMENT REPORTING (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2011 $'000	2010 $'000
Revenues		
Total revenue for reportable segments	2,577,139	747,479
Other revenue	2,889	–
Elimination of inter-segment revenue	(332)	(298)
Consolidated revenue	2,579,696	747,181
Profit or loss		
Total profit or loss for reportable segments	72,431	194,688
Other profit or loss	(5,449)	(455)
	66,982	194,233
Unallocated amounts:		
Business development cost	(767)	–
Corporate expenses	(9,355)	(9,637)
Share of profits of associates and jointly-controlled entities	8,222	4,783
Consolidated profit or loss	65,082	189,379
Assets		
Total assets for reportable segments	1,500,858	713,058
Other assets	45,784	2,774
Investment in associates and jointly-controlled entities	48,816	35,939
Non-current assets held-for-sale	2,345	–
Other unallocated assets	6,048	2,376
Consolidated total assets	1,603,851	754,147
Liabilities		
Total liabilities for reportable segments	993,953	290,744
Other liabilities	61,689	91
Other unallocated liabilities	39,009	14,325
Consolidated total liabilities	1,094,651	305,160

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

33 SEGMENT REPORTING (CONT'D)

Other material items

	Reportable segment $'000	Adjustments $'000	Consolidated totals $'000
2011			
Interest income	8,267	(82)	8,185
Interest expense	(13,566)	82	(13,484)
Capital expenditure	70,751	–	70,751
Depreciation and amortisation	(27,162)	–	(27,162)
Allowance of impairment loss on property, plant and equipment	(378)	–	(378)
Gain on disposal of property, plant and equipment	2,792	–	2,792
Gain on disposal of subsidiaries	4,718	–	4,718
Impairment loss on an associate	(21)	–	(21)
Impairment loss on intangible assets	(127)	–	(127)
Gain on disposal of available-for-sale financial assets	2,123	–	2,123
2010			
Interest income	1,156	(91)	1,065
Interest expense	(2,276)	91	(2,185)
Capital expenditure	58,507	–	58,507
Depreciation and amortisation	(18,158)	–	(18,158)
Reversal of impairment loss on property, plant and equipment	41	–	41
Loss on disposal of property, plant and equipment	(88)	–	(88)
Loss on disposal of subsidiaries	(89)	–	(89)
Gain on disposal of an associate and a jointly-controlled entity	533	–	533
Gain on disposal of non-current asset held-for-sale	147,581	–	147,581
Gain on disposal of available-for-sale financial assets	1,607	–	1,607

Geographical information

The logistics services segment is managed on a worldwide basis and the Group operates principally in Singapore, China, Asia/Australia (excluding Singapore and China), Europe and other regions. China is a major market for logistics and commodity marketing and supply chain management services. Singapore, Asia/Australia (excluding Singapore and China) and Europe are also major markets for logistics services. Engineering services are primarily in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

33 SEGMENT REPORTING (CONT'D)

The following geographical information is disclosed:

Revenues from external customers attributed to Singapore (being the Company's country of domicile) and foreign countries from which the Group derives revenue; and

Non-current assets (other than financial instruments and deferred tax assets) located in Singapore (being the Company's country of domicile) and foreign countries in which the Group holds assets.

Revenue	**2011**	**2010**
	$'000	**$'000**
China	1,440,164	145,212
Singapore	370,872	361,106
India	170,886	39,189
Korea	97,866	22,856
Other countries	499,908	178,818
Total	2,579,696	747,181

Non-current assets	**2011**	**2010**
	$'000	**$'000**
Singapore	216,906	175,938
Switzerland	89,495	-
The Netherlands	71,904	14,533
China	39,350	32,554
Belgium	30,613	31,598
Other countries	53,010	48,802
Total	501,278	303,425

Major customer

Revenue from a customer of the Group's Engineering segment accounts for approximately $34,160,000 (2010: $34,856,000) of the Group's total revenues.

34 REVENUE

	Group	
	2011	**2010**
	$'000	**$'000**
Rendering of services	792,250	736,645
Sale of goods	18,713	10,536
Sale of commodities	1,751,334	–
Construction income	17,399	–
	2,579,696	747,181

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

35 PROFIT BEFORE INCOME TAX

The following items have been included in arriving at profit before income tax:

	Group	
	2011	2010
	$'000	$'000
Staff costs	160,057	119,120
Contributions to defined contribution plan included in staff costs	11,670	9,466
Operating lease expense	57,280	50,064
Audit fees paid to:		
- Auditors of the Company	541	443
- Other auditors	1,383	488
Non-audit fees paid to:		
- Auditors of the Company	74	46
- Other auditors	808	270
Professional fees paid to a firm in which a director is a member	125	87
Depreciation of property, plant and equipment	21,854	16,559
Amortisation of:		
- Intangible assets	5,308	1,599
- Deferred gain	(32,871)	(26,966)
Amounts written-off/(written back) for:		
- Bad debts	108	(31)
Allowance/(reversal) of impairment losses on:		
- Property, plant and equipment	378	(41)
- Intangible assets	127	–
- Trade receivables	729	350
Allowance for foreseeable losses	113	3,411
(Gain)/loss on disposal or liquidation of:		
- Property, plant and equipment	(2,792)	88
- Intangible assets	120	137
- Associates	–	(511)
- Subsidiaries	(4,718)	89
- Jointly-controlled entity	–	(22)
- Non-current assets held-for-sale*	–	(147,581)

* *This relates mainly to the gain on disposal of leasehold buildings under sale and leaseback arrangements.*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

36 DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation paid/payable to key management personnel are as follows:

	Group	
	2011	2010
	$'000	$'000
Directors' fees	675	655
Senior management team remuneration*	24,245	23,480
Post-employment benefits	368	418
Other long-term employee benefits	2	–
Termination benefits	165	–
Share-based payments	1,756	–
	27,211	24,553

* *Represents short-term employee benefits*

37 FINANCE INCOME AND EXPENSE

	Group	
	2011	2010
	$'000	$'000
Gain on disposal of available-for-sale financial assets	2,123	1,607
Gain on fair value adjustment of a derivative instrument	–	43
Dividend income from available-for-sale financial assets	7,585	4,656
Interest income:		
- Cash and cash equivalents	1,177	760
- Finance lease	28	36
- Jointly-controlled entities, associates and related parties	110	111
- Accretion of loan to non-controlling interest	–	94
- Interest charge to suppliers	1,302	–
- Interest charge to customers	5,339	–
- Others	229	64
Finance income	17,893	7,371
Exchange loss (net)	(2,703)	(2,922)
Interest expense:		
- Bank borrowings and other banking facilities	(11,980)	(872)
- Finance leases	(144)	(150)
- Related parties	(441)	–
- Others	(919)	(1,163)
Finance expenses	(16,187)	(5,107)
Net finance income recognised in profit or loss	1,706	2,264

Included in other interest expenses for 2010 was a commitment fee of approximately $1,000,000 paid to a financial institution as a result of a loan drawn down.

NOTES TO THE FINANCIAL STATEMENTS

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38 INCOME TAX EXPENSE

	Group 2011 $'000	Group 2010 $'000
Current tax expense		
Current year	8,078	8,020
Over provision in prior years	(1,749)	(130)
	6,329	7,890
Deferred tax expense		
Origination and reversal of temporary differences	735	(927)
(Over)/under provision in prior years	(1,455)	3
	(720)	(924)
Total income tax expense	5,609	6,966

Income tax recognised in other comprehensive income

	Before Tax $'000	Tax (expense)/ benefit $'000	Net of Tax $'000
Group			
2011			
Exchange differences arising from translation of foreign operations	1,923	–	1,923
Exchange differences realised on disposal of subsidiaries	(1,195)	–	(1,195)
Fair value changes on available-for-sale financial assets	(4,230)	–	(4,230)
Fair value changes on available-for-sale financial assets transferred to profit or loss upon disposal	(2,194)	–	(2,194)
Fair value changes on cash flow hedges	(2,651)	–	(2,651)
Share of other comprehensive income of associates and jointly-controlled entities	767	–	767
	(7,580)	–	(7,580)
2010			
Exchange differences arising from translation of foreign operations	(20,755)	–	(20,755)
Exchange differences realised on disposal of subsidiaries	33	–	33
Fair value changes on available-for-sale financial assets	9,689	–	9,689
Fair value changes on available-for-sale financial assets transferred to profit or loss upon disposal	(1,607)	–	(1,607)
Share of other comprehensive income of associates and jointly-controlled entities	2,695	–	2,695
	(9,945)	–	(9,945)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

38 INCOME TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group	
	2011	2010
	$'000	$'000
Profit before income tax	65,082	189,379
Tax calculated using Singapore tax rate of 17% (2010: 17%)	11,064	32,254
Effect of different tax rates in other countries	(1,839)	(60)
Income not subject to tax	(8,565)	(30,598)
Tax incentives	(436)	–
Effect of utilisation of tax losses and wear and tear allowances not previously recognised as deferred tax assets	(63)	(526)
Expenses not deductible for tax purposes	5,770	1,895
Effect of deferred tax assets not recognised	2,882	4,128
Over provision in prior years	(3,204)	(127)
	5,609	6,966

Certain of the tax returns of the Group entities (including the Company) for prior years have not yet been finalised with the respective tax authorities. In arriving at the current tax expense of the Group, management establishes the best estimate of the expenditure required to settle its current tax liabilities based on its actual experience of similar transactions in the past, and in some cases, advice from its legal advisors on certain transactions.

In respect of the gains recognised on sale and leaseback of certain leasehold buildings, the Group continues to treat the disposals of the leasehold buildings as capital transactions and accordingly, the gains on disposal of leasehold buildings including the accretion of the deferred gain over the leaseback period are therefore not subject to tax.

Subsequent to the tax affairs being finalised by the tax authorities, there may be significant adjustments affecting the Group's results in future periods as there is no absolute certainty that the relevant tax authorities would accept the tax treatments of certain income and expenses submitted by the Group.

39 EARNINGS PER SHARE

	Group	
	2011	2010
	$'000	$'000
The basic and diluted earnings per share are based on:		
Profit for the year attributable to shareholders	57,145	178,967

	No. of shares	
	2011	2010
	'000	'000
Issued ordinary shares in issue at beginning of the year	590,305	574,305
Weighted average number of ordinary shares in issue during the year	595,044	588,814

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

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40 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries in FY2011

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date for all acquisitions during the year:

	Group 2011 $'000
Purchase consideration	
Cash paid	81,078
Equity instrument issued (10,000,000 ordinary shares)	12,373
Deferred payment	36,083
Fair value of put and call options	50,630
Contingent considerations	10,079
Total considerations for the acquisitions	190,243
Effect on cash flows of the Group	
Cash paid (as above)	81,078
Add: Bank overdraft, net of cash acquired	329,073
Cash outflow at the acquisition date	410,151
Cash paid on exercise of first tranche of the put and call options	8,340
Cash outflow on acquisitions	418,491

NOTES TO THE FINANCIAL STATEMENTS

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40 ACQUISITION OF SUBSIDIARIES (CONT'D)

(a) Acquisition of subsidiaries in FY2011 (cont'd)

The following fair values have been determined on a provisional basis:

Identifiable assets acquired and liabilities assumed	**Note**	**At fair value 2011 $'000**
Property, plant and equipment	4	61,044
Intangible assets	5	54,038
Derivative financial instruments		19,792
Inventories		347,129
Trade and other receivables		420,202
Deferred tax assets	12	136
Cash and cash equivalents		44,075
Total assets		946,416
Trade and other payables		267,262
Derivative financial instruments		19,864
Subordinated employee benefit liability		13,480
Retirement benefit obligations		1,363
Financial liabilities		84,279
Bank overdraft		373,148
Long term contingency & loss provision		22
Current tax payable		1,881
Deferred tax liabilities	12	19,524
Reserves		6,466
Total liabilities		787,289
Total identifiable net assets		159,127
Less: Non-controlling interests, based on their proportionate interest in the recognised amounts of assets and liabilities of the acquiree		(7,741)
Add: Goodwill arising from consolidation	5	37,970
Add: Capital reserves arising from restructuring		887
Total considerations for the acquisitions		190,243

Acquisition-related costs

The Group incurred acquisition-related costs of $3,423,000 (US$2,730,000) related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's income statement.

40 ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) *Major acquisition*

Acquisition of MRI Trading AG ("MRI")

During the year, the Group obtained control of MRI Trading AG, a commodity trading (metals and minerals) company by acquiring 73.81% of the shares and voting interests in MRI for a total consideration of $122,801,000 (US$96,761,000).

The Group also entered into put and call options agreements with the 26.19% non-controlling shareholders of MRI.

Pursuant to the put and call options agreements, the remaining shareholders are granted an option to put their shares to MRI and concurrently, MRI is granted an option to acquire the shares from the non-controlling shareholders in five tranches. The first option of 6.19% of MRI's shares held by non-controlling shareholders has been exercised on 31 October 2011. The next four equal tranches will be due within four months after the year end from 2012 to 2014. As at 31 December 2011, the percentage of MRI's shares held by the Group was increased to 80%.

Notwithstanding that the remaining 20% of the MRI's shares are still held by the remaining shareholders, the Group has accounted for MRI as effectively a wholly owned subsidiary as it has the power to control all voting rights in the subsidiary.

As the date of acquisition, the Group recognised a liability arising from the put and call options agreements at its fair value of $50,630,000.

In the 6 months to 31 December 2011, MRI contributed revenue of $1,682,289,000 and profit of $14,672,000 to the Group's results. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue would have been $4,435,875,000, and the consolidated profit for the year would have been $85,849,000.

Equity instrument issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 30 June 2011 of $1.2373 per share.

Deferred payment

Deferred payments consist of deferred and other amounts payable to the selling shareholders in three tranches from 2012 to 2014.

Contingent considerations

The Group agreed to pay to an additional consideration contingent on an agreed profit target to be achieved by MRI from 1 July 2011 to 30 June 2014. The contingent consideration will be payable in 2015. The Group has recognised $10,079,000 (US$7,706,000) as contingent consideration, which represents its fair value at the acquisition date, based on a discount rate of 3.725%.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

41 DISPOSAL OF INTERESTS IN SUBSIDIARIES

On 15 June 2011, the Group disposed of its equity interest in CWT Cayman (Jinshan) Ltd for a total consideration of $12,971,000.

	Group 2011 $'000
Carrying amounts of assets and liabilities disposed of	
Property, plant & equipment	7,739
Total assets	7,739
Trade and other payables	(3)
Other liabilities	(1)
Total liabilities	(4)
Net assets derecognised	7,735
Less: Non-controlling interests	–
Net assets disposed of	7,735

The aggregate cash inflows arising from the disposal of CWT Cayman (Jinshan) Ltd and its subsidiaries were as follow:

	Group 2011 $'000
Net assets disposed of (as above)	7,735
Reclassification of currency translation reserve	(1,195)
	6,540
Gain on disposal	6,431
Net cash inflow on disposal	12,971

In connection with the disposal, the Group entered into a 3 year lease for a warehouse owned by the disposed group. The gain on disposal of CWT Cayman (Jinshan) Ltd included an amount of $1,713,000 representing the gain in excess of the fair value of the warehouse owned by the disposed group. Accordingly, the Group recognised the amount of $1,713,000 as a deferred gain to be amortised over the period of the lease of the warehouse.

42 FINANCIAL RISK MANAGEMENT

Overview

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

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Group, as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

42 FINANCIAL RISK MANAGEMENT (CONT'D)

The Group has a credit policy in place whereby new customers are subject to credit evaluations based on available financial information and past experiences. The Group has established credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position. Except as disclosed in note 33, there were no significant concentrations of credit risks.

Sales by the SCM segment are generally secured by letters of credit. The Group generally does not require collateral for sales from other segments.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funding as required. The Group monitors and maintains a level of cash and bank balances and credit facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group aims at maintaining flexibility in funding by keeping adequate liquidity available. Where necessary and at appropriate time, the Group would unlock cash from properties held to meet expansion needs.

The Group maintains adequate secured and unsecured loan facilities. As at 31 December 2011, the Group has unutilised loan facilities amounting to $158,400,000 (2010: $66,500,000) that are available to fund its working capital requirements and to service financing obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and other price risks will affect the Group's profit. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Price risk

Price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Sensitivity analysis

Equity price risk

The Group's equity securities are designated as available-for-sale investment. A 10% increase or decrease in the underlying equity prices at the reporting date with all other variables held constant would increase or decrease equity by $8,353,000 (2010: $9,186,000 respectively).

	Equity	
Group	10% increase $'000	10% decrease $'000
2011		
Quoted equity securities	8,353	(8,353)
2010		
Quoted equity securities	9,186	(9,186)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

42 FINANCIAL RISK MANAGEMENT (CONT'D)

Commodity price risk

The Group uses derivative financial instruments such as commodity futures and commodity option contracts to hedge certain exposures. The two markets used are the London Metal Exchange ("LME") for Base Metals, such as copper, lead and zinc, and the London Bullion Market Association ("LBMA") for gold and silver.

As the majority of the physical contract pricing is based on the average of the quotational pricing period (Q/P), the hedge department will lock in the average of the month by hedging over the counter (OTC) averaging contracts with one of its brokers which are then converted to LME or LBMA contracts once the averaging has been completed. Thus the physical contract will be back to back with the futures contract, locking in the price risk.

In addition, the hedge department will endeavour to lock in the spread (the difference between the Intake Q/P and the Outgo Q/P) relating to the physical shipment, either by borrowing or lending in the relevant time period. Usually in a backwardation market the physical outgo should be priced before the physical intake and therefore the hedge department would lend the spread. In a contango market the inverse applies.

The following table represents the quantities by commodity, to which the Group is exposed to commodity price risk. Base Metals, such as Copper, Lead and Zinc are shown as, metric tons (mt), precious metals such as Gold and Silver are shown as ounces (oz).

	Copper	**Lead**	**Zinc**	**Gold**	**Silver**
	mt	**mt**	**mt**	**oz**	**oz**
Group					
2011					
Gross exposure	35,113	10,981	32,850	35,409	1,817,687
Hedges	(35,050)	(10,900)	(32,875)	(35,438)	(1,816,262)
Net exposure	63	81	(25)	(29)	1,425

Exposure to commodity prices is covered by derivatives and therefore, changes to market prices are not expected to significantly impact the Group's financial performance. Changes in weight and content of the metals within the concentrates can impact the Group's financial performance.

Interest rate risk

Certain of the Group's term and other loans attract floating interest rate. The Group's earnings are affected by changes in interest rates due to the impact such changes have on short-term cash deposits and debt obligations. The Group's debt obligations are mainly denominated in Singapore and United States dollars. Generally, the Group adopts a conservative approach in interest risk management. The Group's policy is to maintain its borrowings in the appropriate currencies such as to balance risks and cost effectiveness.

The Group enters into interest rate swap contracts to hedge its interest rate risk.

Sensitivity analysis

In managing its interest rate risk, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in interest rate can have a significant impact on profit or loss.

For the variable rate bank loans, a change of 100 bp in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

42 FINANCIAL RISK MANAGEMENT (CONT'D)

	Profit before tax	
	100 bp increase	100 bp decrease
Group	**$'000**	**$'000**
2011		
Variable rate bank loans	(1,371)	1,371
2010		
Variable rate bank loans	(63)	63

Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risks arising from various currency exposures. Where possible, the Group seeks to minimise its foreign currency exposure in operations by matching its exposure to foreign currency receivables to its exposure to foreign currency payables. The Group may also explore using derivatives to hedge its foreign exchange risk.

The Group seeks to minimise its foreign currency exposures in foreign subsidiaries, associates and jointly-controlled entities by repatriating their earnings, where practicable. The Group also requires the foreign subsidiaries, associates and jointly-controlled entities to maintain their borrowings in the relevant foreign currencies which match their respective functional currencies.

In respect of the other monetary assets and liabilities held in currencies other than the functional currencies, the Group reviews the balances periodically to ensure the net exposure is kept at an acceptable level.

The Group's and Company's significant exposures to foreign currencies are as follows:

	US dollar $'000	Singapore dollar $'000	Euro $'000	Chinese Yuan $'000	Thai Baht $'000
Group					
2011					
Long-term loan receivables	1,296	–	118	–	–
Trade and other receivables	22,224	5,074	5,542	5,790	29
Cash and cash equivalents	9,788	2,373	1,331	165	–
Trade and other payables	(11,853)	(2,792)	(1,756)	(6,816)	(1,009)
Financial liabilities	(3,477)	(461)	–	–	–
	17,978	4,194	5,235	(861)	(980)
2010					
Trade and other receivables	12,459	3,776	2,948	2,678	–
Cash and cash equivalents	9,346	1,566	182	–	–
Trade and other payables	(8,713)	(311)	(326)	(2,161)	(16)
Financial liabilities	–	(23)	(48)	–	–
	13,092	5,008	2,756	517	(16)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

42 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign exchange risk (cont'd)

	US dollar $'000	Euro $'000	Chinese Yuan $'000
Company			
2011			
Trade and other receivables	1,034	–	42
Cash and cash equivalents	222	57	10
Trade and other payables	(47)	–	–
	1,209	57	52
2010			
Trade and other receivables	530	1	23
Cash and cash equivalents	235	115	–
Trade and other payables	(3)	(1)	–
	762	115	23

Sensitivity analysis

A 10% strengthening of the Group's major functional currencies against the following currencies at the reporting date would increase/(decrease) equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity $'000	Profit before tax $'000	Equity $'000	Profit before tax $'000
2011				
US dollar	–	(1,798)	–	(121)
Singapore dollar	–	(419)	–	–
Euro	–	(523)	–	(6)
Chinese Yuan	–	86	–	(5)
Thai Baht	–	98	–	–
	–	(2,556)	–	(132)
2010				
US dollar	–	(1,309)	–	(76)
Singapore dollar	–	(501)	–	–
Euro	–	(276)	–	(12)
Chinese Yuan	–	(52)	–	(2)
Thai Baht	–	2	–	–
	–	(2,136)	–	(90)

A 10% weakening of the Group's major functional currencies against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

42 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair values

The aggregate net fair value of financial assets and financial liabilities which are not carried at fair value in the statements of financial position as at 31 December, are represented in the following table:

Group	Carrying amount 2011 $'000	Fair value 2011 $'000	Carrying amount 2010 $'000	Fair value 2010 $'000
Financial assets				
Finance lease receivables	839	839	981	981
Financial liabilities				
Fixed interest rate bank loans	25,649	26,207	1,468	1,461
Hire purchase and finance lease liabilities [1]	2,676	2,676	1,218	1,218
	28,325	28,883	2,686	2,679

1 *The fair value of hire purchase and finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair value reflects change in interest rate. The carrying amount of hire purchase and finance lease liabilities closely approximates the fair value since the market interest rate as at the reporting date closely approximates the effective interest rate implicit in the hire purchase and finance lease.*

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments not included above:

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amounts approximate the fair values due to the relatively short-term nature of these financial instruments.

Investment in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

Floating interest rate bank loans and loan to subsidiaries

The carrying amounts of these floating interest-bearing loans, which are repriced within six months interval, reflect the corresponding fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the loan rates plus adequate credit spread or actual average cost of debt, whichever is higher:

	Group 2011 %	Group 2010 %
Finance lease receivables	3.6	3.6
Bank loans	1.2 – 18.0	1.5 - 12.0
Hire purchase and finance lease liabilities	1.5 – 10.0	3.3 - 18.0

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

42 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy

The table below analyse 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
	$'000	$'000	$'000	$'000
Group				
2011				
Available-for-sale financial assets	83,530	45	–	83,575
Derivative financial assets	78,558	5,005	–	83,563
	162,088	5,050	–	167,138
Derivative financial liabilities	(16,840)	(2,649)	–	(19,489)
	145,248	2,401	–	147,649
2010				
Available-for-sale financial assets	91,857	45	–	91,902
Company				
2011				
Available-for-sale financial assets	80,686	–	–	80,686
2010				
Available-for-sale financial assets	91,857	–	–	91,857

43 COMMITMENTS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Capital commitments:				
- contracted for but not provided	102,070	871	99,553	158
- authorised but not contracted	29,967	31,729	392	590
	132,037	32,600	99,945	748

The Group and Company lease land, warehouse facilities, offices and motor vehicles under operating leases. The leases typically run for an initial period of 1 to 46 years, with an option to renew the lease after the expiry dates. Lease payments for land are revised on an annual basis to reflect the market rental whilst other lease payments are revised on renewal of lease contracts to reflect market rental. None of the leases include contingent rental.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

43 COMMITMENTS (CONT'D)

At the reporting date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	79,873	74,725	62,131	61,696
After 1 year but within 5 years	169,434	216,919	135,171	186,734
After 5 years	89,934	81,862	60,428	62,877
	339,241	373,506	257,730	311,307

The Group and the Company contracted out part of their leasehold buildings to clients under logistic contracts. The contracts typically run for an initial period of 1 to 8 years. Rates are revised at renewal of contract to reflect market rate. None of the contracts include contingent payment. The non-cancellable contract payment receivables are as follows:

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	57,235	17,237	53,816	14,415
After 1 year but within 5 years	14,434	6,519	13,369	6,103
After 5 years	649	–	649	–
	72,318	23,756	67,834	20,518

44 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group where there are direct relationships involving control, joint control or significant influence and excludes those entities for which the relationship with the Group is such that a person has significant influence over one entity, and a close family member of that person has significant influence over the other entity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

44 RELATED PARTIES (CONT'D)

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had the following significant related party transactions on terms agreed between the parties:

	Directors $'000	Key management personnel $'000	Associates $'000	Jointly-controlled entities $'000	Other related parties $'000
Group					
Income statement transactions					
2011					
Sales of goods and/or services	595	7,096	14,374	912	2,853
Purchase of goods and/or services	1,396	3,946	4,461	524	-
Rental paid	1,142	-	-	-	-
Interest income from loan	-	-	31	16	-
Legal fees paid	125	-	-	-	-
Dividend received	-	-	80	1,968	-
2010					
Sales of goods and/or services	615	7,819	13,061	270	-
Purchase of goods and/or services	2,815	1,095	6,540	17	-
Rental paid	413	-	5,141	-	-
Interest income from loan	64	-	27	20	-
Legal fees paid	82	-	-	-	-
Dividend received	-	-	1,067	385	-

Transactions with related parties arise from the ordinary course of business and are not treated any differently from transactions with customers or suppliers of the Group.

45 SUBSEQUENT EVENTS

The significant subsequent events that arose after 31 December 2011 are as follows:

(a) The directors proposed a final one-tier dividend of 2.5 (2010: 2.5) cents per ordinary share amounting to $15,007,616 (2010: $14,757,616). The dividend has not been provided for in the financial statements as at 31 December 2011 and is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company; and

(b) During the year, the Group entered into a sale and purchase agreement to dispose a warehouse property for $3,700,000. The sale was completed on 6 February 2012 with gain on disposal of $1,300,000.

STATISTICS OF SHAREHOLDINGS

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 MARCH 2012

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 999	200	4.83	24,685	0.00
1,000 - 10,000	2,680	64.73	15,519,111	2.59
10,001 - 1,000,000	1,225	29.59	69,309,268	11.55
1,000,001 AND ABOVE	35	0.85	515,451,586	85.86
TOTAL :	4,140	100.00	600,304,650	100.00

SHAREHOLDING HELD IN THE HANDS OF THE PUBLIC

Based on information available to the Company as at 16 March 2012, approximately 37% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1.	C&P HOLDINGS PTE LTD	191,680,000	31.93
2.	HSBC (SINGAPORE) NOMINEES PTE LTD	60,198,000	10.03
3.	DBS NOMINEES PTE LTD	40,813,710	6.80
4.	LOI KAI MENG	36,440,000	6.07
5.	LOI KAI MENG (PTE) LIMITED	28,500,000	4.75
6.	CITIBANK NOMINEES SINGAPORE PTE LTD	16,968,328	2.83
7.	EDB INVESTMENTS PTE LTD	16,000,000	2.67
8.	PENJURU CAPITAL PTE LTD	15,000,000	2.50
9.	LOI POK YEN	14,100,000	2.35
10.	MAYBAN NOMINEES (S) PTE LTD	10,782,000	1.80
11.	ASHWATH MEHRA	10,000,000	1.67
12.	STANLEY K K LIAO	8,397,000	1.40
13.	BNP PARIBAS SECURITIES SERVICES	7,239,000	1.21
14.	UNITED OVERSEAS BANK NOMINEES PTE LTD	6,749,550	1.12
15.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	6,443,000	1.07
16.	RAFFLES NOMINEES (PTE) LTD	6,104,050	1.02
17.	DB NOMINEES (S) PTE LTD	5,341,000	0.89
18.	PRECISE DEVELOPMENT PTE LTD	5,000,000	0.83
19.	OCBC SECURITIES PRIVATE LTD	3,474,010	0.58
20.	MAYBANK KIM ENG SECURITIES PTE LTD	2,804,060	0.47
	TOTAL :	492,033,708	81.99

STATISTICS OF SHAREHOLDINGS

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2012

NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	%
C&P HOLDINGS PTE LTD[(1)]	191,680,000	-	191,680,000	31.93
LOI KAI MENG (PTE) LIMITED[(1)(2)]	30,000,000	191,680,000	221,680,000	36.93
STANLEY LIAO PRIVATE LIMITED[(1)(3)]	19,581,000	191,680,000	211,261,000	35.19
LIM SOO SENG (PTE) LIMITED[(1)(4)]	2,624,000	191,680,000	194,304,000	32.37
LOI KAI MENG[(5)]	67,000,000	223,630,000	290,630,000	48.41
LIAO CHUNG LIK[(6)]	16,301,000	19,581,000	35,882,000	5.98
LOI POK YEN[(7)]	14,100,000	16,100,000	30,200,000	5.03

(1) C&P Holdings Pte Ltd is majority-owned by Loi Kai Meng (Pte) Limited, Stanley Liao Private Limited and Lim Soo Seng (Pte) Limited, each of whom owns more than 20% of its issued share capital.

(2) Loi Kai Meng (Pte) Limited is deemed to be interested in the shares held by C&P Holdings Pte Ltd.

(3) Stanley Liao Private Limited is deemed to be interested in the shares held by C&P Holdings Pte Ltd.

(4) Lim Soo Seng (Pte) Limited is deemed to be interested in the shares held by C&P Holdings Pte Ltd.

(5) Mr Loi Kai Meng is the legal and beneficial owner of 36,440,000 shares and is also the beneficial owner of 30,560,000 shares registered in the name of DBS Nominees Pte Ltd. Mr Loi Kai Meng is deemed to be interested in the shares held by C&P Holdings Pte Ltd and Loi Kai Meng (Pte) Limited. He is also deemed to be interested in 1,950,000 shares which are held by his spouse, Mdm Lim Lay Khia@Lim Lay Choo.

(6) Mr Liao Chung Lik is the legal and beneficial owner of 11,801,000 shares and is also the beneficial owner of 4,500,000 shares registered in the name of HSBC (Singapore) Nominees Pte Ltd. Mr Liao Chung Lik is deemed to be interested in 19,581,000 shares which are directly held by Stanley Liao Private Limited.

(7) Mr Loi Pok Yen is the legal and beneficial owner of 14,100,000 shares. Mr Loi Pok Yen is deemed to be interested in 15,000,000 shares which are directly held by Penjuru Capital Pte Ltd. He is also deemed to be interested in 1,100,000 shares which are held by his spouse, Mdm Tong Siow Oon Sylvia.

SHARE PRICE PERFORMANCE

CWT outperformed STI by 15.1 percentage points in 2011.

Source: Bloomberg

CWT Share Price and Volume 2011

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Closing Price	**1.190**	**1.190**	**1.230**	**1.300**	**1.220**	**1.340**	**1.290**	**1.120**	**0.945**	**1.050**	**1.005**	**0.990**
High (S$)	1.270	1.320	1.270	1.410	1.320	1.350	1.390	1.315	1.140	1.065	1.080	1.040
Low (S$)	0.995	1.200	1.130	1.230	1.170	1.190	1.235	0.990	0.940	0.850	0.980	0.980
Average (S$)	1.133	1.260	1.200	1.320	1.245	1.270	1.313	1.153	1.040	0.958	1.030	1.010
Volume ('000)	**119,132**	**63,115**	**36,034**	**48,889**	**25,587**	**37,059**	**38,529**	**30,244**	**12,334**	**14,703**	**8,976**	**1,908**
STI	**3,180**	**3,011**	**3,106**	**3,180**	**3,160**	**3,120**	**3,189**	**2,885**	**2,675**	**2,856**	**2,702**	**2,646**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the shareholders of CWT Limited (the "**Company**") will be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 25 April 2012 at 3.30pm for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions relating to both ordinary and special businesses which will be proposed as ordinary resolutions.

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2011, and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To approve a final one-tier cash dividend of 2.5 cents per share (or a total net dividend of S$15,007,616.25) for the financial year ended 31 December 2011. **(Resolution 2)**

3. To approve Directors' fees of S$625,000 for the financial year ended 31 December 2011 (2010: S$655,000). **(Resolution 3)**

4. To re-elect the following Directors pursuant to Article 92 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:
   Liao Chung Lik **(Resolution 4)**

   Mr Liao Chung Lik, if re-appointed, will continue to serve as a non-executive Director and a member of the Audit Committee.

   Loi Pok Yen **(Resolution 5)**

   Mr Loi Pok Yen, if re-appointed, will continue to serve as executive Director.

   To re-appoint Mr Loi Kai Meng as Director of the Company, pursuant to Section 153(6) of the Singapore Companies Act (Cap. 50), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 6)**

   Mr Loi Kai Meng, if re-appointed, will continue to serve as non-executive Chairman and a member of the Nominating cum Remuneration Committee.

5. To re-appoint KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

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

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

(A) (i) issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise);

(ii) make or grant offers, agreements or options or awards (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into Shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

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

NOTICE OF ANNUAL GENERAL MEETING

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

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 50 percent of the total number of issued Shares excluding any treasury shares (as calculated in accordance with sub-paragraph (2) below) of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution but excluding Shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20 percent of the total number of issued Shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above:

(i) the total number of issued Shares, excluding treasury shares, shall be calculated based on the total number of issued Shares, excluding treasury shares, at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier[(1)].

(Resolution 8)

7. That:

(A) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company ("**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:

(i) on-market Share Buy-Backs (each an "**On-market Share Buy-Back**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market Share Buy-Backs (each an "**Off-market Share Buy-Back**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

NOTICE OF ANNUAL GENERAL MEETING

and otherwise, in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(B) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time, and from time to time during the period commencing from the date of the passing of this Resolution, and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held;

(ii) the date on which the Share Buy-Backs are carried out to the full extent mandated; and

(iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Company in general meeting;

(C) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased or acquired means the purchase price (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of an On-market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day of the On-market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(ii) in the case of an Off-market Share Buy-Back pursuant to an equal access scheme, 20% above the average of the closing market prices of the Shares over the last 5 market days on the SGX-ST on which transactions in the Shares were recorded, immediately preceding the day on which the Company announces its intention to make an offer an Off-market Share Buy-Back, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-market Share Buy-Back, and deemed to be adjusted for any corporate action that occurs after such 5-day period; and

(D) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution[(2)].

(Resolution 9)

8. To transact any other business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(1) Ordinary Resolution No. 8, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further Shares and Instruments in the Company, including a bonus or rights issue. The maximum number of Shares which the Directors may issue under this Resolution shall not exceed the quantum set out in the Resolution.

(2) Ordinary Resolution No. 9 is to renew the Share Buy-Back Mandate which was originally approved by shareholders on 25 April 2011. Please refer to **Appendix 1** to this Notice of Annual General Meeting for details.

By Order of the Board

Madam Lye Siew Hong (Mrs Lynda Goh)
Company Secretary
10 April 2012

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If a proxy is to be appointed, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney, must be duly deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the holding of the Annual General Meeting.

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

CWT LIMITED

(Company Registration No.: 197000498M)
(Incorporated in the Republic of Singapore)

PROXY FORM

FOR ANNUAL GENERAL MEETING

(PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM)

IMPORTANT:
1. For investors who have used their CPF monies to buy ordinary shares in the capital of CWT Limited, this Annual 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 attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We ____ of

____

being a *member/members of CWT Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing *him/her, the Chairman of the Annual General Meeting (the "**Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Meeting of the Company to be held at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039 on 25 April 2012 at 3.30pm and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

* Please delete whichever is not applicable accordingly

No.	ORDINARY RESOLUTIONS	For	Against
1.	Approval and adoption of Audited Accounts for the financial year ended 31 December 2011 and the Directors' Report and the Auditors' Report thereon		
2.	Approval of the final dividend for the financial year ended 31 December 2011		
3.	Approval of the Directors' fees for the financial year ended 31 December 2011		
4.	Re-election of Liao Chung Lik as Director		
5.	Re-election of Loi Pok Yen as Director		
6.	Re-appointment of Loi Kai Meng as Director		
7.	Re-appointment of Auditors and authorising the Directors to fix their remuneration		
8.	Authorise Directors to allot and issue new shares		
9.	Renewal of the Share Buy-Back Mandate		

Please indicate your vote with a tick (√) within the boxes above either "**For**" or "**Against**" the respective resolutions.

Signed this ________ day of __________________ 2012.

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT:

Please read the notes below:

Notes:

1. Please insert the total numbers of shares held by you on the Proxy Form. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be in the alternative unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy must be deposited at the registered office of the Company at 38 Tanjong Penjuru, CWT Logistics Hub 1, Singapore 609039, not less than 48 hours before the time appointed for the Annual General Meeting.

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

6. Where the instrument of proxy is executed by an attorney, the relevant power of attorney or an office copy or notarially certified copy of the power of attorney must be received by the Company at least 48 hours before the time notified for the Annual General Meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Lynda Goh
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