



CWT DISTRIBUTION LIMITED

(Company Registration No.: 197000498M)

Financial Statement and Dividend Announcement for the Financial Year 2005

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Consolidated Profit and Loss Account
For the year ended 31 December 2005

	FY 2005 S\$'000	FY 2004 S\$'000	% Change
Revenue	248,176	239,687	4
Cost Of Sales	(227,961)	(223,815)	2
Gross Profits	20,215	15,872	27
Other Operating Income	2,550	1,644	55
Administrative Expenses	(12,937)	(13,316)	(3)
Other Operating Expenses	(1,327)	(1,106)	20
Share Of Profit/(Loss) from			
- Jointly-controlled entities	1,807	1,347	34
- Associates	1,783	(350)	NM
Sub total	(8,124)	(11,781)	(31)
Profit before interest & tax	12,091	4,091	196
Finance Costs	(783)	(508)	54
Profit before taxation	11,308	3,583	216
Taxation	(1,808)	(128)	1,313
Profit after taxation	9,500	3,455	175
Attributable to:			
Equity holders of the parent	8,747	2,093	318
Minority Interest (MI)	753	1,362	(45)
Net Profit attributable to shareholders	9,500	3,455	175

Note:

Certain items in the comparative figures have been reclassified to conform to the current year's presentation.

1(a)(ii) **Notes to Income Statement**

Additional Disclosure items

	FY 2005 \$'000	FY 2004 \$'000	% Change
Allowance made for doubtful debts	(242)	0	NM
Depreciation and amortisation	(5,515)	(5,491)	0
Foreign exchange loss	(205)	(602)	(66)
Inventory write off	(4)	(35)	(89)
Fixed assets written down	(21)	0	NM
Loss on deconsolidation of a subsidiary	(9)	0	NM
Gain on sale of property, plant and equipment	148	37	300
Negative goodwill arising from acquisition of a subsidiary	1,404	0	NM
Loss on disposal of jointly-controlled entity	(583)	0	NM
Gain on disposal of associates	0	556	(100)
Loss on sale of club membership	(12)	0	NM
Write off of other investments	(13)	(4)	(225)
Provision for impairment loss of fixed assets	(366)	(157)	133
Write back of allowance made for doubtful debts	340	69	393
Write back of deferred tax (Note 1)	0	690	(100)

NM: Not meaningful

Note 1

In the previous year, the write back of deferred tax arose from the reduction in Singapore corporate tax rate from 22% to 20%.

Taxation expense

The income tax expense is based on the statutory tax rates of the respective countries in which the companies are operating. There is no significant over or under provision of tax in FY05. The effective tax rate for FY05 is higher than FY04 since the write back of deferred tax was only recognised in FY04.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

1(b)(i) Balance Sheets as at 31 December 2005

	<u>Group</u>		<u>Company</u>	
	2005 S\$'000	2004 S\$'000	2005 S\$'000	2004 S\$'000
<u>Assets</u>				
Non-current assets				
Property, plant and equipment	111,551	95,195	67,619	68,599
Intangible assets	2,594	2,546	43	113
Subsidiaries	-	-	22,619	18,674
Associates	7,926	2,594	1,243	1,138
Jointly-controlled entities	6,857	7,568	3,716	4,092
Other non-current assets	113	165	39	92
Other receivables	564	205	-	79
Deferred tax assets	88	12	-	-
	<u>129,693</u>	<u>108,285</u>	<u>95,279</u>	<u>92,787</u>
Current assets				
Inventories	296	305	73	252
Trade and other receivables	42,510	38,903	22,722	17,610
Cash and cash equivalents	18,165	14,315	2,869	5,181
Tax Recoverable	973	804	766	792
	<u>61,944</u>	<u>54,327</u>	<u>26,430</u>	<u>23,835</u>
Total Assets	191,637	162,612	121,709	116,622
<u>Liabilities and Equity</u>				
Capital, Reserves and Minority Interests				
Share capital	37,525	37,525	37,525	37,525
Share premium	927	927	927	927
Asset revaluation reserve	10,211	-	-	-
Translation Reserves	707	(80)	-	-
Other reserves	246	684	-	-
Retained Earnings	54,264	47,891	36,224	37,239
Equity Attributable to Shareholders of the Company	103,880	86,947	74,676	75,691
Minority Interests	12,961	9,913	-	-
Total Equity	116,841	96,860	74,676	75,691
Current Liabilities				
Bank overdrafts (unsecured)	538	-	-	-
Trade and other payables	33,428	32,417	12,190	13,265
Interest-bearing borrowings	21,339	24,122	20,683	22,000
Current tax payable	1,579	1,224	-	-
Provisions	1,224	672	178	408
	<u>58,108</u>	<u>58,435</u>	<u>33,051</u>	<u>35,673</u>
Non-Current Liabilities				
Interest-bearing borrowings	8,961	45	8,609	-
Deferred tax liabilities	7,727	7,272	5,373	5,258
	<u>16,688</u>	<u>7,317</u>	<u>13,982</u>	<u>5,258</u>
Total Liabilities	74,796	65,752	47,033	40,931
Total Liabilities and Equity	191,637	162,612	121,709	116,622

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand.

As at 31/12/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
64	21,813	26	24,096

Amount repayable after one year

As at 31/12/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
144	8,817	45	-

Details of any collateral

The secured loans are hire purchase and finance lease contracts undertaken by the holding company and its subsidiaries on their motor vehicles and equipment.

1 (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**1(c)(i) Consolidated Statement of Cash Flows
For the year ended 31 December 2005**

	2005 S\$'000	2004 S\$'000
Operating activities		
Profit from ordinary activities before taxation	11,308	3,583
Adjustments for:		
Amortisation of intangible assets	171	455
Depreciation expense on property, plant and equipment	5,344	5,036
Dividend income from other investments	-	(17)
Fixed asset written down	21	-
Gain on disposal of property, plant and equipment	(148)	(37)
Interest expense	783	508
Interest income	(218)	(186)
Inventory write off	4	35
Loss on deconsolidation of a subsidiary	9	-
Loss on disposal of jointly-controlled entity	583	-
Gain on disposal of associates	-	(556)
Loss on disposal of other investment	12	-
Share of (profit) / loss of associates	(1,783)	350
Share of profit of jointly-controlled entities	(1,807)	(1,347)
Impairment loss of property, plant and equipment	366	157
Write off of other investments	13	4
Negative goodwill arising from acquisition of a subsidiary	(1,404)	-
Operating profit before working capital changes	<u>13,254</u>	<u>7,985</u>
Change in working capital:-		
Inventories	5	101
Trade and other receivables	(2,564)	(1,312)
Trade and other payables	188	7,654
Cash generated from operations	<u>10,883</u>	<u>14,428</u>
Income taxes paid	(1,635)	(1,530)
Cash flows from operating activities	<u><u>9,248</u></u>	<u><u>12,898</u></u>
Investing activities		
Dividends received from jointly-controlled entity	344	281
Dividends received from associates	181	104
Dividends received from other investments	-	126
Interest received	218	164
Acquisition of interest in associates	(2,835)	-
Acquisition of additional interest in subsidiaries	(2,941)	-
Proceeds from disposal of jointly-controlled entity	1,704	-
Proceeds from disposal of associates	-	300
Proceeds from sale of property, plant and equipment	335	316
Proceeds from disposal of other investment	27	-
Repayment of loan to staff	110	30
Repayment of loan to director of a subsidiary	-	75
Purchase of property, plant and equipment	(5,285)	(1,773)
Purchase of intangible assets	(188)	(200)
Cash flows used in investing activities	<u><u>(8,330)</u></u>	<u><u>(577)</u></u>

	2005	2004
	S\$'000	S\$'000
Financing activities		
Interest paid	(783)	(365)
Dividends paid	(3,002)	(3,002)
Dividends paid to minority interest	(271)	(1,389)
Proceeds from drawdown of borrowings	45,111	3,426
Proceeds from issue of shares to minority shareholders	373	-
Loan to jointly controlled entities	-	(50)
Repayment of loan from jointly controlled entities	-	898
Repayment of loan from associates	-	960
Hire purchase and finance lease obligations	155	(45)
Repayment of short-term borrowings	(37,433)	(1,420)
Repayment of long-term borrowings	(1,700)	(4,768)
Cash flows from/(used) in financing activities	<u>2,450</u>	<u>(5,755)</u>
Net increase in cash and cash equivalents	3,368	6,566
Cash and cash equivalents at 1 January	14,315	7,892
Effects of exchange rate changes on balances held in foreign currency	(56)	(143)
Cash and cash equivalents at 31 December	<u>17,627</u>	<u>14,315</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**1(d) Statement of Changes in Equity
For the year ended 31 December 2005**

Group	Share capital	Share Premium	Asset Revaluation Reserve	Translation Reserve	Other Reserve	Revenue reserve	Total attributable to equity holders of the parent	Minority Interest	Total
S\$'000									
At 1 January 2005, previously stated	37,525	927	-	(80)	684	47,891	86,947	9,913	96,860
Effects of adopting FRS 39	-	-	49	-	-	635	684	-	684
At 1 January 2005, restated	37,525	927	49	(80)	684	48,526	87,631	9,913	97,544
Net profit for the year	-	-	-	-	-	8,747	8,747	-	8,747
Translation differences	-	-	-	580	-	-	580	-	580
Fair value adjustment on warehouse arising from business combination	-	-	10,162	-	-	-	10,162	-	10,162
Disposal of a jointly-controlled entity	-	-	-	207	(445)	-	(238)	-	(238)
Transfer from/(to) reserve	-	-	-	-	7	(7)	-	-	-
Dividend paid	-	-	-	-	-	(3,002)	(3,002)	-	(3,002)
Minority interest share of:									
Profit for the year	-	-	-	-	-	-	-	753	753
Fair value adjustment	-	-	-	-	-	-	-	5,081	5,081
Currency translation reserve	-	-	-	-	-	-	-	(10)	(10)
Acquisition of shares from M I	-	-	-	-	-	-	-	(2,884)	(2,884)
Capital contribution by M I	-	-	-	-	-	-	-	373	373
Dividend paid to M I	-	-	-	-	-	-	-	(271)	(271)
Deconsolidation of a deregistered subsidiary	-	-	-	-	-	-	-	6	6
At 31 December 2005	37,525	927	10,211	707	246	54,264	103,880	12,961	116,841
At 1 January 2004	37,525	927	-	228	496	48,988	88,164	10,042	98,206
Net profit for the year	-	-	-	-	-	2,093	2,093	-	2,093
Dividends paid	-	-	-	-	-	(3,002)	(3,002)	-	(3,002)
Transfer to/(from) reserve	-	-	-	-	188	(188)	-	-	-
Translation differences	-	-	-	(308)	-	-	(308)	-	(308)
Minority interest share of:									
Profit for the year	-	-	-	-	-	-	-	1,362	1,362
Currency translation reserve	-	-	-	-	-	-	-	91	91
Capital contribution by M I	-	-	-	-	-	-	-	149	149
Restriction of loss to M I	-	-	-	-	-	-	-	(342)	(342)
Dividend paid to M I	-	-	-	-	-	-	-	(1,389)	(1,389)
At 31 December 2004	37,525	927	-	(80)	684	47,891	86,947	9,913	96,860
Company									
At 1 January 2005	37,525	927	-	-	-	37,239	75,691	-	75,691
Net profit for the year	-	-	-	-	-	1,987	1,987	-	1,987
Dividends paid	-	-	-	-	-	(3,002)	(3,002)	-	(3,002)
At 31 December 2005	37,525	927	-	-	-	36,224	74,676	-	74,676
At 1 January 2004	37,525	927	-	-	-	39,503	77,955	-	77,955
Net profit for the year	-	-	-	-	-	738	738	-	738
Dividends paid	-	-	-	-	-	(3,002)	(3,002)	-	(3,002)
At 31 December 2004	37,525	927	-	-	-	37,239	75,691	-	75,691

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of shares options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not Applicable.

- 2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).**

Not Applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2004, except for the adoption of the following new Financial Reporting Standards ("FRS") that became effective for financial years beginning on 1 January 2005.

(a) FRS 103 – Business Combinations

The adoption of the FRS 103 has resulted in the Group ceasing goodwill amortization from 1 January 2005. The goodwill is being reviewed for impairment annually at the cash generating unit level (unless an event occurs during the year which requires the goodwill to be tested more frequently) in accordance with FRS 36 : Impairment of Assets. The cessation of goodwill amortization has resulted in a cost reduction of \$302,652 for the year ended 31 December 2005.

In addition, the Group has recorded a negative goodwill of \$1,403,943 in its profit and loss account arising from the acquisition of additional equity interest in existing subsidiary.

(b) Other improvements to FRS applicable from 1 January 2005

Apart from FRS 103, the Group adopted various revisions in FRS, applicable from 1 January 2005. The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 1: Presentation of Financial Statements, with the 2004 comparatives restated to conform with current year's presentation.

The adoption of FRS 39 has resulted in an increase in opening reserve as at 1 January 2005 of \$0.6 million. This adjustment mainly arose from write back of certain allowance for trade receivables previously calculated under the "expected loss" model when the portfolio of its insignificant debtors are assessed on a collective basis.

With adoption of FRS 39, the collective assessment of impairment allowance of the portfolio of insignificant debts is performed using the "incurred loss" model.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Please see item 4 above.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

In computing the EPS (a) below, the weighted average number of ordinary shares in issue is 150,101,550 (31 December 2004: 150,101,550) during the financial period under review.

There were no new shares issued during the period. The weighted average number of shares used for the computation for the EPS on fully diluted basis (b) is 150,101,550 (31 December 2004: 150,101,550).

EPS (cents)	Year ended 31 December	
	2005	2004
(a) Basic	5.83	1.39
(b) Diluted	5.83	1.39

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
(a) **current financial period reported on; and**
(b) **immediately preceding financial year**

	31 December 2005	31 December 2004
NAV per ordinary share (cents)		
- Group	77.84	64.53
- Company	49.75	50.42

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Group Financial Highlights

The Group experienced steady performance in 4Q2005. Revenue increased marginally to \$64m while Profit After Tax gained 19% to \$2.64m in 4Q 2005.

For the financial year 2005, the Group returned a record Profit After Tax and Minority Interest ("PATMI") of \$8.75m on a 4% higher Revenue of \$248m, against last year's PATMI of \$2.1m on a revenue of \$240m. Resource rationalisation, cost management effort and volume increase contributed to the significant increase in earnings. The improved earnings included a part year contribution of \$1.5 million from a newly acquired associate in Dubai. Revenue growth came mainly from Non-Vessel Common Carrier ("NVOCC") business. Earnings growth was more broad-based with NVOCC business remained the top contributor. Joint ventures registered a 34% increase in profit contribution.

9. Where a forecast, or prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are generally in line with expectation.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In FY05, the Group pursued expansion in all business segments

- 1) CWT Globelink subgroup expanded its NVOCC network by establishing more offices in China including Ningbo and several inland points, acquiring new offices in Dubai and South Korea with others in the pipeline;
- 2) The Logistics segment also opened regional logistics nodes in Hong Kong and Malaysia and is actively pursuing operational capabilities in China, Malaysia and Thailand;
- 3) CWT Engineering expanded its production capacity by more than 3-fold for metal surface preparation services, to capture the booming demand from marine, oil and gas industry for the services. CWT Engineering has also completed in Jan 06 the acquisition of 100% shareholding of Indeco, one of the market leaders in engineering maintenance and facilities management;
- 4) The Company is currently pursuing several niche logistics infrastructure projects, including a cold storage hub; which will be ready in the 1st Quarter 2007 and other logistics hubs to be rolled out progressively.

The sale and lease back of two of the Group's properties is in progress and part of the proceeds realisable therefrom will be deployed to fund new projects in the pipeline.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	:	Proposed Final Dividend
Dividend Type	:	Cash
Dividend Rate	:	3 cents per ordinary share less tax
Tax rate	:	20%

The proposed dividend shall be applicable to the existing ordinary shares only.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	:	Proposed Final Dividend
Dividend Type	:	Cash
Dividend Rate	:	10% or 2.5 cents per ordinary share less tax
Par value of shares	:	S\$0.25
Tax rate	:	20%

(c) *Date payable*

Final dividend payable on 24th May 2006 subject to shareholders' approval at the forthcoming Annual General Meeting on 24th April 2006 at 5 p.m.

(d) *Books closure date*

Notice is hereby given that the transfer books and the Register of Members of the Company will be closed from 4th May 2006 to 5th May 2006 both dates inclusive for the presentation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrars, Lim Associates (Pte) Ltd, 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315 up to 5 p.m., 3rd May 2006 will be registered to determine shareholders' entitlement to the dividend.

12. *If no dividend has been declared/recommended, a statement to that effect.*

No interim dividend has been declared or recommended in the current reporting period.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Logistics		Engineering		Others		Total	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue and expenses								
Revenue	227,961	225,713	19,332	13,666	883	308	248,176	239,687
Segment results	15,650	14,041	3,843	1,691	722	140	20,215	15,872
Unallocated corporate expenses							(11,932)	(12,964)
Operating profit							8,283	2,908
Finance costs							(783)	(508)
Finance income							218	186
Share of profit/(loss) of associates	1,783	(350)					1,783	(350)
Share of profit of jointly controlled entities	1,605	1,135	202	212			1,807	1,347
Taxation							(1,808)	(128)
Profit from ordinary activities							9,500	3,455
Minority interests							(753)	(1,362)
Net profit for the year							8,747	2,093
Assets and Liabilities								
Segment assets	143,832	129,350	9,876	4,854	649	186	154,357	134,390
Interests in Assocs/JVs	13,487	8,931	1,296	1,079	-	152	14,783	10,162
Unallocated assets							22,497	18,060
Total assets	157,319	138,281	11,172	5,933	649	338	191,637	162,612
Segment liabilities	31,896	30,525	2,281	2,564	474	-	34,651	33,089
Unallocated liabilities							40,145	32,663
Total liabilities	31,896	30,525	2,281	2,564	474	-	74,796	65,752
Other Segmental Information								
Capital expenditure	3,705	1,947	1,679	26	89	-	5,473	1,973
Depreciation	5,082	4,876	256	160	6	-	5,344	5,036
Amortisation							171	455

	2005	2004
	\$'000	\$'000
Revenue		
Singapore	112,064	114,152
China	83,743	73,776
Asia (excluding Singapore and China)	40,930	51,759
Others	11,439	-
Total	248,176	239,687
Capital expenditure		
Singapore	4,509	1,048
China	380	716
Asia (excluding Singapore and China)	564	209
Others	20	-
Total	5,473	1,973
Total assets		
Singapore	162,930	138,414
China	16,383	23,221
Asia (excluding Singapore and China)	9,072	977
Others	3,252	-
Total	191,637	162,612

14. **In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

See Para 8.

15. **A breakdown of sales.**

The Group	2005 \$'000	2004 \$'000
Revenue reported for the first quarter	57,118	48,754
Operating profit after tax before deducting MI reported for the first quarter	1,807	897
Revenue reported for the second quarter	63,357	58,100
Operating profit after tax before deducting MI reported for the second quarter	2,082	379
Revenue reported for the third quarter	63,343	64,143
Operating profit after tax before deducting MI reported for the third quarter	2,215	1,018
Revenue reported for the fourth quarter	64,358	68,690
Operating profit after tax before deducting MI reported for the fourth quarter	2,643	(201)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

17. Interested Party Transactions

	Sales S\$'000	Purchases S\$'000
C & P Logistics Pte Ltd	214	-
C & P Capital Pte Ltd	416	614
C&P Asia Pte Ltd	491	-
Geo Integrated Pte Ltd	-	650

18. Proposed Bonus Issue

To reward the shareholders' support and to celebrate the highest profit after tax in its 35 years history, the Board of Directors of CWT Distribution Limited (the "Company") is pleased to announce that the company is proposing a bonus issue of up to 150,101,550 shares in the capital of the Company ("Bonus Shares"), on the basis of one (1) Bonus Shares credited as fully paid for every one (1) existing ordinary share held by the shareholders of the Company ("Proposed Bonus Issue").

The Bonus Shares, when allotted and issued, will rank pari passu in all respects with the existing ordinary shares in the capital of the Company. The actual number of the Bonus Shares that will be issued by the Company will depend on the total issued share capital of the Company as at book closure date.

Notice will be given at a later date on the closure of the transfer books and register of members of the Company for the purpose of determining shareholders' entitlements to the Proposed Bonus Issue. The Bonus Shares when issued will not be entitled to participate in the dividend for FY2005.

The Proposed Bonus Issue is subject to the approval of the shareholders of the Company at an extraordinary meeting and the Singapore Exchange Securities Trading Limited. A circular setting out the details of the Proposed Bonus Issue will be dispatched to the shareholders in due course.

BY ORDER OF THE BOARD

**LYE SIEW HONG
COMPANY SECRETARY
27 February 2006**