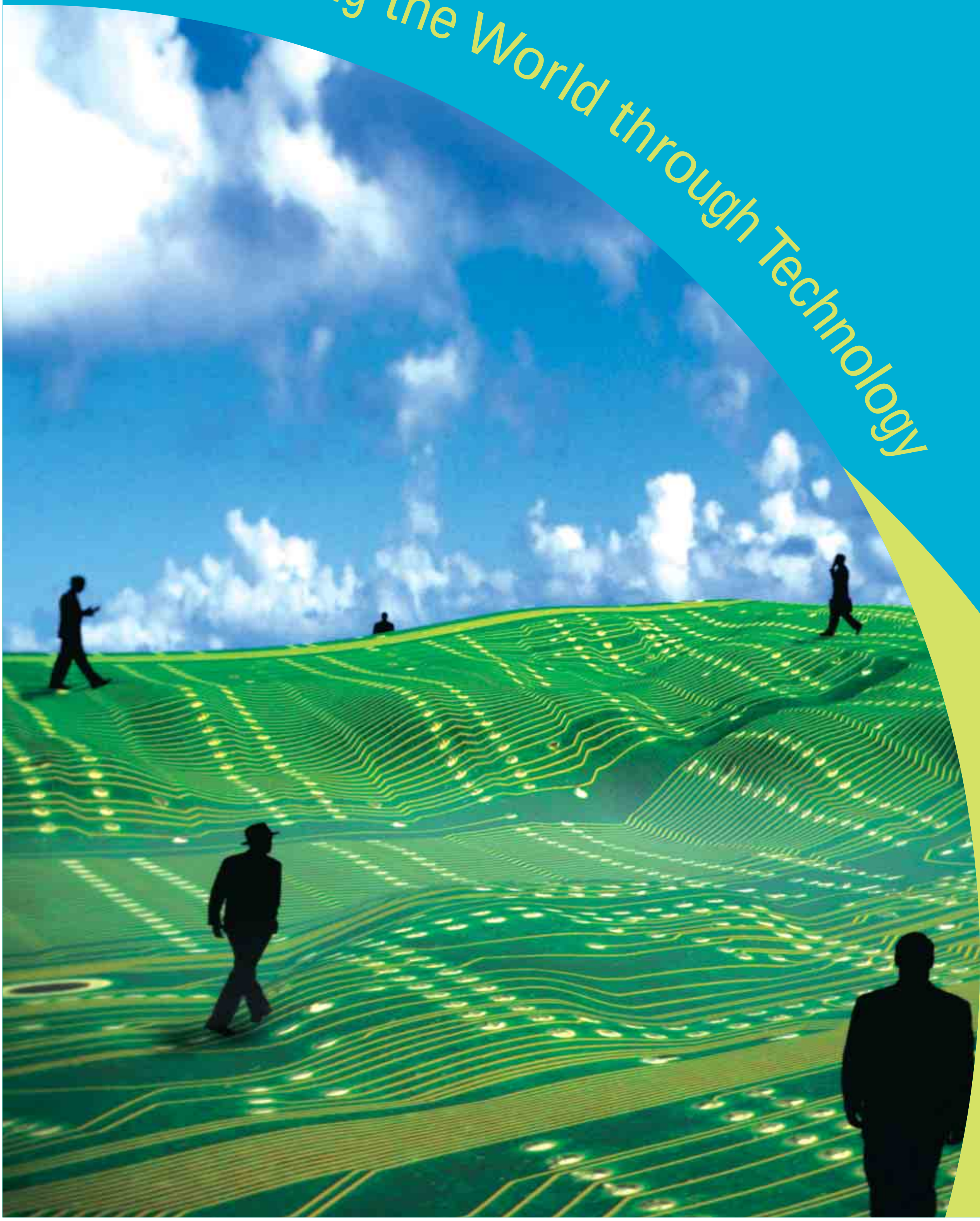
CWT Distribution Limited Annual Report 2002

Connecting the World through Technology



CWT

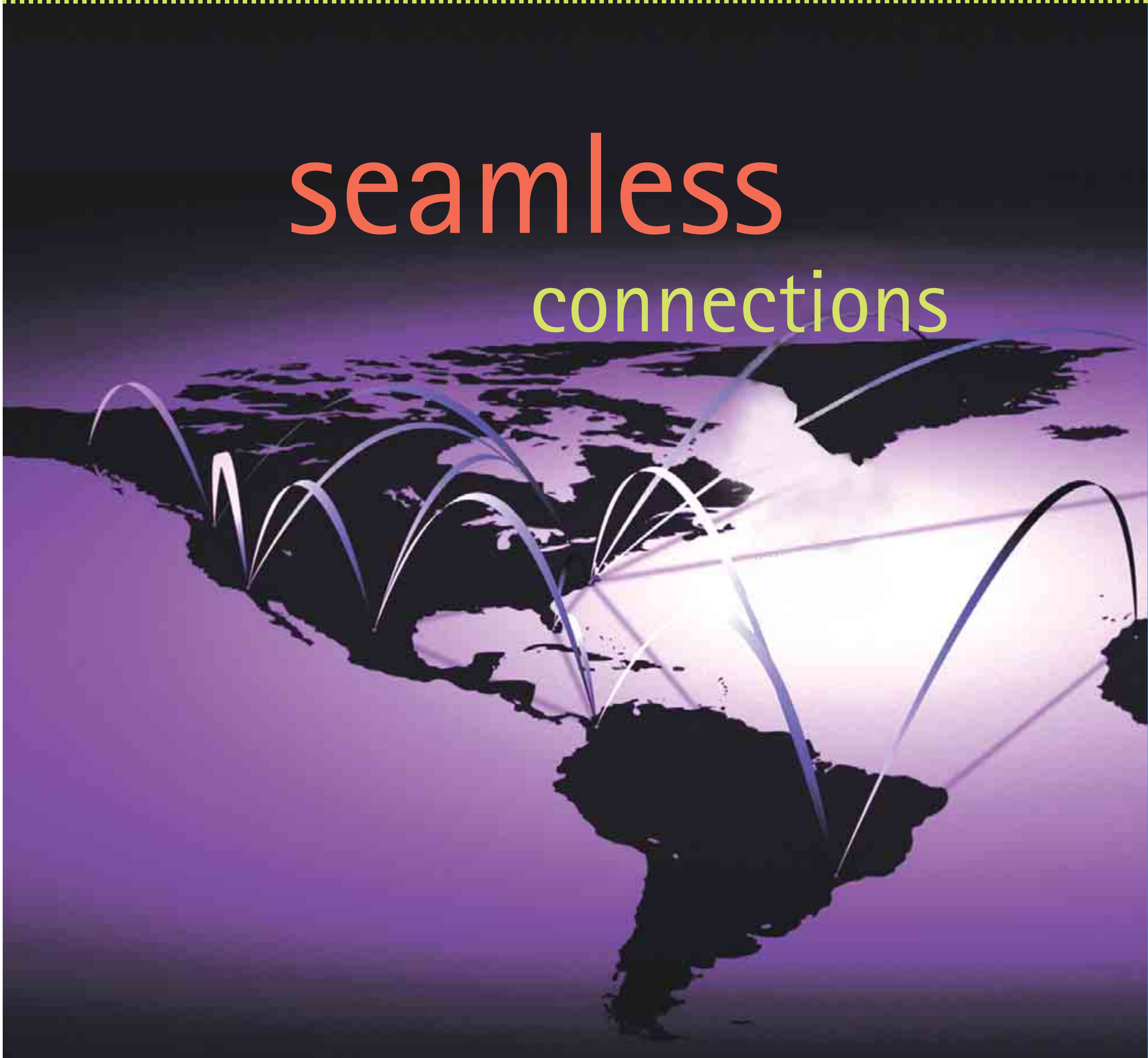
our vision

from
a leading logistics solutions provider
in Asia,
to a world class corporation
with global logistics capabilities

contents

global connections ...

through logistics, information and people technologies.


seamless
connections

chairman's message

Logistics is an integral part of every production and distribution process. It is the process of connecting the source to ultimate users, and all trading partners in between, in an increasingly global market. CWT is committed to providing that connectivity, effectively and efficiently.

YEAR IN REVIEW

Notwithstanding the sluggish economic environment, the Group achieved steady overall growth even as we continued to invest in our people, in technology and in strengthening our network of offices and strategic partners.

Group turnover reached $199.44 million for the financial year ended 31 December 2002, a 6.9% gain over the previous year. This was due largely to increased contributions from subsidiary CWT Globelink which remains the largest revenue contributor to the Group. To further strengthen our global distribution network, CWT acquired the remaining shares in CWT Globelink, making it a wholly-owned susbidiary from 8 August 2002. Group profit after tax and minority interests rose $0.49 million or 11.8% to $4.61 million. Net earnings per share were 3.07 cents compared with 2.75 cents in the previous year.

Turnover of the Company declined 5.6% to $52.41 million due to the cessation of CWT's Port Services operation in PSA. Net profit after tax increased 27.6% to $4.81 million. Turnover for CWT Globelink rose 18.6% but net profit after tax fell 90.97% due to cost of winding up its operations in Germany following a review of the German operations. During the year, shareholders' funds grew marginally to $90.90 million. Net tangible assets per share was 58.6 cents as at 31 December 2002.

The Board is recommending a final gross dividend of 10% or 2.5 cents per share less tax, amounting to $2.93 million for approval by shareholders at the Annual General Meeting on 16 May 2003. If approved, the dividend will be paid on 9 June 2003.

In the Asia Pacific region, our key focus is on China, India, Indochina and South East Asia where development efforts were being intensified. CWT Globelink enhanced its network in China with a freight service office in Shenzhen. CWT also established logistics operations centres in Malaysia and Hong Kong providing regional supply chain services to customers. In Dubai, construction works on Phase 2 of our joint venture logistics facility has started.

CWT CONNECTS THE WORLD THROUGH TECHNOLOGY

Logistics is an integral part of every production and distribution process. It is the process of connecting the source to ultimate users, and all trading partners in between, in an increasingly global market. CWT is committed to providing that *connectivity*, effectively and efficiently. Recognising that technology is key to achieving this, we have over the years invested heavily in developing and acquiring relevant technologies as well as expertise, while leveraging on our domain knowledge and networking partners to extend our reach. Today, CWT customers can reach 1,800 destinations around the world in a convenient, seamless, automated process with high visibility of the entire supply chain process.

In the recent Asian Freight and Supply Chain Awards (AFSCA), CWT has been voted by its customers from all over Asia to be among the top three service providers in the Best Road Haulier Trucking and Best Logistics Centre/Facility category for its consistency in service quality, continuous innovation, customer relationship management and reliability.

Our technology thrusts continued last year as we commissioned our liquid chemical drumming services for the chemical industry in May 2002. This sophisticated facility, which allows our customers to store and ship their products to and from Singapore in ISO tanks, adds further to our chemical-handling logistics capabilities from in-plant management, safe handling & transport to storage & inventory management and distribution.

To meet the growing demand for more value adding logistics services in the biomedical industry, CWT has partnered Japan's Tomoe Shokai Co., Ltd to integrate sterilisation services for medical devices and healthcare products in the supply chain process. The aim is to provide one-stop convenience for our customers. This activity has generated much interest from the Medical Devices Industry.

Adding on to our multi-award winning e-supply chain solutions ***CWT iSCM®-Online*** and ***CWT iDSC®-Online***, CWT created a connectivity platform ***CWT B2B Connect*** and ***Globelink Online,*** a web-based freight management system last year. Both e-solutions won the Intelligent 20 Awards. Organised by Intelligent Enterprise Asia, Asia's leading information strategy magazine, the awards were presented to the region's top 20 enterprises that use infocomm-related technologies to drive new levels of operational excellence, customer service and innovation.

OUR PEOPLE

People are the brains behind our solutions. Our staff provides the human interface that is critical to building customer relationships, eye-balling the business opportunities, securing partners and finally, delivering the results. People development is an on-going commitment in CWT and skills training and competencies development are strongly encouraged within the organisation.

BUSINESS OUTLOOK

Outlook for 2003 remains uncertain. It will be another challenging year. As the world and regional economies grapple with the political uncertainties, war in the Middle East and weak economic conditions, we have little choice but to continue to maintain our focus on delivering quality and adding value to our customers' operations. We intend to build on our core competencies and deepen our reach globally through our relentless pursuit of excellence - in the way we service our customers, in tapping the latest technology and in developing our people.

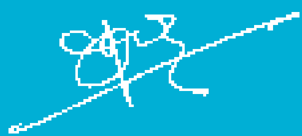
ACKNOWLEDGEMENTS

I want to thank the management and staff at all levels of the Group for their dedication and hard work for building the foundation for our future.

I would also like to express my appreciation to our Directors for their continuing guidance. During the year, former chairman Mr Lee Chee Yeng and director Mrs Joan Ting-Wong stepped down from the Board. On behalf of the Board, I would like to express our sincere appreciation for their invaluable contribution, advice and guidance during their long tenure with the Group.

I am also pleased to welcome five new members to the Board. They are Messrs Robert Yap Min Choy, John Ong Eow Chong, David Antonius Yang, Cheah Hock Leong and Sitoh Yih Pin. All will be serving as non-executive directors. I am confident the Board will benefit from their varied experience and knowledge of the industry.

Finally, I must thank our shareholders, customers, business partners and our Union for your continuing support.



Ng Chee Keong
Chairman
3 April 2003

corporate data

Audit Committee
Mr Chang See Hiang (Chairman)
Mr Wong Woon Liong
Mr Sitoh Yih Pin

Nominating cum Remuneration Committee
Mr Sitoh Yih Pin (Chairman)
Mr Cheah Hock Leong
Mr Robert Yap Min Choy

Company Secretary
Ms Lye Siew Hong (Mrs Lynda Goh)

Registered Address
24 Jurong Port Road
#03-00 Office Block
CWT Distripark (HQ)
Singapore 619097
Tel: 6262 6888
Fax: 6264 0790
Email: e-mail@cwt.com.sg

Auditors and Reporting Accountants
Partner in-charge of the audit:
Mr Tan Wah Yeow (appointed in 2002)
KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Principal Bankers
The Development Bank of Singapore Limited
6 Shenton Way
DBS Building
Singapore 068809

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

Solicitor
Chang See Hiang & Partners
9 Temasek Boulevard #15-01
Suntec Tower 2
Singapore 038989

Share Registrar
Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

financial calendar

19 June 2002
2001 first and final dividend paid

31 December 2002
Financial year end

23 August 2002
Announcement of interim results 2002

11 March 2003
Announcement of final results 2002

16 May 2003
Annual general meeting

9 June 2003
Proposed payment date of 2002 first
and final dividend

May 2003
Announcement of 1st quarter results 2003

August 2003
Announcement of half year results 2003

November 2003
Announcement of 3rd quarter results 2003

February 2004
Announcement of final results 2003

board of directors

Ng Chee Keong
Mr Ng joined the Board in July 1982 and was appointed as Chairman of CWT in January 2003. Currently, he is the President & CEO, Singapore of PSA Corporation Limited.

Chang See Hiang
Mr Chang joined the Board in March 1993. He is the Senior Partner of Chang See Hiang & Partners, a firm of advocates and solicitors. He sits on the boards of a number of listed companies in Singapore including Cycle & Carriage Limited, MCL Land Limited, Parkway Holdings Limited, Singapore Technologies Marine Ltd and Yeo Hiap Seng Limited.

Cheah Hock Leong
Appointed as Director of CWT since January 2003, Mr Cheah is the Chief Executive Officer of Balisa Shipping & Trading Pte Ltd.

Fong Yue Kwong
Director of CWT since November 1994, Mr Fong is also the President of Jurong Port Private Limited.

John Ong Eow Chong
Appointed as Director of CWT since January 2003, Mr John Ong is the CEO, Asia & Middle East of PSA Corporation Limited.

Sitoh Yih Pin
Mr Sitoh joined the Board in January 2003. He is currently the Partner of Nexia Tan & Sitoh. He is also a Director of Cytech Software Limited, Futuristic Image Builder Ltd, GKE International Limited, Hitchins Group Ltd, Labroy Marine Limited, Lian Beng Group Ltd, Meiban Group Ltd, Nera Telecommunications Ltd, PNE Micron Holdings Ltd, United Food Holdings Limited and WPG International Limited.

Tan Kok Bin
Mr Tan first joined the Board in October 2001 and stepped down as Director in July 2002 and had since been appointed by Mr Fong Yue Kwong as his alternate director. Mr Tan is the Senior Vice-President of Jurong Port Private Limited.

Wong Woon Liong
CWT's Director since March 1993, Mr Wong is also Director-General of Civil Aviation Authority of Singapore.
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Robert Yap Min Choy
Mr Robert Yap joined the Board in January 2003. He is the CEO, Strategic Services of PSA Corporation Limited. Mr Yap also sits on the Board of Frontline Technologies Corporation Limited.

David Antonius Yang
Appointed as Director of CWT since January 2003, Mr David Yang is the Head of Logistics of PSA Corporation Limited.

senior management

Lau Chee Tiun
Chief Executive Officer

Tan Choon Wei
Deputy Chief Executive Officer & Executive Chairman CWT Globelink Pte Ltd

Thong Jian Jen
Deputy Chief Executive Officer

Lynda Goh
General Manager
Corporate Services

Stephen Sim
Managing Director
CWT Globelink Pte Ltd

Foo Say Chuang
General Manager
Logistics Business & Solutions

Thomas Lim
General Manager
Strategic Initiatives & Development

Kirk Hock Hwee
Assistant General Manager
Corporate Development

year in brief

JANUARY 01

- CWT set up a new distribution hub within the Free Trade Zone in Pasir Gudang, Malaysia. This enabled customers' products to be transported from their plants in Malaysia to the new hub for local and overseas distribution in an efficient and cost-effective manner.

- CWT Annual Conference was held to communicate to all executives and managers the forward plan of the company with a keynote address by the CEO stressing the importance of "Think Customers, Do CWT" - Understanding customers' needs from their perspectives and delivering the solutions in the CWT way, supporting our customers in the achievement of their objectives.

MARCH 03

- CWT became a subsidiary of the PSA group. The combined logistics network and strengths of the CWT Group and its parent company enabled CWT to serve its customers even better.

APRIL 04

- CWT's subsidiary, CWT Globelink further strengthened its foothold in China by setting up a new office in Shenzhen. Joining offices in Beijing, Dalian, Fuzhou, Qingdao, Shanghai, Shijiazhuang, Tianjin, Xiamen and Xian, the new office in Shenzhen further enhanced CWT Globelink's pan-China network, providing comprehensive and efficient freight forwarding services to all parts of China.

- In line with its efforts to continually tap into new global markets and territories, CWT Globelink participated in the Intermodal Exhibition at Sao Paulo, Brazil. CWT Globelink was the first Asian company to participate in this prestigious annual freight forwarding exhibition.

MAY 05

- To support the petroleum and petrochemical industries, CWT set up a drumming facility within its Distripark. Equipped with the latest technology and managed by a team of well-trained professionals, the drumming facility provided customers with more value added chemical logistics services.

- CWT invited Mr Charles W Mclean, Dupont's Logistics Operations Manager in charge of Asia Pacific to conduct a training workshop on Responsible Care® for our managers and key operations personnel. This customer partnership programme was held to equip our people with a better understanding of the concerns of our customers in the chemical and petrochemical industries. It gave us an opportunity to review and put in place a management process, which contributed to the continuous improvement of the safety, health and environmental performance of the chemical industry.

JUNE 06

- CWT joined 152 other organisations in the private and public sectors to sign the H.E.A.L.T.H. (Helping Employees Achieve Life-Time Health) Charter, in which CWT pledged to integrate health promotion into its company policy.

JULY 07

- CWT was awarded the DuPont Responsible Shipper Award 2001 for the third consecutive year. This annual award is given to DuPont's global ship points as a recognition for the outstanding effort of site personnel who has complied to all applicable Safe Transportation Regulations, DuPont's Safe Transportation Policies, Standards and Guidelines, as well as adherence to the Responsible Care Distribution Code of Management Practices.

AUGUST 08

- CWT successfully acquired the remaining shares (34%) in CWT Globelink making it a wholly-owned subsidiary of CWT, strengthening the Group's global distribution logistics business.

- CWT's management team and key personnel held a strategic planning retreat in Desaru, Malaysia. During the 2-day retreat, the team reviewed and renewed business strategies and action plans for its local, regional and global initiatives.

OCTOBER 10

- For the third year in a row and for the first time, CWT won not one, but two awards in the Third Annual Intelligent 20 Awards. CWT won the award for its logistics e-solution - CWT B2B Connect and its subsidiary, CWT Globelink won the award for its freight management system - Globelink Online.

- CWT was one of the six pilot participants in the government's eSupply Chain Management Assessment Programme, an initiative driven by four key organisations - EDB, IDA, Spring Singapore and SCI. CWT aims to improve its logistics practices and be a world-class industry leader providing the best quality service in logistics through the programme.

- Two of our employees joined the coveted ranks of Certified Professional Logisticians (CPL). Currently, CWT has four CPL professionals amongst its team of logisticians to provide competitive supply chain solutions to the satisfaction of its clients.

- CWT launched its Healthy Lifestyle & Workplace Health Promotion Programme in recognition of the critical link between employee health and business objectives. A company without a healthy workforce would not be able to achieve its strategic goals.

DECEMBER 12

- CWT participated in the Singapore-headquartered Logistics Institute - Asia Pacific (TLI-AP) Dual Degree Master of Science in Logistics & Supply Chain Management Programme, designed to nurture logistics excellence in support of Singapore's economic activities providing the nation with outstanding professional logistics manpower and delivering state-of-the-art research and development in logistics engineering, technology and management.

- CWT presented its Long Service Awards to loyal and dedicated employees some of whom had served the company for as long as 30 years.

creating

LOGISTICS SERVICES

Logistics Services remained the mainstay of CWT's business, accounting for more than 90% of CWT's turnover with a gross operating profit of $24 million in 2002. In the year, the Group continued to broaden its services in terms of geographic reach and industry coverage and added further capabilities and more content to its supply chain management services.

CWT Logistics Services consist of two major business segments: Integrated Logistics Services and Non-Vessel Operating Common Carrier (NVOCC) services.

CWT's comprehensive Integrated Logistics Services support customers' business strategies enabling them to make supply chain their competitive advantage. Majoring in e-supply chain management (e-SCM) solutions to customers in chemical, electronics and medical/life science industries, we manage the whole spectrum of logistics activities and information flow for our customers. This includes integrating trade documentation, inventory management, local and regional distribution management via land, sea and air forwarding along with all related supply chain information.

Logistics Technology Capitalising on CWT's 30 years of domain knowledge, our logistics specialists help our customers optimise their supply chain, making it their competitive advantage.

We recognise that customers place key emphasis on achieving cost effectiveness for their supply and product distribution. They also want the shortest possible time to market. Our solutions seek to connect our customers with their suppliers, trading partners and their valued customers efficiently with interactive information and process flow.

CWT's NVOCC services connect the flow of cargo around the world. We integrate our e-SCM solutions with our NVOCC services to manage our customers' regional and global supply chain.

Chemical Logistics Already a substantial logistics partner of several world-leading chemical firms, CWT continues to build depth and breadth in chemical logistics providing our customers with one-stop convenience and more value.

The company's integrated chemical logistics services include in-plant logistics management, safe handling & transportation of chemicals, chemical drumming and production co-ordination, storage & inventory management and distribution of chemicals both locally and globally.

CWT's new chemical drumming facility is equipped with the latest technology to support customers' drumming requirements. This includes double weighing and flexible dedicated hose to address customers' concerns of product contamination. The drumming operation is managed by a team of well-trained professionals to ensure customers' products are drummed in an efficient and safe way.

Customers have been able to ship their products to Singapore in ISO tanks or transport their products directly from their local plants for drumming and storage at CWT for local and global distribution in a smooth connection.

For seamless information connectivity, our sophisticated and award winning web-based supply chain management system, ***CWT iSCM®-Online*** and ***CWT B2B Connect*** enable our customers to have visibility and efficiently manage and control the flow of inventory and information throughout the supply chain.

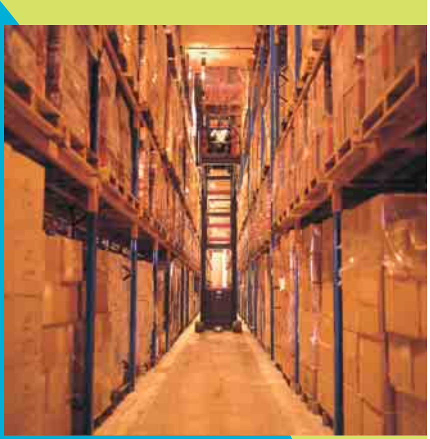
New distribution hubs have also been set up in China, Malaysia, Thailand and India to further enhance our global connectivity.

Electronics Logistics In the year, CWT worked with one of its valued customers in the electronics industry to connect its raw material suppliers to its various plants in the region and distributing its finished products to its end customers around the world in a seamless, secure and smooth manner.

Our IT and logistics engineers teamed up with our customer to re-conceptualise and re-engineer their logistics business processes. A customised logistics solution is created for the raw material supply management to finished products distribution supporting the customer's Just-in-Time manufacturing system in the Asia Pacific.

Processes were streamlined, hubbing and transportation service at strategic nodes were introduced. As a result, cycle times were shortened and inventory level, holding time and costs were reduced.

CWT's integrated global network and e-solutions, ***CWT iSCM®-Online*** and ***CWT B2B Connect*** provide a seamless platform for us to manage the customer's time sensitive cross border supply chain management requirements.



Biomedical Logistics The Biomedical Sciences is another knowledge intensive industry. Comprising of companies from the Pharmaceutical, Biotechnology, Medical Device and Healthcare Services, this industry has been identified as the next growth sector. Anticipating the industry's growing needs for value added logistics, CWT has extended its scope of services to biomedical logistics.

Our strong domain knowledge in integrated logistics, combined with our global reach, advanced e-solutions for logistics management and logistics process engineering competency will enable us to provide a comprehensive suite of integrated biomedical logistics solutions to our customers.

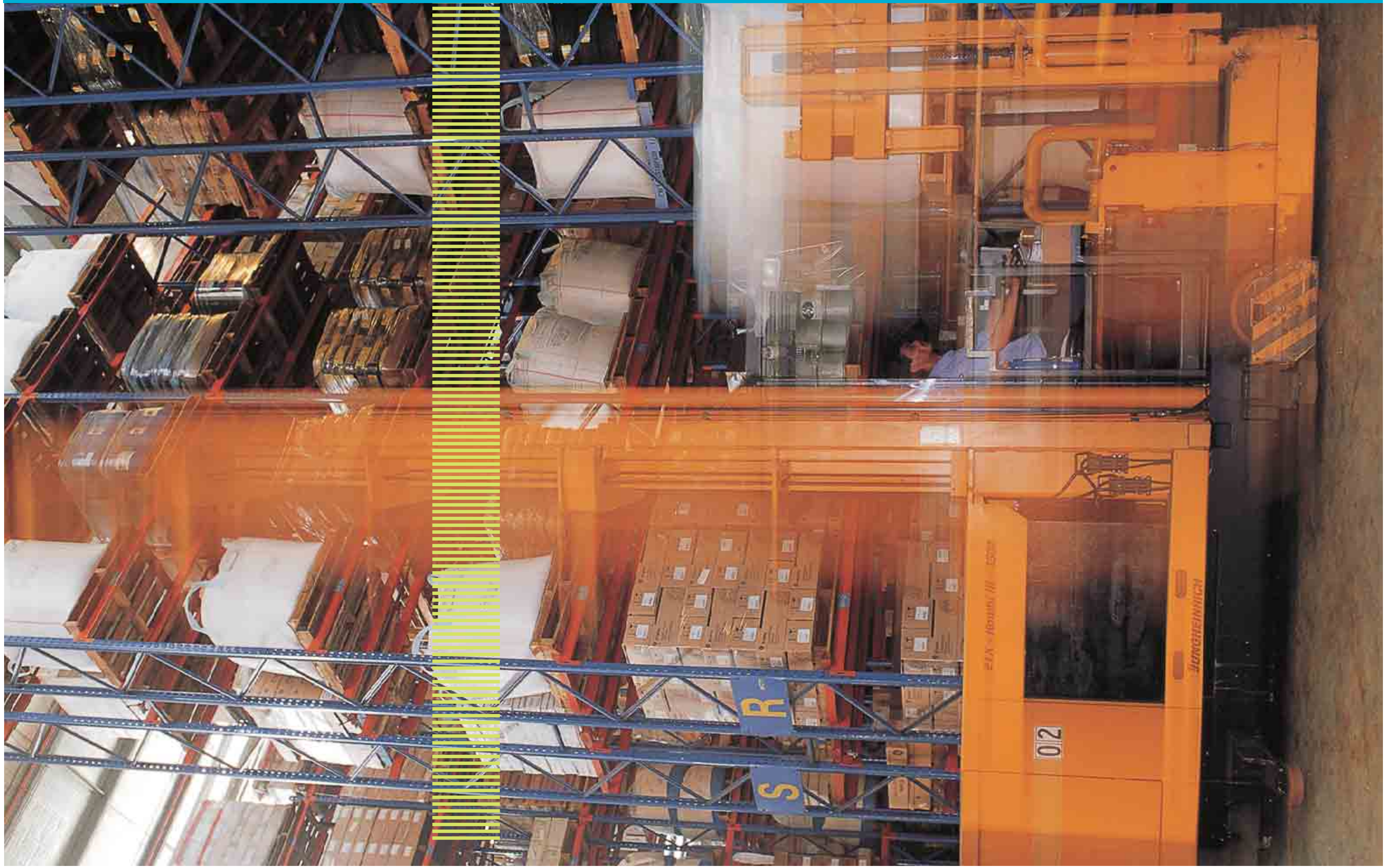
To further expand our capability in biomedical logistics, CWT has set up a sterilisation facility with Japan's Tomoe Shokai Co., Ltd to offer a full range of sterilisation services for medical devices and healthcare products. The sterilisation facility enables CWT to create more value for our customers. We manage the entire biomedical supply chain from demand & order management to the assembly, testing, QC and sterilisation of medical devices and healthcare products before packing and delivering them to our customers' clients.

Being the first logistics provider in the region to have a sterilisation facility has created new competitive ground for CWT's logistics services.

NVOCC Services/International Freight Forwarding NVOCC Services contributed to 66% of the Group's Logistics Services turnover in 2002. NVOCC Services comprises end-to-end and port-to-port forwarding of cargoes.

During the year, CWT increased its stake in CWT Globelink to 100%, reinforcing the Group's commitment to global distribution logistics. The business suffered a setback in 2002 due to its Germany's operations, which incurred substantial start up losses. The operation in Germany was ceased in September 2002. The losses arising from Germany's operations were $2 million including the write-off of debts owing to the companies in the Group

Information Technology Keeping abreast of the latest leading-edge information technology, CWT continues to innovate e-supply chain solutions, delivering seamless, visible and secured processes and information that integrate operational systems, thereby increasing profitability of its customers.



During the year, CWT Globelink had set up new offices in Shenzhen in China and Kuantan in Malaysia. Seven new service lanes were also added. To-date, CWT Globelink has 31 offices throughout Asia Pacific.

In 2002, CWT Globelink has put in place an on-line freight management system infrastructure, ***Globelink Online***, which enabled CWT Globelink and its subgroup of companies to connect physical cargo flow across countries along with freight movement information flow in an online manner. ***Globelink Online***'s mission to enable connectivity through technology was recognised with an Intelligent 20 Award in January 2003.

CWT Globelink provides the global reach to our logistics solutions. CWT Globelink is connected to 140 international ports and reaching 1,800 destinations all over the world. ***Globelink Online*** aims to connect the global network through a web-based management system allowing customers to monitor their entire shipment cycle anytime at anywhere in the world via the Internet. The system also enables the customers to book freight and produce customer reports online.

Going forward, CWT Globelink will continue to expand its global network and further strengthen its network in Asia. New service lanes will be developed in Central & South America and Western Mediterranean. Concurrently, inland distribution hubs and affiliated agents will be developed to support the total forwarding network and the Group's global logistics ambition.

OTHERS

Jurong Districentre, a 60%-owned subsidiary, is engaged in Warehousing, Document Storage and Management and Container Depot businesses. Despite a decline in turnover, Jurong Districentre recorded an increase in profits. The better performance was attributed to the increase in container volume and cost saving efforts.

Joint venture companies in Logistics business: Fuzhou Harbour-CWT, PSA-China Logistics, SICAL-CWT and CWT-SML enabled the Group to expand its logistics businesses into various parts of China, India and the Middle East respectively. CWT-SML turned around with a profit, whilst the other joint ventures weakened in 2002 due to greater competition in the respective operating environments.

ENGINEERING SERVICES

CWT's Engineering Services comprising metal surface preparation, vehicle maintenance and inspection services collectively contributed to 8.76% of the Group's turnover and 9.61% of gross operating profit.

There was a decrease in profits as compared to the previous year. Increase in land rental rate upon the renewal of the lease with JTC contributed to the lower profits in Metal Surface Preparation Services. Engineering maintenance services under our subsidiary Invo-Tech Engineering also showed a drop in the margin due to keener competition and the completion of a turnkey project.

PORT SERVICES

The Division ceased operation in February 2002 following the expiry of the port services contracts.

Meanwhile, the company continued to provide port management and consultancy services to the Xia Long and Song Xia Ports in Fuqing, China.

people

people

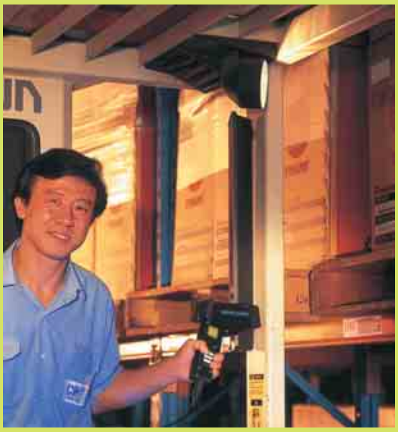
People are our most important resource. They are the creators of our solutions for customers and the underlying business models, processes, IT and systems infrastructures. In line with the Company's mission of delivering best values to customers, our people place customers at the forefront. We understand that supply chain management is an important strategy to customers. We seek to design best-fit solutions to help customers realise their supply chain strategies.

Our people are guided by such virtues and principles as Honesty, Integrity, Respect, Trust, Humility, Responsibility and Citizenship in the conduct of business. We are committed to 5 main core values as follows:-

- **Customer focus** … we deliver our customers' supply chain strategy,
- **Quality focus** … we seek continual improvements to our processes,
- **Partnership culture** … we regard customers & suppliers as partners,
- **Innovation driven** … we continually seek better solutions for customers,
- **Open communication** … We interact with partners openly for mutual success.

People Technology People are our most important asset and the brains behind our many award winning solutions. They are key to CWT's success over the years. Continuous upgrading and renewal of their skills and competencies are important focus in our human resource management to ensure that our people translate the best practices and knowledge into effective and high-quality logistics solutions.

people



PEOPLE DEVELOPMENT

CWT believes in continual learning for all its employees. Employees are prepared for new challenges through training and retraining. Training needs are identified and analysed systematically in anticipation of business demands and in conjunction with career development of employees. Structured training programmes are designed to equip our people accordingly.

In upholding our logistics professional standards, we benchmark our logistics professionals against industry standards. In 2002, four of our employees were certified as Certified Professional Logisticians (CPL) - the benchmark for logistics professionals. Spearheaded by Chartered Institute of Logistics and Transport, this certification was jointly developed with International Enterprise (IE) Singapore and Info-comm Development Authority (IDA) Singapore.

Committed to develop more quality logistics professionals, CWT continued its Logistics Management Traineeship Programme with a 4th batch of logistics enthusiasts in 2002. The Company also participated in the first TLI Dual Master Degree of Science in Logistics and Supply Chain Management Programme.

INDUSTRIAL RELATIONS

The Company had concluded its new Collective Agreement 2002 with the Union, Metal Industrial Workers' Union. This reinforces the mutually beneficial and constructive industrial relations between the Company and the Union.

INDUSTRIAL SAFETY AND ENVIRONMENT

The Company is committed to total Industrial Safety and the Environment. It believes that safety enhances its service quality. Recognising the paramount importance of our environment, it also exercises responsible care. A training workshop on Responsible Care® was conducted for our people in the year.

Our Emergency Response Team is well trained and experienced to handle any chemical spills and leakage incidents. The Team works closely with our customers in their Emergency Response Plans and Safety Training & Audit.

QUALITY COMMITMENT

The Company believes in providing the customers with quality services through continual improvements. Our people are relentlessly pursuing and benchmarking against best practices.

WELLNESS

CWT is one of the signatories to the H.E.A.L.T.H. Charter. It illustrates our commitment to employees' health and well-being. To reinforce this commitment, we launched the CWT Healthy Lifestyle & Workplace Health Promotion Programme.

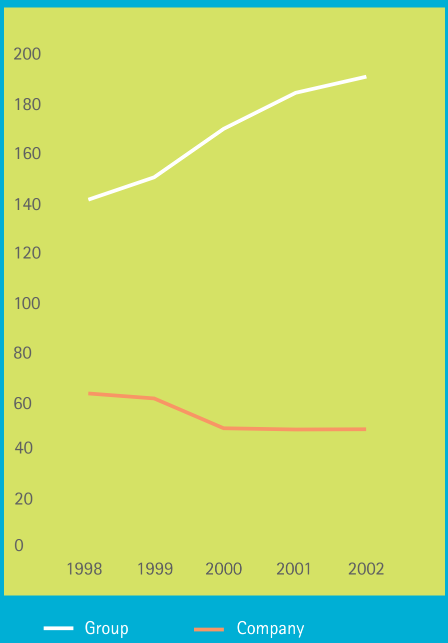
5-year group financial highlights

	2002 $'000	2001 $'000	2000 $'000	1999 $'000	1998 $'000
FOR THE YEAR					
Turnover	199,439	186,526	171,377	155,245	144,879
Profit Before Tax	7,346	8,285	8,997	12,666	11,229
Profit After Tax and Minority Interests	4,609	4,122	4,702	7,457	6,743
Net Earnings Per Share (cents)	3.1	2.8	3.1	5	4.5
Dividend Paid & Proposed	2,927	2,833	2,833	2,795	2,889
Value Added from Operations	46,781	47,068	46,867	50,935	51,437
AT YEAR END					
Property, Plant & Equipment and Computer Software	103,528	109,055	117,511	127,357	133,894
Investment Including Associated Companies and Joint Ventures	9,793	10,719	9,207	12,528	12,660
Other Non-Current Assets**	4,686	2,566	3,212	3,406	3,345
Net Current Assets/(Liabilities)**	(6,178)	15,467	12,726	(40,322)	16,740
Deferred Taxation	(8,177)	(9,626)	(8,475)	(7,866)	(10,625)
Long Term Liabilities	(3,021)	(24,280)	(36,397)	(322)	(66,818)
Net Assets	100,631	103,901	97,784	94,781	89,196
Shareholders' Fund	90,898	90,554	85,180	83,464	78,477
Minority Interests	9,733	13,347	12,604	11,317	10,719
Capital Employed	100,631	103,901	97,784	94,781	89,196
Debt Equity Ratio (%)					
Excluding Minority Interests	35.0	32.1	45.4	83.0	88.0
Including Minority Interests	31.6	27.9	39.6	73.1	77.4
PER SHARE (CENTS)					
Profit Before Tax	4.89	5.52	5.99	8.44	7.48
Profit After Tax					
Before Minority Interests	3.97	3.46	4.44	6.08	5.27
After Minority Interests	3.07	2.75	3.13	4.97	4.49
Gross Dividend	2.5	2.5	2.5	2.5	2.5
Dividend Cover	1.6	1.5	1.7	2.7	2.3
Net Tangible Assets	58.6	60.3	56.5	55.3	51.7
RETURN ON SHAREHOLDERS' EQUITY (%)					
Before Tax	8.1	9.1	10.6	15.2	12.6
After Tax					
Before Minority Interests	6.55	5.74	7.82	10.93	10.07
After Minority Interests	5.07	4.55	5.52	8.93	8.59

* A provision for foreseeable loss of $700k as extraordinary items in 1999 was written back in 2000 and was treated as ordinary income and comparatives for 1999 has been restated.

** The group has invested $1.5m into Floating Rate Note of IMM and the investment was treated as current assets. The management reclassed the investment to other non-current assets in year 2000 and comparatives for 1999 and 1998.

TURNOVER (S$million)



NET TANGIBLE ASSETS BACKING PER SHARE (CENTS)

PROFIT AFTER TAX (S$million)

global network

CWT

LOGISTICS SERVICES

- 1 Jurong Districentre Pte Ltd
- 2 Cambodia - CWT Dry Port Corporation
- 1 PSA - China Logistics Pte Ltd
- 2 Batamindo Shipping and Warehousing Pte Ltd
- 3 Sterile Services (Singapore) Pte Ltd
- 4 SICAL - CWT Distriparks Ltd
- 3 CWT Globelink Pte Ltd
  - 6 Globelink Marine (China) Pte Ltd
    - 7 Globelink International Services (Tianjin) Co., Ltd
    - 8 Globelink International Services (Qingdao) Co., Ltd
    - 11 Beijing Gelin International Forwarders Co., Ltd
    - 9 CWT Globelink (South China) Pte Ltd
  - 12 Globelink Trans (Tianjin) International Forwarders Co., Ltd
    Branch Offices:
    Beijing, Dalian, Fuzhou, Qingdao, Shanghai, Xian, Xiamen, Tianjin, Shijiazhuang, Shenzhen
  - 10 Globelink Container Lines (M) Sdn Bhd
    - 11 Globelink Container Line (E.M.) Sdn Bhd
  - 12 Globelink Container Line (Penang) Sdn Bhd
  - 13 Globelink Container Line (JB) Sdn Bhd
    Branch Offices:
    Batu Pahat, Johor Bahru, Kuantan, Malacca, Penang
  - 14 Globelink Pakistan Pvt Ltd
  - 15 Globelink Express Lines Pte Ltd
  - 16 Globelink International Pty Ltd
    Branch Offices:
    Adelaide, Brisbane, Fremantle, Melbourne, Sydney
  - 17 Globelink WW India Pvt Ltd
    Branch Offices:
    Mumbai, New Delhi
  - 18 CWT Globelink Colombo Pvt Ltd
  - 19 GLS Interfreight Co., Ltd
  - 13 Mapcargo International Pte Ltd
- 5 Fuzhou Harbour - CWT Co., Ltd
- 6 CWT - SML Logistics LLC

ENGINEERING SERVICES

- 4 Invo-Tech Engineering Pte Ltd
- 7 JIC Inspection Services Pte Ltd

INVESTMENT HOLDING/OTHERS

- 5 CWT Asia Pte Ltd
  - 8 CWT Pacific Ltd
- 9 SingaPort Logistic Services Pte Ltd
  - 10 SingaPort Cleanseas Pte Ltd

LEGEND
- ● Subsidiaries
- ● Associates
- X Service Partners

Corporate Governance Report

CWT Distribution Limited ("CWT") is committed to maintain a high standard of corporate governance to preserve the interests of all shareholders. This report describes CWT's corporate governance processes with specific reference to the Code of Corporate Governance ("Code"). For ease of reference, the relevant provision of the Code under discussion is identified in italics.

BOARD OF DIRECTORS

Principle 1 : Board's Conduct of its Affairs

The Board oversees the business affairs of the Group, approves the financial objectives and the strategies to be implemented by management and monitors standards of performance and issues policy, both directly and through its committees.

The Board also supervises the management of business and affairs of the Group. Apart from its statutory responsibilities, the Board approves the Group's strategic plans, key business initiatives, significant investments and funding decisions and it reviews and evaluates the Group's financial performance and determines the compensation policies for senior management. These functions are carried out by the Board directly or through committees of the Board which have been set up to support its role.

Matters which specifically require the Board's decision are those involving a conflict of interests for a substantial shareholder or a director, material acquisitions and disposal of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders and matters which require Board's approval as specified under the Company's interested person transaction policy. Specific Board approval is required for any investments or expenditures exceeding S$1 million per transaction.

The Board meets regularly and holds at least four meetings a year. Ad-hoc meetings are convened when circumstances require. The Company's Articles of Association (the "Articles") allow a board meeting to be conducted by way of a tele-conference. The attendance of the directors at meetings of the Board and Board committees, as well as the frequency of such meetings, is disclosed in this Report.

The Company has initiated programmes for directors to meet their relevant training needs. An orientation programme will be organised for new directors to ensure that incoming directors are familiar with the Group's structure & organisation, businesses and governance policies. The Directors are also provided with information on the requirements of a director under the Code and the Companies Act.

The Company has adopted a policy that directors are welcome to request further explanations, briefings or informal discussions on any aspects of the Company's operations or business issues from management. The Chairman or the CEO will make the necessary arrangements for the briefings, informal discussions or explanations required by the director.

Principle 2 : Board Composition and Balance

Presently, the Board comprises nine non-executive directors, five of whom are nominees of major shareholders.

<u>Non-Executive Directors</u>
Ng Chee Keong (Chairman)
Robert Yap Min Choy
John Ong Eow Chong
David Antonius Yang
Fong Yue Kwong
Tan Kok Bin (Alternate director to Fong Yue Kwong)

<u>Independent Non-Executive Directors</u>
Chang See Hiang
Wong Woon Liong
Cheah Hock Leong
Sitoh Yih Pin

The independence of each director is reviewed annually by the Nominating cum Remuneration Committee ("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. Key information regarding the directors is given under the "Board of Directors" section of this annual report. The NRC is of the view that the current Board comprise persons who as a group, provide core competencies necessary to meet the Company's targets.

While the Company's Articles allow for the appointment of a maximum of 15 directors, the NRC is of the view that the current board size of nine directors is appropriate, taking into account the nature and scope of the Company's operations.

Principle 3 : Role of Chairman and Chief Executive Officer

The Company has a separate Chairman and CEO.

The CEO is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman bears responsibility for the workings of the Board. The Chairman and the CEO are not related.

The Chairman ensures that board meetings are held when necessary and sets the board meeting agenda in consultation with the CEO. The Chairman reviews most board papers before they are presented to the Board and ensures that board members are provided with complete, adequate and timely information. As a general rule, board papers are sent to directors at least three days in advance in order for directors to be adequately prepared for the meeting. Management staffs 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 the board meeting. The Chairman assists to ensure that procedures are introduced to comply with the Code.

The appointment of Chairman requires the prior approval of Temasek Holdings.

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, management provides the board members with relevant information to the Directors' requirements. Quarterly reports on the Company's activities, business projects and financial performance are provided to the Board. All analysts' reports on the Company are circulated to the directors as and when received. The directors have also been provided with the contact details of the Company's senior management and company secretary to facilitate separate and independent access.

Should directors, whether as a group or individually, need independent professional advice, the company secretary will, upon direction by the Board, appoint a professional advisor selected by the group or the individual, and approved by the Chairman, to render the advice. The cost of such professional advice will be borne by the Company.

The company secretary attends all board meetings and is responsible to ensure that board procedures are followed. It is the company secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act and other applicable rules and regulations. Together with the other management staff of CWT, the company secretary is responsible for compliance with all other rules and regulations, which are applicable to the Company.

BOARD COMMITTEES

Nominating cum Remuneration Committee (NRC)

Principle 4 : Board Membership

CWT has established a Nominating cum Remuneration Committee comprising 2 independent directors and a non-executive director:

Sitoh Yih Pin (Chairman)	- Independent director
Cheah Hock Leong	- Independent director
Robert Yap Min Choy	- Non-executive director

While none of the members specialises in the area of executive compensation, they have unrestricted access to the Company's records and information and shall receive detailed financial and operational reports from management so as to enable them to carry out their duties. They may also liaise with management, and may consult with other employees and seek additional information if required. The General Manager, Corporate Services who is responsible for the group human resource management function would thus provide the members of the NRC with any assistance they need in this area. If any of the directors require independent professional advice, such professionals would also be hired at the Company's expense.

The NRC covers dual roles in directors' nomination/evaluation and remuneration.

The NRC's principal functions in directors' nomination/evaluation are:

a) to identify candidates and review all nominations for the appointment or re-appointment of members of the Board of Directors and the various Board committees, for the purpose of proposing such nominations to the Board for its approval;

b) to determine the criteria for identifying candidates and reviewing nominations for the appointments referred in paragraph (a). One of the criteria for the appointment of a director is the independence status of the candidate;

c) to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval;

d) to determine annually whether or not a director is independent;

e) to decide whether or not a director is able to and has been adequately carrying out his/her duties as director of the company in the event that a director has multiple board representation. Internal guidelines have been adopted that address the competing time commitments that are faced when directors serve on multiple boards; and

f) to assess the effectiveness of the Board as a whole, and the contribution by each individual director to the effectiveness of the Board.

Article 92 of the Articles requires one-third of the Board to retire by rotation at every Annual General Meeting ("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 appointment. Such new directors must submit themselves for re-election at the next AGM of the Company.

The year of initial appointment and year of last re-election of each Director are set out below:

NAME OF DIRECTOR	POSITION HELD ON THE BOARD	DATE OF FIRST APPOINTMENT TO THE BOARD	DATE OF LAST RE-ELECTION AS A DIRECTOR
Ng Chee Keong	Chairman	9 July 1982 (as Director) 1 April 1988 (as Managing Director) 1 April 1992 (as Director) 3 January 2003 (as Chairman)	23 May 2002
Robert Yap	Director	3 January 2003	-
John Ong Eow Chong	Director	3 January 2003	-
David Antonius Yang	Director	3 January 2003	-
Fong Yue Kwong	Director	1 November 1994	23 May 2002
Chang See Hiang	Director	18 March 1993	25 May 2001
Wong Woon Liong	Director	3 March 1993	25 May 2001
Cheah Hock Leong	Director	3 January 2003	-
Sitoh Yih Pin	Director	3 January 2003	-

Principle 5 : Board Performance

The NRC, in considering the re-appointment of any director, will evaluate the performance of the director. On an annual basis, the Chairman of the Board will assess each director's contribution to the Board, and will discuss the results with the chairman of the NRC. An assessment on each director's performance would be carried out this year. The assessment parameters 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. Such performance criteria should not be changed from year to year.

The NRC will evaluate the Board's performance as a whole. The assessment process adopts an objective performance criteria such as comparison of the Company's performance with its industry peers and such other performance criteria including Return on Assets ("ROA"), Return on Equity ("ROE"), Return on Investment ("ROI"), Economic Value Added ("EVA") and profitability on capital employed.

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The NRC has recommended, in consultation with the Board Chairman, to the Board a framework of director fees for the company's non-executive directors and a structure of compensation programme for key executives.

In determining the level of remuneration, the NRC shall:

(a) give 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 the directors needed to run the company successfully;

(b) ensure that a proportion of the remuneration, especially that of key executives, is linked to corporate and individual's performance;

(c) review the pay and employment conditions within the industry and those from the peer companies to ensure that directors and key executives are adequately remunerated;

(d) ensure that performance-related elements of remuneration should form a significant portion of the total remuneration package of key executives;

(e) remuneration packages should be designed to align key executives' interests with those of shareholders.

In determining the remuneration for non-executive directors, the NRC shall take into account factors such as efforts and time spent, and responsibilities of the non-executive directors.

The Company does not have a formal service contract with non-executive directors.

The Company does not have any long-term incentive scheme.

Every Director on the Board during FY2002 will receive a basic fee. In addition, he will receive the Chairman's allowance if he is Chairman of the Board, as well as the relevant allowance (depending on whether he is Chairman or Member of the relevant Board Committee) for each position he holds 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 FY2002, the fee or allowance payable will be prorated accordingly.

The Company holds the view that, at this point of its development, the interests of maintaining the objectivity and independence of the non-executive directors is best served by a cash-based remuneration package. The NRC will regularly examine this view while monitoring the Company's development and local market practices.

Corporate Governance Report

The directors and the top 6 key executives of the Company whose remuneration falls within the following band:

Directors' Remuneration

NAME	REMUNERATION (BELOW $250,000)	
	FIXED (%)	VARIABLE (%)
Lee Chee Yeng	100	-
Ng Chee Keong	100	-
Fong Yue Kwong	100	-
Wong Woon Liong	100	-
Chang See Hiang	100	-
Tan Kok Bin	100	-
Joan Ting-Wong	100	-

Key Executives' Remuneration

NAME	REMUNERATION (BELOW $250,000)	
	FIXED (%)	VARIABLE (%)
Lau Chee Tiun	88	12
Tan Choon Wei	88	12
Thong Jian Jen	87	13
Lynda Goh	87	13
Foo Say Chuang	87	13
Thomas Lim	87	13

None of the immediate family members of a Director or of the CEO is employed by the Company or its related companies.

The Board is of the view that it is not necessary to present its remuneration policy to the shareholders for approval at the AGM.

AUDIT COMMITTEE (AC)

Principle 11 : Audit Committee
Principle 12 : Internal Controls

The AC comprises three members, all of whom are independent non-executive directors. The members of the AC are:

Chang See Hiang (Chairman)
Wong Woon Liong
Sitoh Yih Pin

The chairman of the AC, Mr Chang See Hiang, is by profession an advocate and solicitor of the Supreme Court of Singapore and Senior Partner of his own legal firm. Mr Wong Woon Liong is a top executive in the aviation industry and Mr Sitoh is a certified public accountant, presently an audit partner of Nexia Tan & Sitoh. The NRC is of the view that the members of the AC have sufficient financial management expertise and experience to discharge its functions.

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

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

(b) reviews the independence of the external auditors;

(c) reviews the scope and results of internal audit procedures;

(d) 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;

(e) reviews the interim financial results for the half year before submission to the Board and announcement to the shareholders;

(f) 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;

(g) reviews interested person transactions; and

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

The AC has full access to and co-operation by the Company's management and the internal 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 may examine whatever aspects it deems appropriate of the Group's financial affairs, its internal 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 internal 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 has conducted an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors before confirming their re-nomination. The AC also conducts a review to ensure that there are no improper activities of the Company.

The AC shall meet with the external and internal auditors, without the presence of management, at least annually.

The Company's external auditors, KPMG, carry out, in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management annually to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the auditors' recommendations, are reported to the AC. The Internal Audit department ("IA") follows up on KPMG's recommendations as part of its role in the review of the Company's internal control systems.

The AC has reviewed the Company's risk assessment, and based on the IA and the external auditors' audit reports and management controls in place, it is satisfied that there are adequate internal controls in the Company. The AC expects the risk assessment process to be a continuing process.

Principle 13 : Internal Audit

IA is staffed by two persons, including the IA Manager. The IA Manager reports directly to the chairman of the AC on audit matters, and to the General Manager, Corporate Services on administrative matters. The AC reviews IA's reports half yearly or more frequently as it deems necessary. The AC also reviews and approves the annual IA plans and resources to ensure that the IA has the necessary resources to adequately perform its functions. The IA Manager has adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

COMMUNICATION WITH SHAREHOLDERS

Principle 10 : Accountability and Audit
Principle 14 : Communication with Shareholders
Principle 15 : Greater Shareholder Participation

The Company strives to convey to shareholders pertinent information in a clear, forthcoming, detailed, timely manner and on a regular basis, takes 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.

The Company's half-year and full-year results are made available to the public and all shareholders by publishing it through the MASNET, newspapers and the Company's website www.cwt.com.sg. All information on the Company's new initiatives are first disseminated via MASNET followed by a news release, which is also available on the website.

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.

All shareholders of the Company receive the annual report and notice of AGM. The notice is also advertised in newspapers and made available on the website. At AGMs, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Company.

The Articles currently do not provide for shareholders to vote at General Meetings in absentia such as by mail, email or fax. The Company will consider implementing the relevant amendment to the Articles if the Board is of 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.

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

Chairmen of the AC and NRC as well as the external auditors will be present and available to address questions at General Meetings.

SECURITIES TRANSACTIONS

The Group has issued a guideline on Share Dealings to management employees of the Group, setting out the implications of insider trading and the recommendations of the Best Practices Guide issued by the Singapore Exchange Limited. The Group has adopted a code of conduct to provide guideline to its officers with regard to dealing in the Company's shares.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS

	CWT BOARD		AUDIT COMMITTEE	
NAME	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ng Chee Keong	5	4	NA	NA
Fong Yue Kwong	5	4	NA	NA
Chang See Hiang	5	5	2	2
Wong Woon Liong	5	5	2	2

INTERESTED PERSON TRANSACTIONS POLICY

Pursuant to Chapter 9A of the then existing Listing Manual of Singapore Exchange Securities Trading Limited, a general mandate was obtained for recurrent transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations but not in respect of the purchase or sales of assets, undertakings or businesses. In addition, a joint venture mandate was also obtained for the Group to enter into or to participate in joint ventures within the principal activities of the Group with interested person in the normal course of businesses.

The transactions conducted pursuant to the general and joint venture mandates for the year ended 31 December 2002 were as follows:

(i) Purchases of services from PSA Corporation Limited	$ 285,249.72
(ii) Sales of services to PSA Logistics Pte Ltd	$2,000,000.00
(iii) Renewal of tenancy agreement with CIAS Pte Ltd	$ 231,827.00
Total interested persons transactions	**$2,517,076.72**

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 2002.

DIRECTORS

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

Ng Chee Keong	
Wong Woon Liong	
Chang See Hiang	
Fong Yue Kwong	
Tan Kok Bin	(alternate director to Fong Yue Kwong) (appointed on 24/7/2002)
Robert Yap Min Choy	(appointed on 3/1/2003)
John Ong Eow Chong	(appointed on 3/1/2003)
David Antonius Yang	(appointed on 3/1/2003)
Sitoh Yih Pin	(appointed on 3/1/2003)
Cheah Hock Leong	(appointed on 3/1/2003)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year have been those relating to the provision of warehousing and logistics services, transportation services, port and container freight station services, engineering services, container depot operations and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. During the financial year, the Company ceased its port and container freight station services.

Except as mentioned above, there have been no significant changes in the activities of the Group or of the Company during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

(a) Acquisitions

Shareholdings in the following subsidiaries were increased during the financial year:-

NAME OF SUBSIDIARY	EFFECTIVE GROUP EQUITY INTEREST ACQUIRED %	GROUP'S SHARE OF NET TANGIBLE ASSETS /(LIABILITIES) ACQUIRED $'000	CONSIDERATION $'000
Acquired by the Company			
- CWT Globelink Pte Ltd	34	3,903	6,929
Acquired by CWT Globelink Pte Ltd			
- Globelink International Pty Ltd	14	36	21
- CWT Globelink Germany GmbH	20	(135)	49

(b) Disposals

NAME OF SUBSIDIARY	EFFECTIVE GROUP EQUITY INTEREST DISPOSED %	GROUP'S SHARE OF NET TANGIBLE LIABILITIES DISPOSED $'000	CONSIDERATION $'000
Disposed by the Company			
- CWT Management Services Pte Ltd	100	*	-
Disposed by Jurong Districentre Pte Ltd			
- Klang Valley Districentre Sdn Bhd	36	-	1
Disposed by CWT Globelink Pte Ltd			
- CWT Globelink Germany GmbH	90	1,344	-

* Amount is $2

There were no acquisitions or disposals of any other subsidiaries during the financial year.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year are as follows:-

	GROUP $'000	COMPANY $'000
Profit after taxation	5,957	4,813
Minority interests	(1,348)	-
Profit attributable to members of the Company	4,609	4,813
Accumulated profits brought forward	50,506	40,810
Profits available for appropriation	55,115	45,623
Transferred to statutory reserves	(15)	-
Appropriation:-		
Final dividend paid of 2.5 cents per share less tax at 22% in respect of year 2001	(2,927)	(2,927)
Accumulated profits carried forward	52,173	42,696

TRANSFERS TO AND FROM RESERVES AND PROVISIONS

The following material transfer to and from reserve was made during the financial year:-

	GROUP $'000	COMPANY $'000
Decrease In Reserve:		
Currency translation reserve:		
- net loss on translation of investments in foreign entities	(1,338)	-

Material movements in provisions (including allowance, impairment, depreciation and amortisation) are as set out in the accompanying financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, there were no shares or debentures issued by the Company and its subsidiaries except as disclosed below:-

NAME OF SUBSIDIARY	DESCRIPTION OF SHARES ISSUED	PURPOSE OF ISSUE
Globelink-Trans (Tianjin) International Forwarders Co., Ltd	Additional registered capital of US$920,000 fully paid-up for cash at par	Providing additional working capital
CWT Globelink (South China) Pte Ltd	210,000 ordinary shares of $1 each fully paid up for cash at par	Providing additional working capital

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 in shares or debentures in related corporations are as follows:-

	HOLDINGS IN THE NAME OF THE DIRECTOR, SPOUSE OR INFANT CHILDREN	
RELATED CORPORATIONS	AT THE BEGINNING OF THE YEAR/ DATE OF APPOINTMENT	AT END OF THE YEAR
Singapore Technologies Engineering Ltd	**Ordinary shares of $0.10 each fully paid**	
Ng Chee Keong	5,000	20,000
Singapore Telecommunications Limited	**Ordinary shares of $0.15 each fully paid**	
Ng Chee Keong	5,180	35,280
Lee Chee Yeng (resigned on 3/1/2003)	2,780	2,780
Vertex Venture Holdings Ltd (Delisted on 12/12/2002)	**Ordinary shares of $0.20 each fully paid**	
Ng Chee Keong	2,492	0
Singapore Airlines Ltd	**Ordinary shares of $0.50 each fully paid**	
Lee Chee Yeng (resigned on 3/1/2003)	5,000	5,000

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2003.

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

Except as disclosed in this report and in Note 31 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.

DIVIDENDS

Since the end of the last financial year, the Company has paid a net final dividend of $2,927,000 in respect of the previous year as proposed in the directors' report of that year. The directors now propose the payment of a net final dividend of $2,927,000 in respect of the financial year under review.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ensure that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year:-

(i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and
(ii) no contingent liability of the Group or of the Company has arisen.

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render misleading any amount stated in the financial statements of the Group or of the Company.

UNUSUAL ITEMS

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

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 granted by 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:-

Chang See Hiang (Chairman)
Wong Woon Liong
Sitoh Yih Pin

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

The Audit Committee held two 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 and the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:-

- assistance provided by the Company's officers to the internal and external auditors;
- the appropriateness of half-yearly and full year announcements and reports
- the nature and extent of non-audit services and their impact on independent and objectivity of the external auditors.
- financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested party transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

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

On behalf of the Board of Directors

NG CHEE KEONG
Director

CHANG SEE HIANG
Director

Singapore
3 April 2003

Statement by Directors

for the year ended 31 December 2002

We, being directors of the Company, do hereby state that in our opinion:-

(a) the financial statements set out on pages 43 to 86 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 2002 and of the results of the business and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

NG CHEE KEONG
Director

CHANG SEE HIANG
Director

Singapore
3 April 2003

Report of the Auditors to the Members of CWT Distribution Limited

We have audited the consolidated financial statements of the Group and financial statements of the Company for the year ended 31 December 2002 as set out on pages 43 to 86. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the year ended 31 December 2001 were audited by another auditor whose report dated 12 April 2002 expressed an unqualified opinion on those financial statements.

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

In our opinion:-

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard so as to give a true and fair view of:-

   (i) the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and changes in equity of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and

   (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records and the registers 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.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, and also considered the financial statements of those subsidiaries which are not required by the law of their country of incorporation to be audited, being financial statements that have been included in the consolidated financial statements of the Group. The names of these subsidiaries are stated in Note 5 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification, and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

KPMG
Certified Public Accountants

Singapore

3 April 2003

Balance Sheets

as at 31 December 2002

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Non-current assets					
Property, plant and equipment	3	103,215	108,509	74,520	77,902
Intangible assets	4	3,213	546	127	413
Interests in subsidiaries	5	-	-	18,674	11,745
Interests in associates	6	3,301	3,828	1,438	1,438
Interests in jointly-controlled entities	7	6,492	6,891	6,226	6,574
Other investments	8	1,545	1,335	1,545	1,322
Other receivables	9	241	1,231	168	1,081
		118,007	122,340	102,698	100,475
Current assets					
Inventories	10	601	451	434	451
Trade and other receivables	11	47,384	40,321	21,732	16,362
Cash and cash equivalents	21	9,367	8,908	873	1,213
		57,352	49,680	23,039	18,026
Less:					
Current liabilities					
Bank overdrafts	21	259	120	-	-
Trade and other payables	22	32,167	27,539	11,171	9,360
Interest-bearing borrowings	23	28,815	4,379	27,000	2,500
Current tax payable		2,096	1,990	159	-
Provisions	24	193	185	193	185
		63,530	34,213	38,523	12,045
Net current (liabilities)/assets		(6,178)	15,467	(15,484)	5,981
		111,829	137,807	87,214	106,456
Less:					
Non-current liabilities					
Interest-bearing borrowings	23	3,021	24,280	-	20,000
Deferred tax liabilities	25	8,177	9,626	6,066	7,194
		11,198	33,906	6,066	27,194
Minority interests		9,733	13,347	-	-
Net assets		90,898	90,554	81,148	79,262
Share capital	26	37,525	37,525	37,525	37,525
Reserves	27				
Share premium reserve		927	927	927	927
Non-distributable capital reserve		445	445	-	-
Currency translation reserve		(187)	1,151	-	-
Statutory reserve		15	-	-	-
Accumulated profits		52,173	50,506	42,696	40,810
		90,898	90,554	81,148	79,262

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

Consolidated Profit and Loss Account

for the year ended 31 December 2002

	NOTE	CONTINUING OPERATIONS 2002 $'000	CONTINUING OPERATIONS 2001 $'000	DISCONTINUING OPERATIONS 2002 $'000	DISCONTINUING OPERATIONS 2001 $'000	GROUP TOTAL 2002 $'000	GROUP TOTAL 2001 $'000
Revenue	29	196,391	175,788	3,048	10,738	199,439	186,526
Cost of sales		(170,351)	(151,970)	(2,669)	(10,958)	(173,020)	(162,928)
Gross profit/(loss)		26,040	23,818	379	(220)	26,419	23,598
Other operating income		1,004	1,256	-	-	1,004	1,256
Distribution expenses		(344)	(420)	-	-	(344)	(420)
Administrative expenses		(11,086)	(9,393)	(764)	(284)	(11,850)	(9,677)
Other operating expenses		(5,377)	(5,321)	(664)	(227)	(6,041)	(5,548)
Profit/(loss) from operations	31	10,237	9,940	(1,049)	(731)	9,188	9,209
Finance costs	33	(873)	(1,334)	-	-	(873)	(1,334)
Loss on disposal of discontinuing operations		-	-	(1,006)	-	(1,006)	-
Share of (loss)/profit of associates		(373)	182	-	-	(373)	182
Share of profit of jointly-controlled entities		410	228	-	-	410	228
Profit/(loss) from ordinary activities before taxation		9,401	9,016	(2,055)	(731)	7,346	8,285
Income tax expense	34	(1,389)	(3,047)	-	(37)	(1,389)	(3,084)
Profit/(loss) from ordinary activities after taxation		8,012	5,969	(2,055)	(768)	5,957	5,201
Minority interests		(1,348)	(1,079)	-	-	(1,348)	(1,079)
Net profit/(loss) for the year		6,664	4,890	(2,055)	(768)	4,609	4,122
Earnings per share (cents)	35						
Basic						3.07	2.75
Diluted						3.07	2.75

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

Profit and Loss Account

for the year ended 31 December 2002

	NOTE	CONTINUING OPERATIONS 2002 $'000	CONTINUING OPERATIONS 2001 $'000	DISCONTINUING OPERATIONS 2002 $'000	DISCONTINUING OPERATIONS 2001 $'000	COMPANY TOTAL 2002 $'000	COMPANY TOTAL 2001 $'000
Revenue	29	51,785	46,973	627	8,569	52,412	55,542
Cost of sales		(41,056)	(37,775)	(718)	(8,449)	(41,774)	(46,224)
Gross profit/(loss)		10,729	9,198	(91)	120	10,638	9,318
Other operating income		466	496	-	-	466	496
Administrative expenses		(4,039)	(3,761)	-	-	(4,039)	(3,761)
Other operating expenses		(830)	-	-	-	(830)	-
Profit/(loss) from operations	31	6,326	5,933	(91)	120	6,235	6,053
Finance costs	33	(688)	(1,022)	-	-	(688)	(1,022)
Profit/(loss) from ordinary activities before taxation		5,638	4,911	(91)	120	5,547	5,031
Income tax expense	34	(734)	(1,223)	-	(37)	(734)	(1,260)
Net profit/(loss) for the year		4,904	3,688	(91)	83	4,813	3,771

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2002

	SHARE CAPITAL $'000	STATUTORY RESERVE $'000	SHARE PREMIUM $'000	NON-DISTRIBUTABLE CAPITAL RESERVE $'000	DISTRIBUTABLE CAPITAL RESERVE $'000	CURRENCY TRANSLATION RESERVE $'000	ACCU-MULATED PROFITS $'000	TOTAL $'000
At 1 January 2001	37,525	-	927	445	12,557	831	36,660	88,945
Translation differences	-	-	-	-	-	320	-	320
Transfer to retained earnings	-	-	-	-	(12,557)	-	12,557	-
Net profit for the year	-	-	-	-	-	-	4,122	4,122
Final dividend paid of 2.5 cents per share less tax at 24.5% in respect of year 2000	-	-	-	-	-	-	(2,833)	(2,833)
At 31 December 2001	37,525	-	927	445	-	1,151	50,506	90,554
At 1 January 2002	37,525	-	927	445	-	1,151	50,506	90,554
Translation differences	-	-	-	-	-	(1,338)	-	(1,338)
Transfer from retained earnings	-	15	-	-	-	-	(15)	-
Net profit for the year	-	-	-	-	-	-	4,609	4,609
Final dividend paid of 2.5 cents per share less tax at 22.0% in respect of year 2001	-	-	-	-	-	-	(2,927)	(2,927)
At 31 December 2002	37,525	15	927	445	-	(187)	52,173	90,898

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

Statement of Changes in Equity

for the year ended 31 December 2002

	SHARE CAPITAL $'000	SHARE PREMIUM $'000	DISTRIBUTABLE CAPITAL RESERVE $'000	ACCUMULATED PROFITS $'000	TOTAL $'000
At 1 January 2001	37,525	927	12,557	27,315	78,324
Transfer to retained earnings	-	-	(12,557)	12,557	-
Net profit for the year	-	-	-	3,771	3,771
Final dividend paid of 2.5 cents per share less tax at 24.5% in respect of year 2000	-	-	-	(2,833)	(2,833)
At 31 December 2001	37,525	927	-	40,810	79,262
At 1 January 2002	37,525	927	-	40,810	79,262
Net profit for the year	-	-	-	4,813	4,813
Final dividend paid of 2.5 cents per share less tax at 22.0% in respect of year 2001	-	-	-	(2,927)	(2,927)
At 31 December 2002	37,525	927	-	42,696	81,148

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

Consolidated Statement of Cash flows

for the year ended 31 December 2002

	NOTE	2002 $'000	2001 $'000
Operating activities			
Profit from ordinary activities before taxation		7,346	8,285
Adjustments for:			
Preliminary expenses written off		-	319
Goodwill written off		-	462
Interest expense		873	1,334
Interest income		(199)	(202)
Depreciation of property, plant and equipment	3	6,277	7,002
Gain on sale of property, plant and equipment		(84)	(110)
Loss/(gain) on foreign exchange		228	(464)
Share of loss/(profit) of associates		373	(182)
Share of profit of jointly-controlled entities		(410)	(228)
Provision for impairment of property, plant and equipment		-	316
Allowance made/(reversed) for:-			
Loss on investment written off		-	(467)
Diminution in value of other investments		(212)	426
Doubtful receivables		2,533	568
Amortisation of intangible assets	4	506	338
Operating profit before working capital changes		17,231	17,397
Changes in working capital:-			
Inventories		(150)	34
Trade and other receivables		(11,024)	(1,568)
Trade and other payables		4,648	4,777
Cash generated from operations		10,705	20,640
Income taxes paid		(2,013)	(2,284)
Cash flows from operating activities		8,692	18,356
Investing activities			
Proceeds from disposal of subsidiary		1	-
Additional interests in subsidiary		(6,999)	-
Interest received		-	365
Dividends received from associates and jointly-controlled entities		326	571
Purchase of property, plant and equipment		(1,156)	(2,198)
Payment of financing cost		-	(1,060)
Proceeds from sale of property, plant and equipment		214	141
Loan to director of a subsidiary		9	43
Staff loan repayment/(granted)		99	(86)
Net cash (outflow)/inflow from:-			
Interest in associate		-	(300)
Interest in jointly-controlled entities		(12)	(1,492)
Disposal of subsidiary	37	(51)	-
Disposal of jointly-controlled entity		-	1,354
Cash flows from investing activities		(7,569)	(2,662)

Consolidated Statement of Cash flows

for the year ended 31 December 2002

	NOTE	2002 $'000	2001 $'000
Financing activities			
Interest paid		(879)	(1,395)
Dividends paid		(2,927)	(2,833)
Payment of finance lease rentals		(134)	(236)
Proceeds from short-term borrowings		7,019	768
Repayment of short-term borrowings		(2,568)	-
Proceeds from long-term borrowings		39	260
Repayment of long-term borrowings		(1,460)	(10,000)
Capital injection by subsidiary's minority shareholder		107	149
Cash flows from financing activities		(803)	(13,287)
Net increase in cash and cash equivalents		320	2,407
Cash and cash equivalents at beginning of the year		8,788	6,381
Cash and cash equivalents at end of the year	21	9,108	8,788

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 3 April 2003.

1. DOMICILE AND ACTIVITIES

CWT Distribution Limited (the "Company") is incorporated in the Republic of Singapore and has its registered office at 24 Jurong Port Road, #03-00 Office Block, CWT Distripark (HQ), Singapore 619097.

The principal activities of the Company are those relating to the provision of warehousing and logistics services, transportation services, port and container freight station services, engineering services, container depot operations and investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. During the financial year, the Group and the Company ceased their port and container freight station services.

The immediate and ultimate holding companies during the financial year are PSA Logistics Pte Ltd and Temasek Holdings (Private) Limited respectively, both of which are incorporated in the Republic of Singapore.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard ("SAS") including related Interpretations promulgated by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

The historical cost basis is used. Amounts are expressed in Singapore dollars, unless stated to be expressed in Singapore dollars thousands.

(b) Consolidation

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

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements.

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Jointly-controlled entities are those enterprises whose activities the Group has joint control over, established by contractual agreement.

Investments in associates and jointly-controlled entities are stated in the Company's balance sheet at cost, less impairment losses. In the Group's financial statements, they are accounted for by using the equity method of accounting. The Group's investment in these entities includes goodwill (net of accumulated amortisation) on acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment

(i) Owned Assets

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

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent Expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Disposal

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account on the date of retirement or disposal.

(iv) Leased Assets

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term.

(v) Depreciation

No depreciation is provided for capital work-in-progress.

Depreciation is provided on a straight-line basis so as to write off items of property, plant and equipment, and major components that are accounted for separately over their estimated useful lives as follows:-

Leasehold buildings and improvements	-	remaining term of lease (including option to extend) of 16 to 48 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 3 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible Assets

(i) Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill arising on acquisitions of associates and jointly-controlled entities is included in investments in associates and investments in jointly-controlled entities respectively.

Goodwill on acquisitions of subsidiaries, associates and jointly-controlled entities that occurred prior to 1 January 2001 were written off against reserves and has not been retrospectively capitalised and amortised.

Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of 10 years.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for acquisitions prior to 1 January 2001, the goodwill written off against reserves.

(ii) 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. This computer software is stated at cost less accumulated amortisation and impairment losses.

Computer software is amortised in the profit and loss account using the straight-line method over its estimated useful life of 3 years.

(iii) Subsequent Expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(e) 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 the profit and loss account on a straight-line basis over the useful lives of the assets by way of a reduced depreciation charge.

(f) Other Investments

Debts and equity securities held for the long-term are stated at amortised cost less an allowance for diminution in value which, in the opinion of the directors, are other than temporary.

Debts and equity securities held for the short-term are stated at market value. Any increases or decreases in carrying amounts are included in the profit and loss account.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the consolidated 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.

(i) Impairment

The carrying amounts of the Group's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(i) Calculation of Recoverable Amount

The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversal of Impairment Loss

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. All reversals of impairment are recognised in the profit and loss account.

(j) Liabilities and Interest-Bearing Borrowings

Trade and other payables and interest-bearing borrowings are stated at cost. Interest-bearing borrowings are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

(k) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, 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, where appropriate, the risks specific to the liability.

(l) Deferred Tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Deferred Tax (cont'd)

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

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(m) Foreign Currencies

(i) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies, except for foreign currency liabilities hedged by forward exchange contracts are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Foreign currency assets and liabilities hedged by forward exchange contracts are translated into Singapore dollars at the contracted forward exchange rates. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account, except where monetary items in substance form part of the Group's net investment in the foreign subsidiaries, associates and jointly-controlled entities; exchange differences arising on such monetary items are recognised directly in equity until disposal of the investment.

(ii) Foreign Operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

(n) Revenue Recognition

(i) Provision of Logistics Services

Revenue from the provision of logistics services is recognised when the services are performed. Revenue excludes goods and services or other sales taxes and is arrived at after deduction of any trade discounts.

(ii) Sale of Goods

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

(iii) Dividends

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

(iv) Interest Income

Interest income from bank deposits is accrued on a time-apportioned basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Operating Leases

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

(p) Finance Costs

Interest expense and similar charges are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

The interest component of finance lease payments is recognised in the profit and loss account using the effective interest rate method.

(q) Segment Reporting

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate expenses, interest income, interest expenses and related assets and liabilities.

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

(i) Business Segments

The Group comprises the following main business segments:

(a) Logistics services
(b) Engineering services
(c) Port services

Logistics services mainly comprise warehousing, transportation, freight forwarding and container depot operations. Engineering services includes maintenance and repairs of vehicles, containers and buildings. Port services comprise port contract services and port management services.

Other services of the Group comprise project management services which do not constitute a separately reportable segment.

(ii) Geographical Segments

The logistics and port services segments are managed on a worldwide basis but operate in three principal geographical areas. Singapore is a major market for logistics, engineering and port services. Asia (excluding Singapore) and Europe are also major markets for logistics services.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the operations. Segment assets are based on the geographical location of the assets.

(r) Discontinuing Operations

A discontinuing operation is a clearly distinguishable component of the Group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD BUILDINGS AND IMPROVEMENTS $'000	PLANT, MACHINERY AND EQUIPMENT $'000	MOTOR VEHICLES AND TRAILERS $'000	FURNITURE, FITTINGS, COMPUTERS AND OFFICE EQUIPMENT $'000	CAPITAL WORK-IN-PROGRESS $'000	TOTAL $'000
Cost						
At 1 January 2002	141,160	16,420	7,500	7,855	505	173,440
Additions	54	205	470	708	-	1,437
Disposals	-	(673)	(501)	(157)	-	(1,331)
Translation adjustments	(320)	(82)	(5)	(87)	-	(494)
At 31 December 2002	140,894	15,870	7,464	8,319	505	173,052
Accumulated depreciation and impairment losses						
At 1 January 2002	39,862	12,401	6,692	5,471	505	64,931
Depreciation for the year	3,830	987	314	1,146	-	6,277
Disposals	-	(673)	(442)	(86)	-	(1,201)
Translation adjustments	(61)	(60)	(3)	(46)	-	(170)
At 31 December 2002	43,631	12,655	6,561	6,485	505	69,837
Depreciation charge for 2001	4,186	1,091	341	1,384	-	7,002
Impairment losses for 2001	158	128	-	-	30	316
Carrying amount						
At 31 December 2002	97,263	3,215	903	1,834	-	103,215
At 31 December 2001	101,298	4,019	808	2,384	-	108,509

COMPANY	LEASEHOLD BUILDINGS AND IMPROVEMENTS $'000	PLANT, MACHINERY AND EQUIPMENT $'000	MOTOR VEHICLES AND TRAILERS $'000	FURNITURE, FITTINGS, COMPUTERS AND OFFICE EQUIPMENT $'000	TOTAL $'000
Cost					
At 1 January 2002	102,683	13,164	5,173	3,774	124,794
Additions	-	182	56	217	455
Disposals	-	(672)	(128)	(28)	(828)
At 31 December 2002	102,683	12,674	5,101	3,963	124,421
Accumulated depreciation					
At 1 January 2002	28,670	9,958	5,140	3,124	46,892
Depreciation for the year	2,741	614	34	448	3,837
Disposals	-	(672)	(128)	(28)	(828)
At 31 December 2002	31,411	9,900	5,046	3,544	49,901
Depreciation charge for 2001	3,090	661	126	702	4,579
Carrying amount					
At 31 December 2002	71,272	2,774	55	419	74,520
At 31 December 2001	74,013	3,206	33	650	77,902

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Government grants amounting to $543,000 (2001:$543,000) have been deducted against the costs of computer equipment. Government grants recognised in the income statement by way of reduced depreciation charges for the financial year amounted to $181,000 (2001: $144,000).

(b) At balance sheet date, the net book value of motor vehicles and trailers of the Group under finance lease agreements amounted to $297,000 (2001: $284,000).

4. INTANGIBLE ASSETS

GROUP	COMPUTER SOFTWARE $'000	GOODWILL ON CONSOLIDATION $'000	TOTAL $'000
Cost			
At 1 January 2002	2,624	-	2,624
Additions	147	-	147
Acquisitions through business combinations	-	3,026	3,026
At 31 December 2002	2,771	3,026	5,797
Accumulated amortisation			
At 1 January 2002	2,078	-	2,078
Amortisation charge for the year	380	126	506
At 31 December 2002	2,458	126	2,584
Amortisation charge for 2001	338	-	338
Carrying amount			
At 31 December 2002	313	2,900	3,213
At 31 December 2001	546	-	546

4. INTANGIBLE ASSETS (CONT'D)

COMPANY	COMPUTER SOFTWARE $'000
Cost	
At 1 January 2002	2,337
Additions	2
At 31 December 2002	2,339
Accumulated amortisation	
At 1 January 2002	1,924
Amortisation charge for the year	288
At 31 December 2002	2,212
Amortisation charge for 2001	288
Carrying amount	
At 31 December 2002	127
At 31 December 2001	413

The amortisation charge is recognised in the following line items in the profit and loss account:-

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Administrative expenses	506	338	288	288

5. INTERESTS IN SUBSIDIARIES

	COMPANY	
	2002 $'000	2001 $'000
Unquoted equity shares, at cost	21,989	15,060
Less: Impairment losses, at beginning and end of the year	(3,315)	(3,315)
	18,674	11,745
Capital advance to a subsidiary	1,114	1,114
Less: Provision for capital advance	(1,114)	(1,114)
	-	-

5. INTERESTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

	NAME OF SUBSIDIARY	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2002 %	2001 %	COST OF INVESTMENT 2002 $'000	2001 $'000
	Held by Company						
π	Jurong Districentre Pte Ltd	Warehousing, document storage and handling and container storage, handling and repair	Singapore	60.0	60.0	5,500	5,500
π	CWT Asia Pte Ltd	Investment holding	Singapore	100.0	100.0	50	50
π	Invo-Tech Engineering Pte Ltd	Container repair, vehicle and equipment maintenance and building and electrical services	Singapore	60.0	60.0	900	900
π	Camsin Corporation Pte Ltd	Port and logistics operations; and shipping agency	Singapore	70.0	70.0	1,800	1,800
†	Cambodia CWT Dry Port Corporation	General and bonded warehousing; container freight station; transportation and container depot	Cambodia	63.7	63.7	1,515	1,515
π	CWT Globelink Pte Ltd	Consolidating cargo for export and import; container freight station; transportation and project shipment	Singapore	100.0	66.0	12,224	5,295
†	CWT Management Services Pte Ltd	Dormant	Singapore	-	100.0	-	*
						21,989	15,060

* Amount is $2

	NAME OF SUBSIDIARY	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2002 %	2001 %
	Held by Camsin Corporation Pte Ltd				
†	Camsin Trading Pte Ltd	Dormant	Cambodia	70.0	70.0
	Held by Jurong Districentre Pte Ltd				
##	Klang Valley Districentre Sdn Bhd	Warehousing	Malaysia	-	36.0
	Held by CWT Globelink Pte Ltd				
ø	Globelink WW India Pvt Ltd	Transportation and freight services	India	51.0	33.7
π	Globelink Marine (China) Pte Ltd	Transportation and freight services	Singapore	100.0	66.0
**	Globelink Container Line (JB) Sdn Bhd	Agent for freight and forwarding services	Malaysia	75.0	49.5

5. INTERESTS IN SUBSIDIARIES (CONT'D)

	NAME OF SUBSIDIARY	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2002 %	2001 %
	Held by CWT Globelink Pte Ltd (cont'd)				
#	Globelink International Services (Tianjin) Co., Ltd	Transportation and sea freight services	People's Republic of China	100.0	66.0
@	Globelink International Services (Qingdao) Co., Ltd	Transportation and sea freight services	People's Republic of China	100.0	66.0
**	Globelink Container Line (EM) Sdn Bhd	Transportation and sea freight services	Malaysia	44.0	29.3
**	Globelink Container Line Sdn Bhd (Penang)	Agent for freight forwarding, import and export on loose cargo consolidation, shipping agent and custom forwarding	Malaysia	70.0	46.2
**	Globelink Container Line (M) Sdn Bhd	Forwarding and transportation services	Malaysia	87.0	57.4
†	Globelink Container Line (Phils.) Inc	Dormant	Philippines	55.0	36.3
†	Globelink Freight Services Inc	Dormant	Philippines	55.0	36.3
_	GLS Interfreight Co., Ltd	Freight forwarding and related services	Thailand	51.0	33.7
π	Globelink Express Lines Pte Ltd	Agent for freight forwarding and related services	Singapore	51.0	33.7
√	Globelink Pakistan Pvt Ltd	Agent for freight forwarding and related services	Pakistan	51.0	33.7
**	Globelink International Pty Ltd	Agent for freight forwarding and related services	Australia	65.0	33.7
**	Globelink-Trans (Tianjin) International Forwarders Co., Ltd	Agent for freight forwarding and related services	People's Republic of China	100.0	33.0
#	Beijing Gelin International Forwarders Co., Ltd	Transportation and freight services	People's Republic of China	50.0	33.0
†	CWT Globelink Germany GmbH	Freight forwarding and related services	Germany	-	46.2

5. INTERESTS IN SUBSIDIARIES (CONT'D)

	NAME OF SUBSIDIARY	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2002 %	2001 %
	Held by CWT Globelink Pte Ltd (cont'd)				
**	CWT Globelink (Colombo) Pvt Ltd	Freight forwarding and related services	Sri Lanka	51.0	33.7
π	CWT Globelink (South China) Pte Ltd	Freight forwarding and related services	Singapore	70.0	46.2

None of the foreign incorporated subsidiaries is considered significant pursuant to Rules 717 and 718 of the Listing Manual.

π Audited by KPMG Singapore
** Audited by other member firms of KPMG International
† Audit is not required under the laws of the country of incorporation
ø Audited by UD Aval & Co, India
Audited by Tianjin Xingcheng CPAS, China
@ Audited by Qingdao Ocean Certified Public Accountants, China
_ Audited by Pattamawadee Office, Thailand
√ Audited by Bilwan & Co, Pakistan
Audited by CH Yap & Co, Malaysia

6. INTERESTS IN ASSOCIATES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Unquoted shares, at cost	1,468	1,468	1,438	1,438
Share of post-acquisition profits and reserves	1,833	2,360	-	-
	3,301	3,828	1,438	1,438

Details of the associates are as follows:-

	NAME OF ASSOCIATE	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD BY THE GROUP 2002 %	2001 %	COST OF INVESTMENT 2002 $'000	2001 $'000
	Held by Company						
*	Batamindo Shipping & Warehousing Pte Ltd	Shipping and transportation	Singapore	20	20	200	200
*	SingaPort Logistic Services Pte Ltd	Investment holding	Singapore	25	25	938	938
*	Sterile Services (Singapore) Pte Ltd	Sterilisation and logistics services for medical devices	Singapore	30	30	300	300
						1,438	1,438
	Held by CWT Globelink Pte Ltd						
†	Mapcargo International Pte Ltd	Freight forwarding and related services	Singapore	30	30	30	30
						1,468	1,468

* Audited by KPMG Singapore
† Audited by Tan Soo Chong & Co., Singapore

7. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Unquoted shares, at cost	6,751	6,739	6,586	6,574
Impairment losses	-	-	(360)	-
Share of post-acquisition profits and reserves	203	614	-	-
Goodwill written off	(462)	(462)	-	-
	6,492	6,891	6,226	6,574

Details of the jointly-controlled entities are as follows:-

	NAME OF JOINTLY-CONTROLLED ENTITIES	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION AND BUSINESS	EFFECTIVE INTEREST HELD 2002 %	EFFECTIVE INTEREST HELD 2001 %	COST OF INVESTMENT 2002 $'000	COST OF INVESTMENT 2001 $'000
	Held by Company						
*	JIC Inspection Services Pte Ltd	Vehicle inspection services	Singapore	22	22	704	704
**	Fuzhou Harbour-CWT Co., Ltd	Operation of an inland container depot, a container freight station and land transportation services	People's Republic of China	49	49	2,976	2,976
†	SICAL CWT Distriparks Limited	General and bonded warehousing, container freight station and container depot	India	45	45	2,510	2,498
π	CWT-SML Logistics LLC	Warehousing, distribution and forwarding services	Dubai, United Arab Emirates	40	40	36	36
#	PSA-China Logistics Pte Ltd	Investment holding company of logistics distribution network in China	Singapore	30	30	360	360
						6,586	6,574
	Held by CWT Asia Pte Ltd						
@	CWT Pacific Ltd	Management and consultancy services on port operations and port development	British Virgin Islands	50	50	40	40
	Held by Invo-Tech Engineering Pte Ltd						
√	BioMedical Engineering Services and Technology Pte Ltd	Provision of biomedical engineering and technical servicing of general medical equipment	Singapore	15	15	125	125
						6,751	6,739

None of the foreign incorporated jointly-controlled entities is considered significant pursuant to Rules 717 and 718 of the Listing Manual.

7. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (CONT'D)

Audited by KPMG Singapore
* Audited by Chio Lim & Associates, Singapore
** Audited by Fujian Huaxing Certified Public Accountants, China
† Audited by Fraser & Ross, India
π Audited by Deloitte & Touche, United Arab Emirates
@ Audit is not required under the laws of the country of incorporation
√ Audited by Chan & Chan, Singapore

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

	GROUP 2002 $'000	GROUP 2001 $'000
Results		
Income	5,336	5,902
Expenses	(4,926)	(5,674)
Profit before taxation	410	228
Income tax expense	(97)	(97)
Profit after taxation	313	131
Assets and Liabilities		
Non-current assets	9,104	9,902
Current assets	3,801	4,298
Current liabilities	(1,623)	(2,931)
Non-current liabilities	(4,790)	(4,378)
Net assets	6,492	6,891

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

	GROUP 2002 $'000	GROUP 2001 $'000
(a) Capital commitments		
Expenditure for property, plant and equipment:-		
Contracted for but not provided for	1,105	84
(b) Non-cancellable operating lease commitments		
Not later than 1 year	48	107
Later than 1 year but not later than 5 years	181	426
Later than 5 years	465	935
	694	1,468
(c) Contingent liabilities - letters of guarantee	167	131

8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Quoted equity investments, at cost	25	27	25	27
Less:				
Allowance for diminution in value	(10)	(10)	(10)	(10)
	15	17	15	17
Transferable club membership, at cost	251	251	178	178
Less:				
Allowance for diminution in value:-				
At 1 January	156	30	96	-
Allowance made during the year	13	126	-	96
At 31 December	169	156	96	96
	82	95	82	82
Unquoted debt investment, at cost	1,500	1,500	1,500	1,500
Less:				
Allowance for diminution in value:-				
At 1 January	300	-	300	-
Allowance made during the year	-	300	-	300
Allowance reversed during the year	(225)	-	(225)	-
At 31 December	75	300	75	300
	1,425	1,200	1,425	1,200
Unquoted equity investment, at cost	23	23	23	23
	1,545	1,335	1,545	1,322
Quoted equity investments at market value	5	18	5	18

9. OTHER RECEIVABLES

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Loans to:-					
Shareholder of a jointly-controlled entity		-	896	-	896
Minority shareholders of a subsidiary		-	74	-	-
Director of a subsidiary	15	73	76	-	-
Staff	20	168	185	168	185
		241	1,231	168	1,081

10. INVENTORIES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Cost				
Consumable materials and spare parts	490	359	323	359
Work-in-progress	66	39	66	39
Merchandise	45	53	45	53
	601	451	434	451

11. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Trade receivables	12	34,255	29,300	13,659	9,409
Loans to:-					
Subsidiary	13	-	-	-	-
Associates	(a)	540	-	540	-
Jointly-controlled entities	14	2,720	3,211	2,720	3,185
Director of a subsidiary	15	20	30	-	-
Amounts due from:-					
Subsidiaries:	16				
- trade		-	-	97	128
- non-trade		-	-	212	204
Jointly-controlled entities					
- trade		1	-	1	-
- non-trade	(b)	378	-	378	-
Balance carried forward		37,914	32,541	17,607	12,926

11. TRADE AND OTHER RECEIVABLES (CONT'D)

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Balance brought forward		37,914	32,541	17,607	12,926
Amounts due from:-					
Immediate holding company (trade)		973	55	973	-
Related corporations:					
- trade	17	2,411	2,380	837	585
- non-trade	(b)	-	182	-	160
Associates:					
- trade	18	1,108	967	1,108	803
- non-trade	(b)	58	-	58	-
Other debtors and receivables	19	542	1,546	392	469
Deposits and prepaid expenses		4,295	1,760	674	616
Staff loans	20	83	165	83	78
Income tax recoverable		-	725	-	725
		47,384	40,321	21,732	16,362

(a) The loans to associates are unsecured, bears interest at 3.04% per annum and are repayable on demand.

(b) The non-trade amounts due from jointly-controlled entities, related corporations and associates are unsecured, interest-free and are repayable on demand.

12. TRADE RECEIVABLES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Trade receivables	37,445	31,540	14,812	10,536
Less:				
Allowance for doubtful receivables:-				
At 1 January	2,240	1,880	1,127	1,059
Allowance made during the year	1,500	424	72	84
Allowance reversed during the year	(403)	(25)	-	(2)
Bad debts written off against provision	(136)	(52)	(46)	(14)
Translation difference	(11)	13	-	-
At 31 December	3,190	2,240	1,153	1,127
	34,255	29,300	13,659	9,409

13. LOAN TO SUBSIDIARY

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Loan to subsidiary	-	-	1,583	1,583
Less:				
Allowance for doubtful receivables:-				
At 1 January	-	-	1,583	1,514
Translation adjustment	-	-	-	69
At 31 December	-	-	1,583	1,583
	-	-	-	-

The loan to subsidiary is unsecured, bears interest at an average rate of 5% (2001: average rate of 5%) per annum and is repayable on demand.

14. LOANS TO JOINTLY-CONTROLLED ENTITIES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Loans to jointly controlled entities	2,720	3,211	3,189	3,185
Less:				
Allowance for doubtful receivables	-	-	469	-
	2,720	3,211	2,720	3,185

The loans to jointly-controlled entities are unsecured, interest-free and are repayable on demand.

15. LOAN TO DIRECTOR OF A SUBSIDIARY

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000
Amount receivable:-			
Within 12 months	11	20	30
After 12 months	9	73	76
		93	106

The loan to director of a subsidiary is unsecured, interest-free and is repayable in equal monthly instalments over a 5-year period commencing October 2000.

16. AMOUNTS DUE FROM SUBSIDIARIES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Amounts due from subsidiaries (trade)	-	-	532	563
Less:				
Allowance for doubtful receivables:-				
At 1 January	-	-	435	439
Allowance reversed during the year	-	-	-	(4)
At 31 December	-	-	435	435
	-	-	97	128
Amounts due from subsidiaries (non-trade)	-	-	1,245	1,204
Less:				
Allowance for doubtful receivables:-				
At 1 January	-	-	1,000	936
Allowance made during the year	-	-	33	64
At 31 December	-	-	1,033	1,000
	-	-	212	204

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

17. AMOUNTS DUE FROM RELATED CORPORATIONS (TRADE)

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Amounts due from related corporations	2,411	2,498	837	585
Less:				
Allowance for doubtful receivables:-				
At 1 January	118	112	-	-
Allowance made during the year	-	6	-	-
Allowance reversed during the year	(118)	-	-	-
At 31 December	-	118	-	-
	2,411	2,380	837	585

18. AMOUNTS DUE FROM ASSOCIATE (TRADE)

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Amounts due from associate	1,547	1,130	1,108	803
Less:				
Allowance for doubtful receivables:-				
At 1 January	163	-	-	-
Allowance made during the year	276	163	-	-
At 31 December	439	163	-	-
	1,108	967	1,108	803

19. OTHER DEBTORS AND RECEIVABLES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Other debtors and receivables	1,812	1,546	392	469
Less:				
Allowance for doubtful receivables	1,270	-	-	-
	542	1,546	392	469

20. STAFF LOANS

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Amount receivable:-					
Within 12 months	11	83	165	83	78
After 12 months	9	168	185	168	185
		251	350	251	263

Staff loans are unsecured and interest is charged at rates varying from Nil% to 6% (2001: Nil% to 6%) per annum.

Staff loans are repayable in equal monthly instalments over 12 to 69 months.

21. CASH AND CASH EQUIVALENTS

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Fixed deposits	554	573	-	-
Cash at banks and in hand	8,813	8,335	873	1,213
	9,367	8,908	873	1,213
Bank overdrafts (unsecured)	(259)	(120)	-	-
Net cash and cash equivalents	9,108	8,788	873	1,213

The weighted average effective interest rates per annum at the balance sheet date are as follows:-

	GROUP 2002	GROUP 2001	COMPANY 2002	COMPANY 2001
Fixed deposits	1.1%	0.8%	-	-
Bank overdrafts	5.75%	5.5%	-	-

Cash at banks and in hand are non-interest bearing.

22. TRADE AND OTHER PAYABLES

	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Trade payables and accrued operating expenses	30,773	26,113	10,913	9,314
Amounts due to:-				
Associate (trade)	2	-	2	-
Related corporations:				
- trade	484	534	256	36
- non-trade	-	519	-	-
Jointly-controlled entities (non-trade)	-	10	-	10
Director of a subsidiary (non-trade)	300	363	-	-
Shareholder of a subsidiary (non-trade)	608	-	-	-
	32,167	27,539	11,171	9,360

The non-trade amounts due to director of a subsidiary and shareholders of a subsidary are interest-free, unsecured and are repayable on demand.

23. INTEREST-BEARING BORROWINGS

	NOTE	GROUP 2002 $'000	GROUP 2001 $'000	COMPANY 2002 $'000	COMPANY 2001 $'000
Current liabilities					
Unsecured bank loans					
Loan 1	(a)	7,000	2,500	7,000	2,500
Loan 2	(b)	1,400	1,400	-	-
Loan 3	(c)	300	300	-	-
Loan 4	(d)	-	68	-	-
Loan 5	(e)	19	-	-	-
Floating Rate Notes (unsecured)	(f)	20,000	-	20,000	-
Finance lease liabilities	(g)	96	111	-	-
		28,815	4,379	27,000	2,500
Non-current liabilities					
Unsecured bank loans					
Loan 2	(b)	2,800	4,200	-	-
Loan 4	(d)	-	60	-	-
Loan 5	(e)	39	-	-	-
Floating Rate Notes (unsecured)	(f)	-	20,000	-	20,000
Finance lease liabilities	(g)	182	20	-	-
		3,021	24,280	-	20,000

(a) Loan 1 is unsecured, bears interest at an average of 1.742% (2001: average rate of 1.575%) per annum and has no fixed terms of repayment.

(b) Loan 2 is unsecured, bears interest at an average of 2.29% (2001: average rate of 3.28%) per annum and is repayable over 10 consecutive semi-annual instalments commencing 16 October 2000.

(c) Loan 3 is unsecured, bears interest at an average of 1.97% (2001: average rate of 2.10%) and is on a 3-months revolving basis.

(d) Loan 4 was repaid in full during the year. It bore interest at 8.05% per annum.

(e) Loan 5 is unsecured, bears interest at an average of 6.8% per annum and is repayable over 60 consecutive monthly instalments commencing 18 February 2002.

23. INTEREST-BEARING BORROWINGS (CONT'D)

(f) Floating Rate Notes

The Floating Rate Notes ("FRNs") are unsecured and are repayable in full on 16 November 2003. The Company may elect to redeem all or part of the FRNs in multiples of $250,000 at par at each interest repricing date. The interest charged on the FRNs is repriced at 6 monthly intervals.

The Company entered into a 3-year swap contract on 16 November 2000 as a cash flow hedge to swap the floating interest rate on $10,000,000 of the FRNs to a fixed interest rate of 3.76% per annum.

During the financial year, the Company redeemed $Nil (2001: $10,000,000) of the FRNs.

(g) Finance Lease Liabilities

At 31 December 2002, the Group had obligations under finance leases that are repayable as follows:-

	PAYMENTS $'000	INTEREST $'000	PRINCIPAL $'000
2002			
Repayable within 1 year	123	27	96
Repayable after 1 year but within 5 years	204	22	182
	327	49	278
2001			
Repayable within 1 year	116	5	111
Repayable after 1 year but within 5 years	20	-	20
	136	5	131

(h) Effective interest rates and repricing analysis

Group	Effective interest rate	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	Fixed interest rate maturing: 1 to 5 years $'000	Total $'000
2002					
Unsecured bank loans	2.7%	11,558	-	-	11,558
Floating rate notes*	3.0%	10,000	10,000	-	20,000
		21,558	10,000	-	31,558
2001					
Unsecured bank loans	4.3%	4,268	-	-	4,268
Floating rate notes*	3.5%	10,000	-	10,000	20,000
		14,268	-	10,000	24,268

Company	Effective interest rate	Floating interest $'000	Fixed interest rate maturing: Within 1 year $'000	Fixed interest rate maturing: 1 to 5 years $'000	Total $'000
2002					
Unsecured bank loans	1.7%	7,000	-	-	7,000
Floating rate notes*	3.0%	10,000	10,000	-	20,000
		17,000	10,000	-	27,000
2001					
Unsecured bank loans	1.6%	2,500	-	-	2,500
Floating rate notes*	3.5%	10,000	-	10,000	20,000
		12,500	-	10,000	22,500

* After including the effect of the interest rate swap (see Note 23 (f))

23. INTEREST-BEARING BORROWINGS (CONT'D)

(i) Maturity of borrowings (excluding finance lease liabilities)

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Within 1 year	28,719	4,268	27,000	2,500
After 1 year but within 5 years	2,839	24,260	-	20,000
Total borrowings	31,558	28,528	27,000	22,500

24. PROVISIONS

	GROUP AND COMPANY	
	2002 $'000	2001 $'000
Claims:-		
At 1 January	185	536
Charged for the year	8	-
Utilised during the year	-	(351)
At 31 December	193	185

25. DEFERRED TAX

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

Group	AT 1/1/2002 $'000	CHARGED/ (CREDITED) TO PROFIT AND LOSS ACCOUNTS (NOTE 34) $'000	AT 31/12/2002 $'000
Deferred tax liabilities			
Property, plant and equipment	9,913	(1,342)	8,571
Deferred tax assets			
Trade and other receivables	(285)	5	(280)
Trade and other payables	(2)	(112)	(114)
	(287)	(107)	(394)

Company			
Deferred tax liabilities			
Property, plant and equipment	7,452	(1,112)	6,340
Deferred tax assets			
Trade and other receivables	(258)	(16)	(274)

25. 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 following amounts, determined after appropriate offsetting are as follows:-

	GROUP		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Deferred tax liabilities	8,213	9,626	6,066	7,194
Deferred tax assets	(36)	-	-	-
	8,177	9,626	6,066	7,194

26. SHARE CAPITAL

	COMPANY			
	2002		2001	
	NO. OF SHARES ('000)	$'000	NO. OF SHARES ('000)	$'000
Authorised:				
Ordinary shares of $0.25 each	240,000	60,000	240,000	60,000
Issued and fully paid:				
Ordinary shares of $0.25 each	150,101	37,525	150,101	37,525

27. RESERVES

The application of the share premium account is governed by sections 69 and 70(4) of the Companies Act, Chapter 50.

The non-distributable capital reserve relates to the Group's share of the share premium of certain jointly-controlled entities.

The distributable capital reserves consisted of the subscription price of the warrants issued by the Company pursuant to a prospectus dated 20 April 1995. The subscription price in respect of any warrants exercised was to be transferred from the capital reserve to the share premium reserve. Upon the expiry of the warrants, the amount remaining in the capital reserve is available for distribution to the shareholders of the Company.

The warrants expired on 12 May 2000 and the amount in the capital reserve was transferred to retained earnings during the financial year ended 31 December 2001.

The retained earnings of the Group and the Company are distributable except for the Group's share of the post acquisition retained earnings of associates and jointly controlled entities amounting to $2,567,000 (2001: $2,530,000) which are included in the Group's retained earnings.

28. SEGMENT REPORTING

	LOGISTICS SERVICES		ENGINEERING SERVICES		PORT SERVICES		OTHER SERVICES		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Business segments										
Revenue and expenses										
Revenue	181,052	158,505	17,484	19,176	903	8,845	-	-	199,439	186,526
Segmental results	23,149	16,441	2,539	2,061	-	221	(180)	(39)	25,508	18,684
Unallocated corporate expenses									(17,326)	(9,475)
Operating profit									8,182	9,209
Finance costs									(873)	(1,334)
Share of profit of associates and jointly-controlled entities									37	410
Taxation									(1,389)	(3,084)
Profit from ordinary activities									5,957	5,201
Minority interests									(1,348)	(1,079)
Net profit for the year									4,609	4,122
Assets and liabilities										
Segment assets	133,755	139,286	7,112	9,322	214	938	-	-	141,081	149,546
Interests in associates and jointly-controlled entities	8,954	9,915	839	804	-	-	-	-	9,793	10,719
Unallocated assets	-	-	-	-	-	-	-	-	24,485	11,755
Total assets	142,709	149,201	7,951	10,126	214	938	-	-	175,359	172,020

28. SEGMENT REPORTING (CONT'D)

	LOGISTICS SERVICES		ENGINEERING SERVICES		PORT SERVICES		OTHER SERVICES		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
(a) Business segments (cont'd)										
Assets and liabilities (cont'd)										
Segment liabilities	21,804	24,589	3,308	3,922	-	1,195	-	-	25,112	29,706
Unallocated liabilities									49,616	38,413
Total liabilities									74,728	68,119
Other segmental information										
Capital expenditure	1,315	2,035	122	186	-	-	-	-	1,437	2,221
Depreciation	5,625	6,281	200	380	-	2	-	-	5,825	6,663
Unallocated depreciation									452	339
Amortisation									506	338
Non-cash expenses other than depreciation of property, plant and equipment and amortisation of intangible assets	-	462	-	-	-	-	-	-	-	462

28. SEGMENT REPORTING (CONT'D)

(b) Geographical segments

	2002 $'000	2001 $'000
Revenue		
Singapore	113,559	113,364
Asia (excluding Singapore)	83,459	70,993
Europe	2,421	2,169
Total	199,439	186,526
Capital expenditure		
Singapore	765	795
Asia (excluding Singapore)	672	1,284
Europe	-	119
Total	1,437	2,198
Total assets		
Singapore	149,180	150,472
Asia (excluding Singapore)	26,179	20,804
Europe	-	744
Total	175,359	172,020

29. REVENUE

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Rendering of services	197,733	181,211	49,109	53,136
Sales of goods	1,706	5,315	-	-
Dividend income	-	-	3,303	2,406
	199,439	186,526	52,412	55,542

30. DISCONTINUING OPERATIONS

(a) Port Contract Services

Upon expiry of contracts relating to the provision of lashing and unlashing services and prime mover driving services at the port in Singapore (the "operations"), assets comprising property, plant and equipment relating to the operations, which formed a significant part of the port services business segment, of the Group were disposed. The operations effectively ceased at the end of February 2002.

At 31 December 2001, the operations had net liabilities of $233,000 comprising assets of $435,000 less liabilities of $668,000.

As at the end of February 2002, the division had net liabilities of $136,000. The related revenue, expenses, losses from ordinary activities before taxation and tax charge attributable to the operations were $627,000, $718,000, $91,000 and $Nil respectively.

During the year, the operations had net cash outflows from operating activities of $146,000 (2001: net cash inflow of $36,000), cash outflows from investing activities of $Nil (2001: $Nil) and cash outflows from financing activities of $Nil (2001: $Nil).

(b) Europe Division

During the year, a German subsidiary, constituting the Group's Europe division and which is a separate geographic segment, went into receivership. Control of the subsidiary effectively ceased at the end of August 2002.

As at 31 December 2001, the Europe division had net liabilities of $673,000 comprising assets of $829,000 less liabilities of $1,502,000.

As at the end of August 2002, the Europe division had net liabilities of $1,493,000. A loss on disposal of $1,006,000 was recorded as a result of the deconsolidation of the subsidiary. Note 37 shows the effect of the disposal of individual assets and liabilities of the subsidiary.

During the year, the Europe division had cash outflows from operating activities of $1,153,000 (2001: $110,000), cash outflows from investing activities of $3,000 (2001: $127,000) and cash inflows from financing activities of $1,123,000 (2001: $320,000).

31. PROFIT/(LOSS) FROM OPERATIONS

The following items have been included in arriving at profit/(loss) from operations:-

		GROUP		COMPANY	
		2002	2001	2002	2001
	NOTE	$'000	$'000	$'000	$'000
Dividend income from unquoted investments in:-					
Subsidiaries		-	-	2,464	1,699
Associates		-	-	280	340
Jointly-controlled entities		-	-	559	367
Interest income:-					
Fixed deposits		65	84	-	79
Staff loans		7	5	7	5
Related corporations		46	60	46	60
Unquoted debt investment		26	48	26	48
Others		55	5	5	-
Allowances made/(reversed) for:-					
Doubtful receivables		2,533	568	582	142

31. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

		GROUP		COMPANY	
		2002	2001	2002	2001
	NOTE	$'000	$'000	$'000	$'000
Allowances made/(reversed) for:-					
Diminution in value of other investments		(212)	426	(225)	396
Goodwill written off		-	462	-	-
Preliminary expenses written off		-	319	-	-
Auditors' remuneration:-					
Auditors of the Company					
- KPMG Singapore:					
Current year		141	146	50	50
Overprovision in prior year		(13)	-	-	-
Other auditors		46	58	-	-
Non-audit fees paid to auditors of the Company		30	28	30	-
Bad debts written off (trade)		5	120	-	(14)
Bad debts recovered (trade)		(30)	(50)	-	(50)
Depreciation of property, plant and equipment	3	6,277	7,002	3,837	4,579
Exchange loss/(gain), net		228	(464)	8	(193)
Loss on disposal of subsidiary		1,006	-	-	-
Operating lease expenses		3,547	5,227	2,249	2,077
Professional fee paid to a firm in which a director is a member		83	9	83	9
Amortisation of intangable assets	4	506	338	288	288
Impairment losses on investment in jointly-controlled entity		-	-	360	-
Impairment loss on property, plant and equipment	3	-	316	-	-
Gain on sale of property, plant and equipment		(84)	(110)	(107)	(97)
Staff costs		28,171	26,417	14,230	14,627
Contributions to defined contribution plan included in staff costs		2,996	2,937	1,493	1,531

The number of employees as at 31 December 2002 for the Group and the Company was 1,439 (2001: 1,287) and 399 (2001: 346) respectively.

32. DIRECTORS' REMUNERATION

Directors' remuneration is recognised in the following line items in the profit and loss accounts:-

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Staff costs:-				
Other directors	604	584	-	-
Other operating expenses:-				
Directors of the Company	114	62	114	62
Other directors	37	26	-	-
	755	672	114	62

33. FINANCE COSTS

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Interest expense:-				
Bank overdrafts	21	42	1	1
Bank loans	210	256	80	6
Finance leases	34	17	-	-
Floating Rate Notes	602	1,011	602	1,011
Others	6	8	5	4
	873	1,334	688	1,022

34. INCOME TAXES

	GROUP		COMPANY	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Current tax expenses				
Current year	2,916	1,950	1,862	565
Over provided in prior years	(78)	(40)	-	-
	2,838	1,910	1,862	565
Deferred tax expense				
Movements in temporary differences	(468)	888	(394)	960
Reduction in tax rate	(981)	(259)	(734)	(265)
Under provided in prior years	-	520	-	-
	(1,449)	1,149	(1,128)	695
Share of taxation:-				
Associates	(97)	(72)	-	-
Jointly-controlled entities	97	97	-	-
Income tax expense	1,389	3,084	734	1,260

34. INCOME TAXES (CONT'D)

Reconciliation of effective tax rate

Group	2002	2002 $'000	2001	2001 $'000
Profit before tax		7,346		8,285
Income tax using Singapore tax rates	22.0%	1,616	24.5%	2,030
Effect of reduction in tax rates	(13.3%)	(981)	(3.1%)	(259)
Tax rebate	(0.1%)	(5)	(0.8%)	(70)
Effect of different tax rates in other countries	2.7%	199	3.0%	253
Expenses not deductible for tax purposes	15.2%	1,120	9.7%	804
Tax exempt revenues	(6.5%)	(482)	(1.9%)	(154)
(Over)/under provided in prior years	(1.1%)	(78)	5.8%	480
	18.9%	1,389	37.2%	3,084

Company	2002	2002 $'000	2001	2001 $'000
Profit before tax		5,547		5,031
Income tax using Singapore tax rates	22.0%	1,220	24.5%	1,233
Effect of reduction in tax rates	(13.2%)	(734)	(5.3%)	(265)
Tax rebate	-	-	(0.6%)	(30)
Expenses not deductible for tax purposes	5.4%	305	6.7%	335
Tax exempt revenues	(1.0%)	(57)	(0.3%)	(13)
	13.2%	734	25.0%	1,260

35. EARNINGS PER SHARE

	2002 $'000	2001 $'000
Basic and diluted earnings per share		
The basic earnings per share is based on:-		
(i) Net profit for the year	4,609	4,122

	NO. OF SHARES 2002 ('000)	NO. OF SHARES 2001 ('000)
(ii) Weighted average number of shares outstanding during the year	150,101	150,101

36. CHANGES IN ACCOUNTING POLICIES

For the year ended 31 December 2002, five new or revised accounting standards became effective in Singapore.

The standards applicable to the Group are SAS 12 (2001) – *Income Taxes,* SAS 38 – *Financial Reporting in Hyperinflationary Economies* and the limited revisions to SAS 17 (2001) – *Employee Benefits*. The adoption of these standards did not give rise to any adjustments to the opening balances of accumulated profits of the prior and current periods or to changes in comparatives.

37. DISPOSAL OF SUBSIDIARY

Summary of effect of disposal of subsidiary

	DISPOSAL 2002 $'000
Property, plant and equipment	(129)
Receivables, deposits and prepayments	(1,913)
Cash at bank and in hand	(57)
Creditors and accrued charges	3,593
Minority interests	(150)
Net identifiable liabilities	1,344
Cash consideration paid satisfied in cash	-
Cash disposed of	51
Net cash outflow	51

38. COMMITMENTS

	GROUP		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Capital commitments:-				
- contracted but not provided for	-	29	-	-
- authorised but not contracted for	4,120	1,850	4,120	1,850
	4,120	1,879	4,120	1,850

As at 31 December 2002, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases as follows:-

	GROUP		COMPANY	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Payable:-				
Within 1 year	5,903	6,440	3,730	2,510
After 1 year but within 5 years	14,900	14,102	10,387	12,212
After 5 years	142,649	139,206	25,010	25,948
	163,452	159,748	39,127	40,670

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with related parties

During the financial year, in the normal course of business, the Group had the following significant transactions with its related parties on terms agreed between the parties:-

	2002	2001
	$'000	$'000
Associates and Jointly-Controlled Entities		
Sales	2,742	3,138
Management fees and other services	4	276
Shareholders		
Purchases	1,028	93
Sales	2,051	11,216
Rental paid	2,052	2,265
Management fees paid	272	115
Related Corporations		
Purchases	1,966	-
Sales	9,343	-
Other Related Parties		
Rental paid to minority shareholder	152	280
Purchases from minority shareholder	-	2,781
Sales to minority shareholder	2,949	5,049

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

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

(b) Credit risk

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

The Group has established credit limits for customers and monitors their balances. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(c) Liquidity risk

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

(d) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. Generally, the Group adopts a conservative approach in interest risk management. The Group's policy is to maintain its borrowings such as to balance risks and cost effectiveness.

The Group uses interest rate swaps as cash flows hedges of future interest payments, which have the economic effect of converting interest on borrowings from floating rates to fixed rates. The interest rate swaps allow the Group to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if it borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contracts rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(e) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risks arising from various currency exposures. The Group's exposure to foreign currency receivables is substantially matched by its exposure to foreign currency payables, both predominantly denominated in United States dollars. The Group aims to maintain a minimal amount of cash denominated in foreign currencies.

The Group seeks to minimise its foreign currency exposures in foreign subsidiaries, associates and jointly-controlled entities by minimising its initial equity investment and 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.

40 FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair value

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

	NOTE	CARRYING AMOUNT 2002 $'000	FAIR VALUE 2002 $'000	CARRYING AMOUNT 2001 $'000	FAIR VALUE 2001 $'000
GROUP					
Financial Assets					
Loans to:-					
Director of subsidiary	15	93	93	106	99
Staff	20	251	240	350	338
		344	333	456	437
Financial Liabilities					
Floating rate notes	23 & 40(f)(v)	(20,000)	(20,000)	(20,000)	(19,716)
Unsecured bank loans	23	(11,558)	(11,465)	(8,528)	(8,375)
Finance leases	23	(278)	(271)	(131)	(131)
		(31,836)	(31,736)	(28,659)	(28,222)
Total		(31,492)	(31,403)	(28,203)	(27,785)
Unrecognised gain			89		418
COMPANY					
Financial Assets					
Staff loans	20	251	240	263	250
Financial Liabilities					
Floating rate notes	23	(20,000)	(20,000)	(20,000)	(19,716)
Unsecured bank loans	23	(7,000)	(7,000)	(2,500)	(2,500)
		(27,000)	(27,000)	(22,500)	(22,216)
Total		(26,749)	(26,760)	(22,237)	(21,966)
Unrecognised (loss)/gain			(11)		271

40 FINANCIAL INSTRUMENTS (CONT'D)

(f) Fair value (cont'd)

The fair value of the financial instruments has been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments not included in Note 40(f) above:-

(i) Cash and cash equivalents, trade and other receivables, trade and other payables

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

(ii) Non-current unquoted equity investments

It is not practicable to estimate the fair value of the Company's long-term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

(iii) Loan from minority shareholder of a subsidiary

It is not practicable to estimate the fair value of the loan from minority shareholder of a subsidiary without incurring excessive costs, due to the absence of agreed payment terms between the parties involved. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

(iv) Loans to subsidiaries

It is not practicable to estimate the fair value of the loan to subsidiaries without incurring excessive costs, due to the absence of agreed payment terms between the parties involved. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

(v) Interest rate swap

The fair value of the interest rate swap relating to floating rate notes at balance sheet date calculated using rates quoted by the Company's bankers to terminate the contract at the balance sheet date was $284,000 (2001: $287,000) unfavourable.

41. STATUTORY INFORMATION REQUIRED BY PARAGRAPH 7 OF THE NINTH SCHEDULE OF THE COMPANIES ACT, CHAPTER 50

The Group's and the Company's liabilities payable and debts receivable (excluding cash and bank balances) are as follows:-

	LIABILITIES PAYABLE		DEBTS RECEIVABLE	
	2002	2001	2002	2001
Group	$'000	$'000	$'000	$'000
Within 2 years	64,976	55,693	43,192	39,639
After 2 years but within 5 years	1,575	2,800	138	153
Company				
Within 2 years	38,523	32,045	21,141	16,720
After 2 years but within 5 years	-	-	85	107

42. CONTINGENT LIABILITIES

	GROUP AND COMPANY	
	2002	2001
	$'000	$'000
Unsecured guarantee given to a financial institution in respect of credit facilities granted to a jointly controlled entity	3,108	3,209

43. COMPARATIVE INFORMATION

The comparative figures relate to the financial statements for the year ended 31 December 2001 which were audited by another firm of Certified Public Accountants. Certain items in the comparative figures have been reclassified to conform with the current year's presentation.

Value Added Statement

	2002 S$'000	2001 S$'000
Turnover	199,439	186,526
Bought Material and Services	152,894	140,228
Gross Value Added	46,545	46,298
Investment and Interest Income	199	202
Share of results from associated companies and joint venture companies	37	410
	46,781	46,910
Distribution		
To employees in wages, CPF & other benefits	32,294	29,910
To providers of Capital in :		
a : Interest on borrowing	873	1,334
b : Discount on loan stock	-	-
c : Dividends to ordinary shareholders	2,927	2,833
	3,800	4,167
To government in income and other taxes	2,221	4,204
Retained in the business		
a: depreciation and amortisation	6,783	7,340
b: retained earnings	1,682	1,289
	8,465	8,629
	46,781	46,910
Property, Plant & Equipment and Computer Software (at cost)	175,823	176,064
Value added per employee	32,345	32,396
Value added per $ employment cost	1.44	1.57
Value added per $ investment in fixed asset (before depreciation)	0.26	0.27
Value added per Turnover	0.23	0.25
Wage cost per employees	22,442	20,656
No. of employees employed at the end of the year	1,439	1,287

Statistics of Shareholdings

as at 31 March 2003

CLASS OF SHARES - ORDINARY SHARE OF S$0.25 EACH FULLY PAID
VOTING RIGHTS - ONE VOTE PER SHARE

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	83	2.73	40,751	0.03
1,000 - 10,000	2,653	87.27	8,991,360	5.99
10,001 - 1,000,000	297	9.77	12,348,540	8.23
1,000,001 and above	7	0.23	128,720,899	85.75
Total :	3,040	100.00	150,101,550	100.00

Note: At least 10% of the listed shares is held by the public at all times.

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	PSA Logistics Pte Ltd	82,600,143	55.03
2.	Jurong Port Pte Ltd	22,499,955	14.99
3.	United Overseas Bank Nominees Pte Ltd	8,871,500	5.91
4.	DBS Nominees Pte Ltd	7,176,801	4.78
5.	Raffles Nominees Pte Ltd	3,022,500	2.01
6.	Oversea-Chinese Bank Nominees Pte Ltd	2,742,000	1.83
7.	Capital Intelligence Limited	1,808,000	1.20
8.	HSBC (Singapore) Nominees Pte Ltd	719,000	0.48
9.	Citibank Nominees Singapore Pte Ltd	554,500	0.37
10.	Tan Gim Wee	531,000	0.35
11.	Meadowspring Pte Ltd	517,000	0.34
12.	Waterworth Pte Ltd	500,000	0.33
13.	UOB Kay Hian Pte Ltd	299,000	0.20
14.	Quek Chin Kheam	260,000	0.17
15.	Wong Peng Yuen	233,000	0.16
16.	Kim Eng Ong Asia Securities Pte Ltd	221,000	0.15
17.	Tan Eng Liang	210,000	0.14
18.	Cheng Joo Jui	205,000	0.14
19.	Liew Chee Kong	203,000	0.14
20.	Chua Hong Mong	200,000	0.13
	Total :	133,373,399	88.85

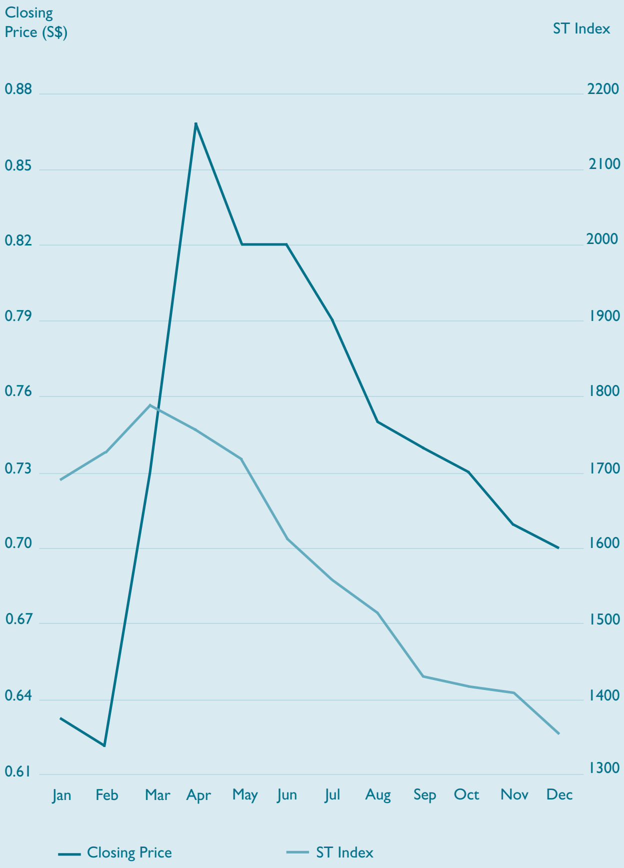
SUBSTANTIAL SHAREHOLDERS

	Direct Holding	Deemed Interest	Total	%
Jurong Port Pte Ltd	22,499,955	-	22,499,955	14.99%
PSA Logistics Pte Ltd	82,600,143	-	82,600,143	55.03%
PSA Corporation Limited	-	82,600,143	82,600,143	55.03%
Temasek Holdings (Private) Limited*		82,610,143	82,610,143	55.04%

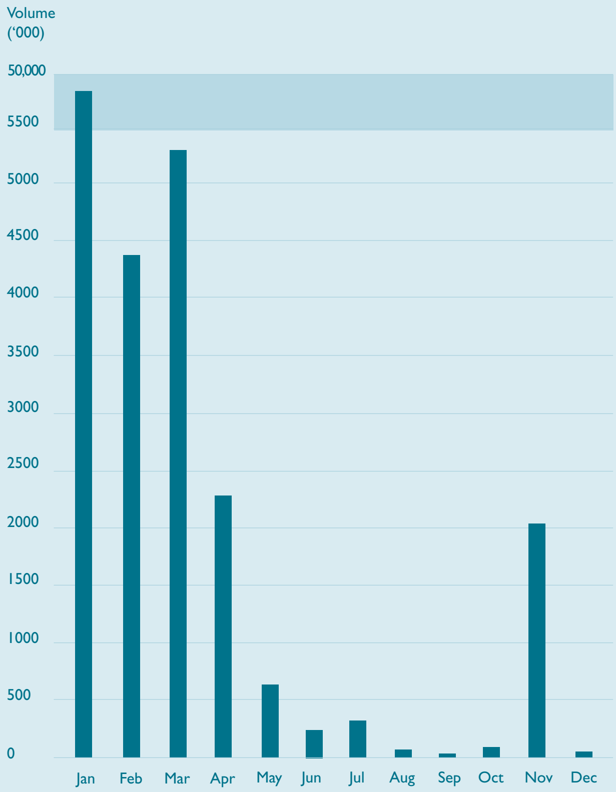
**10,000 shares deemed from SembCorp Industries Ltd*

Share Price and Volume for 2002

SHARE PRICE AND STRAITS TIMES INDEX (STI)



MONTHLY VOLUMES



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Closing Price	0.63	0.62	0.73	0.87	0.82	0.82	0.79	0.75	0.74	0.73	0.71	0.70
High	0.68	0.63	0.84	0.96	0.88	0.85	0.82	0.77	0.75	0.74	0.72	0.71
Low	0.51	0.61	0.61	0.78	0.79	0.52	0.77	0.74	0.74	0.70	0.70	0.70
Average	0.59	0.62	0.72	0.87	0.83	0.68	0.80	0.76	0.74	0.72	0.71	0.70
Volume('000)	47,381	4,463	5,394	2,371	643	283	379	31	3	63	2,012	26
ST Index	1,695.01	1,732.22	1,791.84	1,752.32	1,726.15	1,604.92	1,571.02	1,512.30	1,421.88	1,419.34	1,408.73	1,353.86

Notice of Annual General Meeting

Notice is hereby given that the Thirty-third Annual General Meeting of the Members of the Company will be held at its Registered Office at No. 24 Jurong Port Road, #03-00 Office Block, CWT Distripark (HQ), Singapore 619097 on Friday, 16 May 2003 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS

1 To receive and adopt the Audited Accounts for the year ended 31 December 2002 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2 To declare a first and final dividend of 10% less income tax of 22% in respect of the year ended 31 December 2002. **(Resolution 2)**

3 To approve Directors' fees of $122,474 for the year ended 31 December 2002 (2001– $57,000) **(Resolution 3)**

4 To re-elect the following Directors, each of whom will retire by rotation pursuant to Article 92 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

Mr Ng Chee Keong **(Resolution 4)**
Mr Fong Yue Kwong **(Resolution 5)**

(Note: Mr Wong Woon Liong and Mr Chang See Hiang will be retiring as directors and they will not be offering themselves for re-election)

5 To re-elect the following Directors, each of whom will cease to hold office pursuant to Article 93 of the Company's Articles of Association and who, being eligible, will offer themselves for re-election:-

Mr Robert Yap Min Choy **(Resolution 6)**
Mr John Ong Eow Chong **(Resolution 7)**
Mr David Antonius Yang **(Resolution 8)**
Mr Cheah Hock Leong **(Resolution 9)**
Mr Sitoh Yih Pin **(Resolution 10)**

6 To re-appoint KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 11)**

SPECIAL BUSINESS

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

Authority to Directors to Issue Shares

"Subject to Section 161 of the Companies Act, Cap. 50, the Articles of Association of the Company and the approval of the relevant Stock Exchange and/or other governmental or regulatory bodies where such approval is required, pursuant to Section 161 of the Companies Act, Cap. 50, approval be given to the Directors to issue further shares in the Company to such persons, upon such terms and conditions and for such purposes as the Directors may deem fit PROVIDED ALWAYS THAT the aggregate number of shares to be issued pursuant to this resolution does not exceed 50 per cent of the issued share capital of the Company for the time being, of which the aggregate number of shares, issued other than on a pro rata basis to existing shareholders of the Company, does not exceed 20 per cent of the Company's existing share capital for the time being. For the purpose of this resolution, the percentage of issued share capital is calculated based on the Company's issued share capital at the time the mandate is passed after adjusting for (a) new shares arising from conversion of convertible securities or employee share options on issue when the mandate is passed, and (b) any subsequent consolidation or subdivision of shares." **(Resolution 12)**

And to transact any other business which may be properly transacted at an Annual General Meeting.

By Order of the Board
Ms Lye Siew Hong
Company Secretary

Singapore
28 April 2003

Notes

A Member of the Company entitled to attend and to vote at the Meeting may appoint a proxy (or a representative in the case of a Corporation) to attend and to vote on his/her behalf. Such proxy (or representative) need not be a Member of the Company. The instrument appointing a proxy (or representative) must be lodged at the registered office of the Company at No. 24 Jurong Port Road, #03-00 Office Block, CWT Distripark (HQ), Singapore 619097 not less than forty-eight hours before the time set for holding of the Meeting.

Proxy Form

CWT

IMPORTANT
1. For CPF investors, CWT Annual Report 2002 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in CWT Distribution Limited are registered in their names.
3. This Proxy Form is not valid for use by CPF Investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

No. of Shares Held

CWT DISTRIBUTION LIMITED
(Incorporated in the Republic of Singapore)

I/We ______________________________

of ______________________________

being Members of CWT Distribution Limited (the "Company") hereby appoint ______________________________

of ______________________________

or, failing him/her ______________________________

of ______________________________

as my/our proxy for me/us and on my/our behalf at the Thirty-third Annual General Meeting of the Members of the Company to be held on Friday, 16 May 2003 at 12.30 p.m. at its registered office at No. 24 Jurong Port Road, #03-00 Office Block, CWT Distripark (HQ), Singapore 619097, and at any adjournment thereof.

I/We have indicated with a "✓" in the appropriate place in the box below how I/we wish my/our proxy to vote. If no specific direction as to voting is given as with any other business raised at the Meeting my/our proxy may vote or abstain at his/her discretion.

No.	Resolutions	For	Against
1	Approval and Adoption of Audited Accounts and the Directors' Report and the Auditors' Report thereon		
2	Declaration of Dividend		
3	Approval of Directors' Fees		
4	Re-election of Mr Ng Chee Keong as Director		
5	Re-election of Mr Fong Yue Kwong as Director		
6	Re-election of Mr Robert Yap Min Choy as Director		
7	Re-election of Mr John Ong Eow Chong as Director		
8	Re-election of Mr David Antonius Yang as Director		
9	Re-election of Mr Cheah Hock Leong as Director		
10	Re-election of Mr Sitoh Yih Pin as Director		
11	Re-appointment of Auditors and Authorising the Directors to fix their remuneration		
12	(Special Business) Approval pursuant to Section 161 of the Companies Act, Cap. 50		

As witness my/our hand this ______________________________ day of ______________ 2003

____
Signature or Common Seal of Member

Notes
A Member of the Company entitled to attend and to vote at the Meeting may appoint a proxy to attend and to vote on his/her behalf. A proxy need not be a Member of the Company.

The Proxy Form in the case of an individual must be signed by the appointor or the attorney of the appointor. If the appointor is a Corporation this Proxy Form must be executed under the Common Seal or the hand of its duly authorised officer or attorney.

To be valid the instrument appointing a proxy must be lodged at No. 24 Jurong Port Road, #03-00 Office Block, CWT Distripark (HQ), Singapore 619097 not less than forty-eight hours before the time set for the holding of the Meeting (and where applicable and if not previously registered with the Company) together with the power of attorney or other authority or notarially certified copy thereof.

FOLD THIS FLAP FOR SEALING

AFFIX
POSTAGE
STAMP
HERE

The Company Secretary
CWT Distribution Limited
24 Jurong Port Road
#03-00 Office Block
CWT Distripark (HQ)
Singapore 619097

2ND FOLD HERE

3RD FOLD HERE

CWT Distribution Limited
24 Jurong Port Road
#03-00 Office Block
CWT Distripark (HQ)
Singapore 619097
Tel: 6262 6888
Fax: 6264 0790
Email: e-mail@cwt.com.sg
Website: www.cwt.com.sg