PORTEK
KNOWLEDGE & SOLUTIONS IN PORT BUSINESS






ANNUAL REPORT 2008

CREATING GLOBAL FOOTPRINTS

PORTEK INTERNATIONAL LIMITED

Vision

To be the preferred partner to ports throughout the world for capacity and productivity enhancement

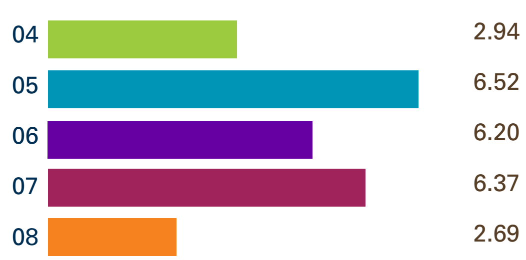
Financial Highlights

REVENUE (S$'000)

SHAREHOLDERS' EQUITY (S$'000)

PROFIT BEFORE INCOME TAXATION (S$'000)

EARNINGS PER SHARE (CENTS)



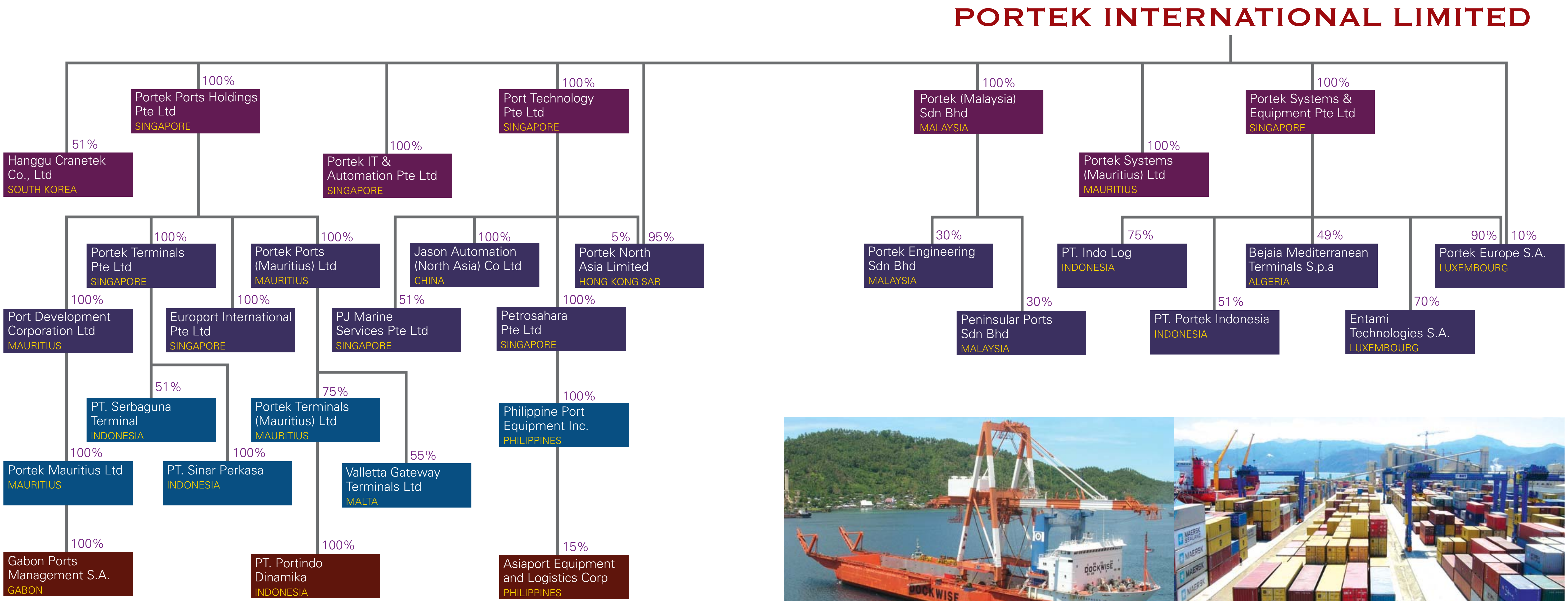
Contents

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

Corporate Profile

INTRODUCTION

The Portek Group is a turnkey provider of equipment, services and solutions for the global port industry, as well as an operator of container and bulk terminals. Portek's range of engineering activities includes leasing and sale of port equipment, modernisation, modification and maintenance of port equipment and facilities, container terminal software, as well as distribution of components and spares. Portek's port operation portfolio includes terminals in Indonesia, Algeria, Malta and Gabon. Headquartered in Singapore, Portek operates offices in 23 locations globally.



Chairman's Message

Financial year 2008 (FY08) was both a period of growth and consolidation for Portek's core businesses of Terminal Operations and Port Equipment Engineering. We expanded our business in key areas, and scaled back business in other areas. Notwithstanding, we achieved a revenue growth of 39% to $140 million in FY08 as against $101 million in FY07.

Significantly in FY 08, our Terminal Operations revenue surpassed, for the first time, the 50% mark. It doubled to $74.4 million from $35.6 million in FY07, to about 53% of the Group revenue.

On the Port Equipment Engineering front, we have continued to penetrate new geographical markets by undertaking projects in countries such as Columbia and Myanmar. More significantly, although revenue from Port Equipment Engineering remained stable at about $66 million in both FY07 and FY08, I am happy to report that gross profits from this business segment increased from $13.7 million to $18.3 million from FY07 to FY08. The stronger gross margins (28% in FY08 as compared with 21% in FY07) attests to our Group's continual efforts to unlock greater operating efficiencies.

The Group's dual-pronged strategy of continued expansion, especially in terminal operations, as well as strategic re-alignment of its group structure and operations, resulted in $4.6 million of re-structuring costs. We believe that these efforts in business streamlining and rationalizing are necessary for enhancing the Group's medium and longer term profitability.

PORT EQUIPMENT ENGINEERING

For Port Equipment Engineering, FY08 was a year when the Group experienced high demand for its niche expertise in the Crane Mobilisation, Modification and Modernisation segments. Revenue from this segment grew 73.2% from $19.4 million in FY2007 to $33.6 million in FY08. MMM accounted for 24.0% of Group revenue for FY2008. Demand for crane relocation services in Europe, Latin America, Asia and East Africa was strong as a result of increased container traffic experienced by the Group's port operator customers. These customers required Portek's services to quickly transport existing equipment to some of their terminals to cope with the increased traffic.

The geographically diverse customer base of our Port Equipment Engineering business can be seen from some of the projects Portek has carried out over the past year :

- Relocation and modification of 2 Quay Cranes (QCs) from Panama to Mexico
- Refurbishment and upgrading of 1 Mobile Harbour Crane (MHC) in Columbia, South America
- Relocation of 2 MHCs from Indonesia to Myanmar
- Modernisation of 1 QC in Philippines
- Repair of 1 QC in Indonesia
- Relocation of 2 QCs in Hong Kong within the Hong Kong Harbour
- Relocation of 2 MHCs from Indonesia to Tanzania
- Relocation of 1 QC from Singapore to Pakistan
- Relocation of 1 QC from Singapore to Portugal

We are especially proud of our role in mobilizing container handling equipment at short notice to Myanmar during the aftermath of Cyclone Nargis in April 2008. The cyclone disabled existing port equipment and Portek was involved in the project to source and relocate 2 MHCs from Indonesia to Myanmar, quickly enabling the port to unload much needed supplies from ships.

TERMINAL OPERATIONS

For Terminal Operations, the landmark event during FY08 was winning a 25-year concession to manage and operate two ports in Gabon. Portek's Gabon Ports Management SA (GPM) assumed its role in the management of the Port D'Owendo and Port Gentil on 1 August 2007. From 1 August 2007 to 30 June 2008, combined cargo throughput at Port D'Owendo and Port Gentil comprised container traffic of about 75,000 TEUs, and general cargo of about 3 million metric tons.

The Group's other terminals in Algeria, Indonesia and Malta also put up a credible performance with their combined

throughput increasing about 8% from 564,000 Twenty-foot Equivalent Units (TEUs) in FY2007 to 610,000 TEUs in FY2008. Throughput in Bejaia Mediterranean Terminal SPA (Algeria), Valletta Gateway Terminals Ltd (Malta) and Terminal 300 (Indonesia) experienced double digit growth.

With the maiden contributions from GPM, and organic growth from existing terminals, Portek Terminal Operations revenue doubled to $74.4 million in FY08.

Overall, our terminal portfolio has continued to record healthy growth in both revenue and gross profits. Moving forward, we aim to extend our expertise in terminal operations and management into other port and logistic functions. The targeted growth regions of Latin America, Africa and Asia will continue to be our focus areas.

CONCLUSION

Overall, I am of the view that the Group has performed credibly in FY08 with net profit attributable to shareholders quadrupling to S$3.9 million. I am also of the view that main elements underpinning our future growth are in place. We have developed and accumulated niche expertise in enabling ports to function more efficiently, whether such ports are managed by us or our customers. We intend to continue to diligently apply this expertise in emerging markets globally. At the same time, we are also mindful of the need for our expansion to be accompanied by continued efforts in streamlining and rationalizing our businesses to enhance our operating efficiencies.

While the on-going financial crisis confronting the developed world will likely impact container traffic in the main trade routes such as the Transpacific, and Asia-Europe Trades, there are the emerging markets such as Latin America, Africa, and Middle East which we believe may be relatively less affected. Port development in such countries will likely continue apace as port investments there had been lacking for the past decades. There are also, in general, supply and demand imbalances in port capacity scattered globally. All these are expected to provide opportunities for both our Terminal Operations and Port Equipment Engineering businesses.

DIVIDENDS DECLARED

In line with our dividend policy of paying no less than 30% of profit attributable to shareholders, subject to prevailing business and other considerations, the Board of Directors has recommended a first and final dividend of 0.81 cents per ordinary share under the one-tier tax system for FY08. This recommendation is, of course, subject to the approval of shareholders at our AGM scheduled on 31 October 2008.

WORDS OF APPRECIATION

I would like to thank all of the fine people who have helped us in meeting the challenges in FY08. I salute my Team and all members of the Portek Family for their dedication and many contributions. Congratulations on a job well done! We are also grateful to our many stakeholders – our partners, customers, bankers, shareholders and the families of our employees. It is because of all of you that we are able to accomplish so much over the past year. You had made a difference. I sincerely ask for your continued support as we strive for more great years ahead.

Larry Lam Choon Seng
Chairman and Managing Director

Board of Directors

LAM CHOON SENG
Chairman & Managing Director

MR LAM is the founder Chairman of our Group. He is responsible for the overall strategic planning and direction of the Group. As the founder, he is closely involved in the marketing activities and the building up of the Group's resources to its present strength. Mr Lam focuses on the expansion and future development of the Group's business through new market development, acquisitions and innovation for new products or services. Mr Lam holds a Bachelor of Mechanical Engineering (Honours) from the then University of Singapore. He is a Chartered Engi-neer and a member of the Institute of Marine Engineers, UK.

TOK SOON CHONG
Executive Director

MR TOK joined the Group on 1 October 1997. He is currently the Technical Director and is responsible for the day-to-day running of the Technical/Project & Service Department. He actively develops Portek's core competence in crane engineering, computer and communication capability and plays a key role in project budgeting and control, management of crane projects and coordination of resources, including on-site supervision of major projects. Mr Tok holds a Bachelor of Engineering (Mechanical) (First Class Honours) degree and a Master of Science (Mechanical) degree from the National University of Singapore.

OOI BOON HOE
Executive Director

MR OOI joined the Group on 1 July 2002 as Director of Operations. He is responsible for formulating and imple-mentation of Group policies, strategic planning, mergers and acquisition and decision-making regarding Portek's investments and execution of cost control measures in collaboration with the finance department. Mr Ooi holds a Bachelor of Science (Economics) (First Class Honours) degree, University of London, also a graduate of the College Interarmee de Defense, Paris, France.

WONG KING KHENG
Independent Director

MR WONG had experience in managing public accounting firms since 1989 and is presently the Managing Partner of KK Wong and Associates. In addition, he is also the Mana-ging Director of Soh & Wong Management Consultants Pte Ltd which provides consulting services for regional tax planning, merger and acquisition, strategic business plans and advises on initial public offering services including the restructuring, feasibility studies, recruitment, profit forecast and financial restructuring. Prior to 1989, he was an audit manager in an international accounting firm and this gave him extensive exposure in the fields of auditing, tax planning, management consulting and public listing consulting. He is a member of the Institute of Certified Public Accountants Singapore.

CHAN TUCK HOI
Independent Director

MR CHAN is the Managing Director of New Econ Line Pte Ltd, a container owning and operating company based in Singapore. The company engages in container feeder trades in South East Asia. He has 30 years of shipping experience in Singapore and Asia. Mr Chan holds a Bachelor of Arts (Honours) degree from the then University of Singapore and is currently counsel member of the Singapore Shipping Association.

LEE CHEE YENG
Independent Director

MR LEE has 30 years of experience in container terminals, multi-purpose terminals and cargo logistics. During his long career in PSA, he held various senior management positions including Director (Operations)/Director (Information Systems) and Deputy Group President (Logistics). He was responsible for the operations of PSA Singapore Container Terminals from 1980 to 1994, which grew from 970,000 TEUs to 10,390,000 TEUs. He also initiated and led a team which designed and implemented several strategic systems like CITOS System and PORTNET System. He was awarded the Public Administration Medal (Gold) for his contribution to PSA.

Heads of Departments

CHONG FOOK GEI
DIRECTOR OF NORTH ASIA OPERATIONS

Mr Chong joined the Group on 13 September 1991. He is serving as Service Director, as well as Director of the North Asia Operations. He oversees the day-to-day running of the Service Department, primarily in areas of project costing, planning and management. Currently a director of one of Portek's principal subsidiaries, Portek Systems & Equipment Pte Ltd, and he is also heavily involved in business development, a position which would leverage on his in-depth technical experience.

YAP CHENG HUA
DIRECTOR OF INFORMATION TECHNOLOGY

Mr Yap joined the Group in 2006 as the Director (Information Technology). He is responsible for the development of Terminal Operating Systems for our Ports as well as leading the business development in the technology and IT areas. He brings with him over thirty years of expertise in IT and management experience in PSA and the Maritime and Port Authority of Singapore. Mr Yap holds a Masters degree in shipping management from the Massachusetts Institute of Technology and also a Bachelor of Science (1st Class Hons) in Marine engineering from University of Surrey, UK.

LIEW KOK LEONG
DIRECTOR OF INDONESIAN OPERATIONS

Mr Liew joined the Group on 6 September 2004 and assumed the post of Director of Indonesian Operations from 1 Jan 2008. He brings with him invaluable international business development and project management experience, where he is involved in multiple disciplines from sales, marketing, project management to business development. Mr Liew holds an MBA from Nanyang Technological University and an Engineering degree from National University of Singapore.

TAN HENG KHUAN
HEAD, GROUP FINANCE TEAM

Mr Tan joined the Group in 2007 and is responsible for all financial and corporate secretarial matters of the Group, including streamlining and strengthening the reporting structure. Heading the Group Finance and Accounting functions, he brings with him 2 decades of experience in finance. Mr Tan holds a Masters of Science degree from the London School of Economics and an Honours degree in Accountancy from the National University of Singapore. He is a Certified Public Accountant with the ICPAS, Singapore.

DOMINIC CHIA
HEAD, GROUP COMPLIANCE AND CORPORATE DEVELOPMENT

Mr Chia joined the Group in January 2008 to lead the Internal Audit and Corporate Development functions of the Group. His responsibilities include developing and implementing policies and procedures, conducting compliance audit reviews, and working with subsidiary managers in improving controls and risk management. Mr Chia holds a degree in Bachelor of Commerce from University of New South Wales and is a member of CPA Australia.

SALINA NG
HEAD, ACCOUNTS

Ms Ng joined the Group in Feb 1994. She brings with her many years of accounting experience in various sectors, including banking, retail and manufacturing. She was instrumental in setting up the Accounts Department, and is currently responsible in all accounting matters in Singapore and various overseas subsidiaries.

ANNIE HO
HEAD, GROUP HR & ADMINISTRATION

Ms Ho joined the Group on 23 April 2007 and oversees the day-to-day running of the HR & Administration Division. Responsible for the execution of the full spectrum of HR functions including recruitment, manpower planning, training and development, HR policy formulation, policy alignment between different countries of operations, employee relations, succession planning and general office administration. Ms Ho holds a Bachelor of Commerce degree (Management and Human Resource Management) from Curtin University of Technology.

Corporate Information

BOARD OF DIRECTORS

Larry Lam Choon Seng | Chairman and Managing Director
Tok Soon Chong | Executive Director
Ooi Boon Hoe | Executive Director
Wong King Kheng | Independent Director
Chan Tuck Hoi | Independent Director
Lee Chee Yeng | Independent Director

COMPANY SECRETARY

Ong Wei Jin | LL.B

AUDITORS

DELOITTE & TOUCHE LLP
6 Shenton Way, 32nd Floor
DBS Building Tower Two
Singapore 068809
Partner: KENNY HORLLEY YOUNG
Date of Appointment: 29 October 2007

SHARE REGISTRAR

TRICOR BARBINDER SHARE REGISTRATION SERVICES
(A division of Tricor Singapore Pte Ltd)
8 Cross Street, #11-00 PWC Building
Singapore 048424

Registered Office:
20 Harbour Drive, #02-01, PSA Vista
Singapore 117612
Tel: (65) 6873 1114
Fax: (65) 6873 2224
Website: www.portek.com

AUDIT / REMUNERATION / NOMINATING COMMITTEE

Wong King Kheng | Chairman
Chan Tuck Hoi
Lee Chee Yeng

Terminal Operations & Management

A specialist in port equipment and complete port solutions, Portek is able to maximize the potential of terminals. Besides Algeria, Malta and Indonesia, Portek has during the financial year acquired a 25-year concession to operate the Port of Gabon in Libreville.

Noveau Quai, Port de Bejaia
BEJAIA, ALGERIA

Portek holds a 20-concession to jointly operate the terminal with Entreprise Portuaire de Bejaia, the Algerian port authority.

Capacity	300,000 TEUs
Equipment	2 Panamax Quayside Gantry Cranes, 5 Rubber Tyred-Gantry Cranes, 2 Rubber Tyred-Gantry Cranes (planned).
Facilities	500-metre quay, 8 hectares of container yard with reefer facilities
Water Depth	12 metres
Key Shipping Lines	Maersk Line, MSC, CMA, NASCO

CONTACT
Bejaia Mediterranean Terminal SPA
BP 549 RP 06000
BEJAIA – ALGERIE
Tel : (213) 34 229 665
Fax: (214) 34 227 151

Terminal 009, Tanjung Priok
JAKARTA, INDONESIA

Portek owns a concession to operate Terminal 009 at Tanjung Priok Seaport, the largest Indonesian port.

Capacity	350,000 TEUs
Equipment	4 Panamax Quayside Gantry Cranes 11 Rubber Tyred-Gantry Cranes
Facilities	400-metre quay (2 berths) , 8-hectare container yard with reefer facilities
Water Depth	8.5 metres
Key Shipping Lines	New Econ Line, OOCL, PACC Container Line, Caraka Tirta Perkasa Line, Temas Line and Sinokor & Yang Ming

CONTACT
PT. Serbaguna Terminal
Terminal Peti Kemas 009 X
Jl Penjalai 1/2 Pelabuhan II
Tanjung Priok, Jakarta Utara Java
Indonesia
Tel/Fax: (62 21) 4390 3186

Terminal 300, Tanjung Priok
JAKARTA, INDONESIA

We manage and operate Terminal 300.

Capacity	280,000 TEUs
Equipment	3 Panamax Quayside Gantry Cranes 10 Rubber Tyred-Gantry Cranes
Facilities	258-metre quay, 4-hectare container yard with reefer facilities
Water Depth	12 metres
Key Shipping Lines	Evergreen, K-Line, Samudera, New Econ Line

CONTACT
PT. Portindo Dinamika,
Kawasa Pergudangan INKOPAU, JL.RE Martadinata 100 Blok A8 tanjung Priok , Jakarta Utara-Indonesia
Tel : (62)21-65318326-27 ext 107 Fax : (62)21-65310684

Magazine Wharf, Laboratory Wharf and Deep Water Quay, Port of Valletta
VALLETTA, MALTA

Portek holds a 30-year concession for the operation and management of the terminal. The terminal handles conventional cargo, cars, RORO and containers. The concession commenced on 1 July 2006.

Capacity	200,000 TEUs (excluding RORO cargo)
Equipment	1 Quayside Gantry Cranes (planned) 1 Quayside Gantry Cranes
Facilities	1000-metre quay, 2 hectares of container yard with reefer facilities
Water Depth	12.5 metres
Key Shipping Lines	Grimaldi, GNV, Messina

CONTACT
Valletta Gateway Terminals Ltd
Maritime Trade Center
Xatt l-Ghassara ta' l-Gheneb
Marsa MRS1917
Malta
Tel : (356) 2205 7000
Fax : (356) 2205 7179

Port D'Owendo and Port Gentil
REPUBLIC OF GABON

Portek holds a 25-year concession to administer the ports of Port D'Owendo and Port Gentil on behalf of the Gabonese Port Authority.

Port D'Owendo

Facilities	500 metres quay
Water Depth	10 metres

Port Gentil

Facilities	200 metres quay
Water Depth	12 metres

Key Customers	SDV, Maersk Line

CONTACT
Zone Portuaire D'Owendo
BP 1051
Libreville, Gabon
Tel : (214) 703274
Fax: (214) 703140

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

Review of Operations

OVERVIEW

During FY08, Group's revenue increased from S$102 million in FY07 to S$138 million. This was primarily due to an increase in Terminal Operations revenue, doubling from $35.6 million to $72.2 million. Engineering revenue remained stable at $65.8million during FY08, largely unchanged from FY07. The Group however made significant gains in efficiency during FY08 as gross profits and gross margins, particularly in Engineering, improved. Group gross profit increased from S$28million in FY07 to S$60 million in FY08. Gross profits and gross margins in the Engineering business segment for FY08 were $18.3 m and about 28%, respectively, as compared with $13.7 m and about 21% in FY07. The overall better performance led to a increase in Group profit before tax of about S$10 m in FY08 from S$3 million in FY07 and a net profit attributable to shareholders of about S$3.9 million in FY08, quadrupling from S$1 million in FY07.

The Group continued its dual-pronged strategy of continued expansion, especially in terminal operations, as well as strategic re-alignment of its group structure and operations. As part of this strategic re-alignment, the Group incurred about S$4.6 million of restructuring costs. These restructuring activities included winding down of most of the components distribution business in China and write down of assets in a terminal operating subsidiary.

THE ENGINEERING BUSINESS SEGMENT

The main components of the engineering business which have attributed to about S$65.8 million of the Group's revenue in FY08 are:

- Sale of Equipment, Components and Spares
- Equipment leasing
- Crane Mobilisation, Modification and Modernisation
- Technical services
- Port IT solutions

I. SALE OF EQUIPMENT, COMPONENTS AND SPARES

Our equipment sale consists mainly of sale of container and bulk cranes and other container handling equipment. Each sale will usually require some engineering processes such as modification, upgrading, relocation and customization of equipment in order that they meet customers' needs.

The Group also has an established supply network for crane spares and components at competitive prices, which are then supplied to various ports around the world. Portek is the appointed distributor and / or exclusive agent for various crane component manufacturers for the ASEAN region, as well as the Far East Region (Hong Kong and China). Some of the manufacturers whose products we either represent or distribute are GE Fanuc, Siemens, RFNet, Spohn & Burkhardt, SICK-IBEO Lasertechnik, Koyo, AutomationDirect, Hetronic, Northstar, Nippon Ican, RIMA and PAT.

The range of products includes used spreader, cable and cable reels, joystick controllers, operator stations, tachometers, programmable logic controllers, brakes, wireless LAN and accessories, electrical drives and panels, laser sensors, automation products, digital video surveillance products, industrial computers, monitors and motors.

Revenue from Sale of Equipment, Components and Spares was S$19.6 million in FY08 and contributed 14% of the Group revenue.

II. EQUIPMENT LEASING

To provide an alternative option to buying equipment, Portek offers its customers the ability to lease equipment, where the Group, in the case of equipment sale, provides turnkey solutions to its customers by undertaking the whole spectrum of services from sourcing, modification and delivery, to upgrading, warranty and maintenance.

As at the end of FY08, Portek has ongoing equipment operating lease contracts which include the lease of 2 QCs and 8 RTGs to an Indonesian container terminal.

Revenue from Equipment leasing was S$3.3 million or 2.4% of Group's revenue in FY08. Equipment leasing income is recognized on an accrual basis over the lease period.

III. CRANE MOBILISATION, MODIFICATION AND MODERNISATION

We are contracted for these services from port operators that require current equipment to be modified, upgraded and/or relocated to manage changing capacity requirements.

Crane Mobilisation refers to the relocation of a fully assembled crane, usually by sea, on a stand alone basis and not as part of a turnkey equipment supply contract. Crane Mobilisation is preceded by detailed planning and engineering analysis of forces that the crane would be subjected to during sea voyage. A typical mobilization exercise involves skidding the crane across the quay, reinforcing and lashing the cranes down to the deck, and upon arrival, unloading and re-commissioning the crane. Typically, Crane Mobilisation services could also be provided with our Equipment Sale as part of a turnkey package.

Crane Modification refers to the changes made to crane structures and their dimensions to suit the customers.

Crane Modernisation refers to the refurbishment or revamping of a crane's mechanical and electrical systems, so as to achieve improvements in its performance and reliability.

In FY08, Portek has successfully relocated, among other relocation projects, 2 QCs from Panama to Mexico, 1 QC from Singapore to Portugal and 2 QCs from Singapore to Pakistan, 2 mobile harbour cranes (MHC) from Indonesia to Tanzania and 2 MHCs from Indonesia to Myanmar. It also successfully modified, refurbished and upgrading 1 MHC in Columbia and 5 RTGs in Algeria.

In FY08, revenue from Crane Mobilization, Modification and Modernization increased was S$33.6 million in FY08 or 24.4% of Group's revenue in FY08.

IV. TECHNICAL SERVICES

Technical services refer to design and engineering, maintenance services, security and surveillance services, crane surveys and inspection, and project management.

Design and engineering includes structural, mechanical, and electrical/electronic engineering. While this is an in-house service and a necessary part of any crane sale, lease or modernization project, the Group also markets these technical services to third parties such as crane owners and manufacturers.

Crane surveys and inspections are normally commissioned by potential crane purchasers or in the event of an accident, to assess the extent of damage and the cost of repair required. Project management services refer to the services the Group renders on behalf of crane operators to ensure that specifications are fully complied with at the manufacturing stage.

Maintenance services include Comprehensive Maintenance Contracts, and Labour Only Maintenance Contracts. These maintenance services are provided to terminal operators. Portek has increased its provision for services for more QCs and RTGs as compared to FY07. Portek is currently providing maintenance services for 20 QCs, 21 RTGs, 6 harbour mobile cranes and 4 reachstackers for 9 terminals across Indonesia.

Portek also rendered equipment repair services during FY08 in countries such as Singapore, Philippine and Indonesia where Portek was engaged to repair QCs which had been damaged through accidents and enable these equipment to be quickly re-deployed into operations. .

Revenue generated by technical services has been fairly consistent, and the total attributed to the Group's revenue was S$9.4 million in FY08 and S$9.7 million in FY07.

V. PORT IT SOLUTIONS

Our Port IT Solutions include integrated engineering systems designed to help improved overall operational efficiency and also to complement the International Ship and Port Facility Security (ISPS) Code. These solutions include the container terminal management software (CTMS), Radio Data Terminal Systems (RDTS), wireless radio surveillance, optical character recognition (OCR), GPS-based position tracking and Position Determining Systems (PDS), radio frequency identification (RFID), container scanning and screening systems.

In FY08, Portek has been engaged to install PDS in Sri Lanka and also provide IT related services to terminals which are managed by Portek.

VI. THE TERMINAL OPERATIONS AND CARGO HANDLING SEGMENT

Portek has been successfully managing and operating small to medium sized terminals. Its multidisciplinary expertise in operations, marketing, port equipment engineering and port IT solutions enables it to quickly and cost effectively equip and operate a terminal, ramping up its operating efficiency within a relatively short span of time.

Portek's port operation portfolio includes terminals in Indonesia, Algeria, Malta and Gabon. During FY08, Portek through subsidiary Gabon Ports Management SA (GPM), won a 25 year concession to manage two ports in Gabon. GPM commenced operations on 1 August 2007.

Representing about 52% of total Group revenue in FY2008, Portek's terminal operations business segment's revenue doubled to about S$72.2 million from that in FY2007. Container throughput at Portek's terminals in Algeria, Malta and Indonesia increased by about 8% from approximately 564,000 twenty foot equivalents units ("TEUs") handled in FY2007 to about 610,000 TEUs handled in FY2008.

This does not include traffic at Port d'Owendo and Port Gentil, the two ports in Gabon that are managed by GPM. Although cargo at these two ports is not directly handled by GPM (instead cargo is handled by stevedores who use the facilities managed by GPM), Portek recognizes that the efficiency improvements made by GPM in the procedures and infrastructure available for use by port users contributes directly and indirectly to the traffic at these two ports. Since commencement of GPM's operations until 30 June 2008, combined container traffic at Port d'Owendo and Port Gentil was about 74,000 TEUs. Therefore total Portek group container traffic for FY08 would amount to 684,000 TEUs with container volumes at Port d'Owendo and Port Gentil included.

CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Portek International Limited is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") based on which its operations, businesses and strategies are directed and controlled. Good corporate governance establishes and maintains an ethical environment in the Group, which strives to enhance the interests of the shareholders of the Company (the "Shareholders"). This report describes the Company's corporate governance processes and activities in FY2008 with specific reference to the Code of Corporate Governance (the "Code").

BOARD MATTERS

The Board is collectively responsible to lead and control the Company for its success. The Board works with the Company's management (the "Management") to achieve this and the Management remains accountable to the Board.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board comprises six directors, three of whom are executive directors and three of whom are independent directors:-

Mr Lam Choon Seng	Managing Director/Chairman
Mr Tok Soon Chong	Executive Director
Mr Ooi Boon Hoe	Executive Director
Mr Wong King Kheng	Independent Director
Mr Chan Tuck Hoi	Independent Director
Mr Lee Chee Yeng	Independent Director

FUNCTIONS OF THE BOARD

The Board's primary role is to protect shareholders' interests and enhance long-term shareholders' value. To fulfill this role, the Board is responsible for setting strategic direction of the Group, establishing goals for management and monitoring the achievement of these goals.

Apart from its statutory responsibilities, the principal functions of the Board include:

(a) provide leadership, set strategic aims, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(b) establish a framework of prudent and effective controls which enables risk to be assessed and managed;
(c) review management performance; and
(d) set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The Board has established committees to assist it in discharging its responsibilities. These committees operate under clearly defined terms of reference. The three committees are:

Audit Committee (the "AC")
Remuneration Committee (the "RC")
Nominating Committee (the "NC")

CORPORATE GOVERNANCE

BOARD AND COMMITTEE MEETINGS

Board and Committee meetings are convened as required by circumstances, subject to compliance with the SGX Listing Manual requirements (if any) on the number of Board and Committee meetings to be held. The number of Board, AC, RC and NC meetings held in FY2008 and the attendance of each Board member at those meetings were as follows:-

	Board	AC	RC	NC
No of meetings held	3	3	1	2
Lam Choon Seng	3	na	na	na
Tok Soon Chong	3	na	na	na
Ooi Boon Hoe	3	na	na	na
Wong King Kheng	3	3	1	2
Chan Tuck Hoi	3	3	1	2
Lee Chee Yeng	3	3	1	2

All directors have full access to Management on any aspect of the Company's operations or business issues. The Independent Directors are briefed and updated on major developments and the progress of the Company at the board meetings and other informal discussion sessions.

The Company has adopted internal guidelines setting forth matters that require board approval and these matters include:

(a) major investment and funding decisions;
(b) material acquisitions and disposals of assets;
(c) periodic announcements of financial results and major developments;
(d) the annual reports and accounts;
(e) convening shareholders' meetings; and
(f) internal audit (in consultation with the external auditors of the Group)

BOARD COMPOSITION AND GUIDANCE

As at the date of this report, the Board comprises six members, three of whom are independent. The Board has evaluated its composition and independence and is satisfied that it is appropriate given the scope and nature of operations of the Company. It will continually review the size and composition of the Board for effectiveness.

The Board has adopted the Code's definition of what constitutes an independent director. As half of its members are Independent Directors, it is of the view that there is a sufficient element of independence on the Board and that no individual or small group of individuals dominate the Board's decision making.

The Board comprises persons who, as a group, provide core competencies necessary to meet the Company's targets, and whose diverse skills, experience and attributes match the demands facing the industry.

RESPONSIBILITIES OF THE CHAIRMAN AND MANAGING DIRECTOR

The Chairman and the Managing Director of the Company is Mr Lam Choon Seng. The Board is of the view that, given the nature of the operations of the Company and the strong element of independence on the Board, it is not necessary to separate the functions of Chairman and Managing Director. In line with Guideline 3.3 of the Code of Corporate Governance, we have appointed Mr Wong King Kheng as the lead independent director. Mr Wong is available to shareholders and employees of the Group if required by appropriate circumstances.

As Chairman, Mr Lam bears responsibility for the workings of the Board, which includes:

(a) leading the Board to ensure its effectiveness on all aspects of its role and setting its agenda;
(b) ensuring that the directors receive accurate, timely and clear information;
(c) ensuring effective communication with shareholders;
(d) encouraging constructive relations between the Board and Management;
(e) facilitating the effective contribution of the Independent Directors;
(f) encouraging constructive relations between the Executive Directors and Independent Directors; and
(g) promoting high standards of corporate governance.

As Managing Director, Mr Lam bears overall executive responsibility of the Company's business, subject to the overall control and supervision of the Board.

COMMITTEES OF THE BOARD

NOMINATING COMMITTEE

The members of the Nominating Committee ("NC") comprise the following Directors, the majority of whom, including the Chairman, are independent from the management. In addition, the Chairman is not, or not directly associated with, the substantial shareholder of the Company.

Mr Wong King Kheng (Chairman)
Mr Chan Tuck Hoi (Member)
Mr Lee Chee Yeng (Member)

The NC's principal functions include formulating the process and criteria for identifying and selection of candidates for nomination to the Board and senior management positions in the Company, reviewing the independence of the Independent Directors, and assessing the effectiveness and performance of the Board and its members.

The NC has implemented the board evaluation process with regard to each director's contributions and performance at board meetings, committees and projects. The evaluation process has been conducted annually. Each director does a self-assessment of his performance which would then be reviewed by the NC. The consolidated findings shall become the basis by which recommendations may be put up to help the Board discharge its duties more effectively. The assessment parameters include knowledge of business and industry, value-add to topics discussed, contributions to the long-term strategy of the Company, and attendance at board and committee meetings

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

CORPORATE GOVERNANCE

We believe that Board renewal must be an on-going process, to ensure good corporate governance and to maintain relevance to the business as well as the changing needs of the Company. Our Articles of Association require at least one-third of our Directors (excluding the Executive Chairman) to retire by rotation and subject themselves to re-election by shareholders at every Annual General Meeting ("AGM") such that no director stays in office for more than three years without being re-elected by shareholders.

The NC had recommended to the Board that Mr Ooi Boon Hoe and Mr Lee Chee Yeng be nominated for re-appointment at the forthcoming AGM. In making their recommendations, the NC evaluates such director's contribution and performance, such as his attendance at meetings of the Board or Board Committees, where applicable, participation, candor and any special contributions.

Although the independent directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as directors. These directors would widen the experience of the Board and give it a broader perspective.

The NC strives to ensure that Directors on the Board possess the experience and knowledge that are critical to the Group's business, and that each Director brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC will decide on how the Board's performance is to be evaluated and propose objective performance criteria subject to the Board's approval. The Board will implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual Director, taking into consideration attendance at meetings of the Board and Board committees and the contribution of each individual Director. Each Director shall abstain from voting on any resolutions and making any recommendations and/or participate in any deliberations of the NC in respect of the assessment of his performance or re-nomination as a Director.

REMUNERATION COMMITTEE

The function of the Remuneration Committee ("RC") is to review and recommend the remuneration of the Executive Directors of the Company and Directors' fees to the Board so as to provide a greater degree of objectively and transparency in the setting of remuneration.

The RC comprises entirely non-executive Directors, all of whom, including the Chairman, are independent:

Mr Wong King Kheng (Chairman)
Mr Chan Tuck Hoi (Member)
Mr Lee Chee Yeng (Member)

The RC recommends to the Board, in consultation with the management a framework of remuneration for the Directors and key executives, and determines specific remuneration packages for each Executive Director. The recommendations of the RC are then submitted for endorsement by the entire Board. All aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind are reviewed by the RC.

The RC seeks the advice of Mr Wong King Kheng, who specializes in the area of executive compensation for all senior executives' remuneration packages. However, it has access to expert professional advice on human resource matters whenever there is a need to consult externally. In its deliberations, the RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual directors. The remuneration of Independent Directors should be determined by his contribution, taking into account factors such as his effort and time spent as well as his responsibilities on the Board. No member of the Board deliberates and approves his own remuneration.

The Executive Directors have entered into service agreements with the Company. The service agreement covers the terms of employment, specifically salary and other benefits.

The RC also oversees the administration of the Portek Employees' Share Option Scheme 2002 (the "Scheme"). Details of the Scheme and potential cost to the Company are disclosed in the Report of The Directors.

THE COMPONENTS OF THE DIRECTORS' REMUNERATION FOR FINANCIAL YEAR ENDED 30 JUNE 2008, ALL OF WHICH ARE WITHIN THE $250,000 AND BELOW BAND, IS GIVEN BELOW:

Directors	Basic salary %	Director's fee %	Variable performance bonus %	Benefits-in-kind and others %	Share options granted (1)	Total %
Lam Choon Seng	90	5	-	5	-	100
Tok Soon Chong	81	3	-	10	6	100
Ooi Boon Hoe	78	3	-	14	5	100
Wong King Kheng	-	100	-		-	100
Chan Tuck Hoi	-	100	-		-	100
Lee Chee Yeng	-	100	-		-	100

(1) Share options granted in accordance with the Scheme

The number of Directors falling within the various remuneration bands are set out below:

Remuneration bands	FY 2008	FY 2007
$500,000 and above	-	-
$250,000 to below $500,000	-	-
Below $250,000	6	7
Total	6	7

The number of key executives falling within the various remuneration bands are set out below:

Remuneration bands	FY 2008	FY 2007
$500,000 and above	-	-
$250,000 to below $500,000	-	1
Below $250,000	7	7
Total	7	8

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

CORPORATE GOVERNANCE

The Company does not have any employees who are immediate family members of a Director, Executive Chairman or the CEO in FY2008.

The Group has also entered into various letters of employment with all of the key executives. Their compensation consists of salary, bonus, performance awards that are dependent on the performance of the Group.

The Company has an employee share option scheme.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following non-executive Directors, all of whom including the Chairman, are independent and majority of whom posses the appropriate accounting experience and/or related financial management expertise:

Mr Wong King Kheng (Chairman)
Mr Chan Tuck Hoi (Member)
Mr Lee Chee Yeng (Member)

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings.

The AC's principal functions include:

(a) reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditor;
(b) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
(c) reviewing the adequacy of the internal controls;
(d) reviewing the effectiveness of the internal audit function; and
(e) making recommendations to the Board on the engagement and terms thereof of the external auditor.

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC is also empowered to commission any internal investigation into matters where there is any suspected fraud or irregularity or suspected infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Company's operating results or financial position.

The AC has reviewed the independence of the external auditor and all non-audit services provided by the external auditors and is satisfied that the independence and objectivity of the external auditor is not prejudiced.

The AC has recommended to the Board the re-appointment of Messrs Deloitte & Touche LLP as the Company's external auditors at the forthcoming AGM.

ACCESS TO INFORMATION

All directors have unrestricted access to the Company's records and information and shall receive management accounts so as to enable them to carry out their duties. Directors may also liaise with Management and other employees to seek additional information if required.

Each director has the right to seek independent professional advice concerning any aspect of the Company's operations or undertakings in order to fulfill his duties and responsibilities.

The Company Secretary or his representative attends all Board meetings and is responsible for advising the Board on compliance with the relevant statutes and regulations, as well as implementation of these requirements. The directors have unrestricted access to advice and services of the Company Secretary.

ACCOUNTABILITY OF THE BOARD AND MANAGEMENT

The Board is mindful that it is accountable to the shareholders and strives to ensure that full material information is timely disclosed to shareholders in compliance with the statutory requirements and SGX-ST Listing Manual. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

The Board provides the shareholders with a detailed explanation and analysis of the Group's performance position and prospects on a half-yearly basis.

In preparing the financial statements, the Directors have:

(a) selected suitable accounting policies and applied them consistently;
(b) made judgements and estimates that are reasonable and prudent;
(c) ensured that all applicable accounting standards have been followed; and
(d) prepared financial statements on a going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

INTERNAL CONTROLS AND INTERNAL AUDIT

To assess the adequacy of the internal controls, as defined by the Code, the Board has outsourced its internal audit function to Messrs PricewaterhouseCoopers.

The scope of the Internal Auditor is to ensure that:

(a) internal controls are in place and functioning as intended;
(b) operations are conducted in an effective and efficient manner;
(c) management and financial reporting is reliable; and
(d) there is compliance with internal regulations and policies to support an acceptable standard of corporate governance.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

CORPORATE GOVERNANCE

The Internal Auditor reports primarily to the AC. The AC reviews the Internal Auditor's annual plans and the results of the internal audit work. The AC also reviews the adequacy of the Internal Auditor for achieving the objectives of the internal audit function, and ensures that the Internal Auditor has adequate resources to perform his tasks.

Upon its review of the audit reports and management controls in place, the AC is of the opinion that the internal control systems provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained and financial statements reliable.

COMMUNICATION WITH SHAREHOLDERS

The Board advocates regular and timely communication with our shareholders. The Board's policy is that all shareholders shall be equally informed on a timely basis of all major developments that impact the Company.

Information is communicated to our shareholders and the public on a timely basis through annual reports, SGXNET announcements, press releases on major developments of the Company, press and analysts briefings on the Company's financial results, and Portek's website at www.portek.com.

The AGM is the principal forum for dialogue with shareholders and is a venue for shareholders to air their views and to stay informed of the Company's strategy and goals. The Management will be present to assist the Board in addressing queries by shareholders.

MATERIAL CONTRACTS

Save as already disclosed on the SGXNET, there are no other material contracts of the Company or its subsidiaries involving the interest of the directors or controlling shareholders during the financial year.

INTERESTED PERSON TRANSACTIONS

(Listing Manual Rule 907)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

During the year under review, there have been no material interested person transactions requiring disclosure pursuant to the SGX Listing Manual.

DEALINGS IN THE COMPANY'S SECURITIES

In accordance with the SGX Best Practices Guide, SGX desires that each listed company devises and adopts its own internal compliance code and provides guidance to its directors and officers with regard to dealings in its securities. The Company has responded by issuing the "Portek Company Personal Investment Policy" to all employees. Employees are discouraged from short-term speculative trading and personal investment decisions must be based solely on publicly available information and such activities must not in any way conflict with their corporate and client responsibilities. The policy also prohibits dealings by employees during "Blackout Periods", which commence one month before the announcement of the interim or full year results and end on the second market day after the announcement.

RISK MANAGEMENT

The Company has set up a Group Compliance Department that reviews the Company's business and operational activities to identify areas of significant business risks and recommends appropriate measures to control and mitigate these risks. Its recommendations are tabled for discussion at the Audit Committee meetings.

BEST PRACTICES GUIDE

The Company has complied materially with the Best Practices Guide issued by SGX-ST.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2008.

1 DIRECTORS

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

Lam Choon Seng	Chairman and Managing Director
Tok Soon Chong	
Ooi Boon Hoe	
Chan Tuck Hoi	
Wong King Kheng	
Lee Chee Yeng	

2 AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following independent directors:

Wong King Kheng	Chairman
Chan Tuck Hoi	
Lee Chee Yeng	

The Audit Committee met three times during the financial year. The Committee has reviewed the following:

a) the audit plan of the external auditors and internal auditors and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group for the year ended 30 June 2008 before their submission to the directors of the Company and the external auditors' report on these financial statements;

d) the half year and full year announcements as well as related press releases on the results and financial position of the Company and the Group;

e) the assistance and co-operation given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except as disclosed in paragraph 4 of the Report of the Directors.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and companies in which interests are held	Balance as at 1 July 2007	Balance as at 30 June 2008	Balance as at 21 July 2008
SHAREHOLDINGS REGISTERED IN NAME OF DIRECTOR			
Portek International Limited			
Ordinary Shares			
Lam Choon Seng	32,297,638	32,297,638	32,297,638
Tok Soon Chong	1,276,812	1,276,812	1,276,812
Ooi Boon Hoe	2,907,940	2,907,940	2,907,940
Wong King Kheng	20,000	20,000	20,000
Chan Tuck Hoi	20,000	20,000	20,000
Lee Chee Yeng	20,000	20,000	20,000
Petrosahara Pte Ltd			
Ordinary Shares			
Tok Soon Chong (1)	100,000	100,000	100,000
PJ Marine Services Pte Ltd			
Ordinary Shares			
Tok Soon Chong (1)	51,000	51,000	51,000

(1) Held on behalf of Port Technology Pte Ltd

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

PORTEK INTERNATIONAL LIMITED
OPTIONS TO SUBSCRIBE FOR ORDINARY SHARES

	Balance as at 1 July 2007	Balance as at 30 June 2008	Balance as at 21 July 2008
EXERCISABLE BETWEEN 3 NOVEMBER 2004 AND 2 NOVEMBER 2013 AT EXERCISE PRICE OF $0.511 PER SHARE		OPTIONS REGISTERED IN NAME OF DIRECTOR	
Tok Soon Chong	66,000	66,000	66,000
Ooi Boon Hoe	52,000	52,000	52,000
EXERCISABLE BETWEEN 1 JANUARY 2006 AND 31 DECEMBER 2014 AT EXERCISE PRICE OF $0.434 PER SHARE			
Tok Soon Chong	67,000	67,000	67,000
Ooi Boon Hoe	58,000	58,000	58,000
EXERCISABLE BETWEEN 1 JANUARY 2007 AND 31 DECEMBER 2015 AT EXERCISE PRICE OF $0.420 PER SHARE			
Tok Soon Chong	100,000	100,000	100,000
Ooi Boon Hoe	100,000	100,000	100,000
EXERCISABLE BETWEEN 15 JANUARY 2008 AND 14 JANUARY 2017 AT EXERCISE PRICE OF $0.379 PER SHARE			
Tok Soon Chong	100,000	100,000	100,000
Ooi Boon Hoe	100,000	100,000	100,000
EXERCISABLE BETWEEN 27 MARCH 2009 AND 26 MARCH 2018 AT EXERCISE PRICE OF $0.355 PER SHARE			
Tok Soon Chong	-	100,000	100,000
Ooi Boon Hoe	-	100,000	100,000

By virtue of Section 7 of the Singapore Companies Act, Lam Choon Seng is deemed to have an interest in the shares of all the related corporations of the Group.

5 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 except for salaries, bonuses and other benefits as disclosed in the financial statements.

6 SHARE OPTIONS

On 12 November 2002, the Company adopted the Portek Employees' Share Option Scheme 2002 (the "Scheme") which would enable confirmed full-time employees and executive directors of the Company and/or its subsidiaries to acquire unissued ordinary shares of the Company. Controlling shareholders and their associates, and non-executive directors, including independent directors, are not entitled to participate in the Scheme.

Particulars of the options granted under the Scheme are set out in Note 36 to the financial statements.

The Scheme is administered by the Remuneration Committee. The members of the Committee are:

Wong King Kheng (Chairman)
Chan Tuck Hoi
Lee Chee Yeng

The number of outstanding options under the Scheme is as follows:

Date of grant	Balance as at 1 July 2007	Issued	Options exercised	Options lapsed	Balance as at 30 June 2008	Exercise price	Exercisable period
						S$	
3 Nov 2003	1,275,000	-	-	86,000	1,189,000	0.511	3 Nov 2004 to 2 Nov 2013
1 Jan 2005	1,327,000	-	64,000	112,000	1,151,000	0.434	1 Jan 2006 to 31 Dec 2014
1 Jan 2006	1,647,000	-	139,000	99,000	1,409,000	0.420	1 Jan 2007 to 31 Dec 2015
15 Jan 2007	1,456,000	-	120,000	102,000	1,234,000	0.379	15 Jan 2008 to 14 Jan 2017
27 Mar 2008	NA	1,966,000	-	78,000	1,888,000	0.355	27 Mar 2009 to 26 Mar 2018
	5,705,000	1,966,000	323,000	477,000	6,871,000		

The directors were not granted options under the Scheme except as follows:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised / lapsed since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
DIRECTORS OF THE COMPANY				
Tok Soon Chong	100,000	433,000	-	433,000
Ooi Boon Hoe	100,000	410,000	-	410,000

There were no employees who received 5% or more of the total options available under the Scheme.

There were no options granted at a discount during the financial year under review.

Other than as disclosed above,

(a) no option to take up unissued shares of the Company and any corporation in the Group was granted during the financial year;

(b) no shares of the Company or any corporation of the Group were issued by virtue of the exercise of an option;

(c) there were no unissued ordinary shares of the subsidiaries under option.

No person to whom the options has been granted has any rights to participate by virtue of the option in any share issue of any other company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lam Choon Seng

Ooi Boon Hoe

Singapore
23 September 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PORTEK INTERNATIONAL LIMITED

We have audited the accompanying financial statements of Portek International Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Company as at 30 June 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 100.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants
Singapore

Kenny Horlley Young
Partner
Appointed on 29 October 2007

23 September 2008

BALANCE SHEETS
As at 30 June 2008

		Group		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
ASSETS					
Current assets					
Cash and bank balances	6	29,911	18,345	37	55
Trade receivables	7	28,966	25,635	6,338	3,778
Other receivables and prepayments	9	7,112	5,143	19,223	20,455
Inventories	10	5,267	6,882	-	-
Contract work-in-progress	11	3,261	765	-	-
Loan to joint venture - current portion	15	853	-	-	-
		75,370	56,770	25,598	24,288
Non-current assets classified as held for sale	12	12,785	9,508	-	-
Total current assets		88,155	66,278	25,598	24,288
Non-current assets					
Trade receivables	7	1,423	2,896	-	-
Available-for-sale investment	13	91	-	-	-
Investment in associates	14	42	80	-	-
Investment in joint ventures	15	3,135	3,094	-	-
Loan to joint venture	15	4,629	5,340	-	-
Investment in subsidiaries	16	-	-	17,266	16,517
Property, plant and equipment	17	48,708	51,250	-	-
Intangibles	18	14,316	5,274	-	-
Goodwill	19	-	114	-	-
Deferred tax assets	24	1,777	1,865	-	-
Total non-current assets		74,121	69,913	17,266	16,517
Total assets		**162,276**	**136,191**	**42,864**	**40,805**

		Group		Company	
	Note	2008 $'000	2007 $'000	2008 $'000	2007 $'000
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	20	13,672	9,033	-	-
Trade payables	21	16,647	17,286	37	-
Other payables	22	24,405	4,501	2,093	1,260
Contract work-in-progress	11	3,441	3,629	-	-
Income tax payable		6,619	1,384	270	-
		64,784	35,833	2,400	1,260
Liabilities directly associated with non-current assets classified as held for sale	12	11,195	115	-	-
Total current liabilities		75,979	35,948	2,400	1,260
Non-current liabilities					
Term loans	20	19,786	34,151	-	-
Other payables	22	1,260	750	-	-
Defined benefit obligations	23	2,767	-	-	-
Deferred tax liabilities	24	471	518	-	-
Total non-current liabilities		24,284	35,419	-	-
Capital, reserves and minority interests					
Share capital	25	31,492	31,360	31,492	31,360
Share option reserve		750	586	750	586
Capital reserve	20(c)(i)	1,903	1,903	-	-
Currency translation reserve		(8,804)	(4,546)	-	-
Accumulated profits		28,905	25,286	8,222	7,599
Equity attributable to equity holders of the Company		54,246	54,589	40,464	39,545
Minority interests		7,767	10,235	-	-
Total equity		62,013	64,824	40,464	39,545
Total liabilities and equity		**162,276**	**136,191**	**42,864**	**40,805**

See accompanying notes to the financial statements.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the financial year ended 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000
Continuing operations			
Revenue	26	140,304	101,476
Cost of sales		(78,074)	(73,369)
Gross profit		62,230	28,107
Other operating income	27	2,649	5,121
Distribution costs		(2,190)	(3,187)
Administrative expenses		(50,366)	(25,799)
Finance costs - interest expense		(2,264)	(1,654)
Share of results of associates		(36)	754
Profit before tax		10,023	3,342
Income tax expense	28	(6,303)	(3,635)
Profit (Loss) for the year from continuing operations		3,720	(293)
Discontinued operation			
Profit (Loss) for the year from discontinued operation	29	132	(349)
Profit (Loss) for the year	30	3,852	(642)
Attributable to:			
Equity holders of the Company		3,920	1,003
Minority interests		(68)	(1,645)
		3,852	(642)
Earnings per share			
From continuing and discontinued operations:			
Basic (cents)	31	2.69	0.69
Fully diluted (cents)	31	2.69	0.69
From continuing operations:			
Basic (cents)	31	2.60	0.93
Fully diluted (cents)	31	2.60	0.93

See accompanying notes to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2008

Group	Note	Share capital $'000	Share option reserve $'000	Capital reserve $'000	Currency Translation reserve $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
Balance at 1 July 2006		31,360	471	-	(4,145)	27,060	54,746	12,993	67,739
Exchange differences arising on translation of foreign operations		-	-	-	(401)	-	(401)	(76)	(477)
Net expense recognised directly in equity		-	-	-	(401)	-	(401)	(76)	(477)
Net loss for the year		-	-	-	-	1,003	1,003	(1,645)	(642)
Total recognised income and expenses for the year		-	-	-	(401)	1,003	602	(1,721)	(1,119)
Disposal of subsidiary		-	-	-	-	-	-	(1,413)	(1,413)
Recognition of share-based payments	36	-	115	-	-	-	115	-	115
Capital contribution from minority interests, net of dividends		-	-	-	-	-	-	376	376
Fair valuation of interests-free loan	20 (c)(i)	-	-	1,903	-	-	1,903	-	1,903
Dividends	35	-	-	-	-	(2,777)	(2,777)	-	(2,777)
Balance at 30 June 2007		31,360	586	1,903	(4,546)	25,286	54,589	10,235	64,824
Exchange differences arising on translation of foreign operations		-	-	-	(4,258)	-	(4,258)	(1,446)	(5,704)
Net expense recognised directly in equity		-	-	-	(4,258)	-	(4,258)	(1,446)	(5,704)
Net Profit for the year		-	-	-	-	3,920	3,920	(68)	3,852
Total recognised income and expenses for the year		-	-	-	(4,258)	3,920	(338)	(1,514)	(1,852)
Capital contribution from minority interests, net of dividends		-	-	-	-	-	-	(229)	(229)
Increase in share capital		132	-	-	-	-	132	-	132
Acquisition of additional shares from minority interests		-	-	-	-	-	-	(83)	(83)
Disposal of subsidiary		-	-	-	-	-	-	(642)	(642)
Recognition of shares-based payments	36	-	164	-	-	-	164	-	164
Dividends	35	-	-	-	-	(301)	(301)	-	(301)
Balance at 30 June 2008		31,492	750	1,903	(8,804)	28,905	54,246	7,767	62,013

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2008

Company	Note	Share capital $'000	Share option reserve $'000	Accumulated profits $'000	Total $'000
Balance at 1 July 2006		31,360	471	7,967	39,798
Net profit for the year		-	-	2,409	2,409
Recognition of share-based payments	36	-	115	-	115
Dividends	35	-	-	(2,777)	(2,777)
Balance at 30 June 2007		31,360	586	7,599	39,545
Net profit for the year		-	-	924	924
Recognition of share-based payments	36	-	164	-	164
Increase in share capital	35	132	-	-	132
Dividends		-	-	(301)	(301)
Balance at 30 June 2008		31,492	750	8,222	40,464

See accompanying notes to the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 30 June 2008

	2008 $'000	2007 $'000
Operating activities		
Profit before income tax and share of result of associates (Note A)	10,242	2,089
Adjustments for:		
Allowance for inventory	1,437	221
Bad debts written off	625	156
Allowance of doubful debts	189	-
Amortisation of intangibles	1,008	780
Depreciation of property, plant and equipment	7,011	6,221
Gain on disposal of held for sale associate	-	(3,277)
Gain on disposal of plant and equipment	(1,036)	(755)
Impairment of goodwill	430	788
Impairment of intangible assets	513	-
Impairment of property, plant and equipment	2,047	-
Imputed interest income	(380)	(292)
Interest expense	2,264	1,654
Interest income	(314)	(150)
Loss on dilution of interest in equity of a subsidiary	-	106
(Gain) Loss on disposal of subsidiaries (Note B)	(1)	1,373
Share-based payments	164	115
Service cost arising from defined benefits obligations	523	-
Operating cash flows before movements in working capital changes	24,722	9,029
Trade receivables	(3,144)	(8,047)
Other receivables and prepayments	(1,634)	(821)
Inventories	245	(1,338)
Contract work-in-progress	(3,692)	3,984
Trade payables	158	8,584
Other payables	16,401	2,017
Cash generated from operations	33,056	13,408
Interest paid	(2,264)	(1,654)
Interest received	314	156
Income tax paid	(2,249)	(3,394)
Net cash from operating activities	28,857	8,516

	2008 $'000	2007 $'000
Investing activities		
Proceeds from disposal of plant and equipment	2,857	1,203
Purchase of plant and equipment (Note C)	(14,646)	(17,130)
Payments to acquire intangibles	(3,878)	(2,910)
Payments to acquire an associate	-	(44)
Disposal of interest in a subsidiary (Note B)	482	(926)
Proceeds from disposal of a held for sale associate	-	3,487
Payment of purchase consideration for a subsidiary acquired in the preceding year (Note D)	-	(1,000)
Dividend received from a held for sale associate	-	1,000
Payments to acquired available-for-sale investment	(91)	-
Cash flow on acquisition of certain assets and liabilities (Note E)	1,724	-
Payments for additional interests in a subsidiary	(83)	-
Net cash used in investing activities	(13,635)	(16,320)
Financing activities		
Proceeds from share issue	132	-
Dividends paid	(301)	(2,777)
Loan to joint venture	(111)	-
(Payments of) Proceeds from bank borrowings, net	(2,548)	17,269
Minority interests' capital contribution (Note F)	49	636
Dividends paid to minority shareholders of subsidiaries	(278)	(260)
Net cash (used in) from financing activities	(3,057)	14,868
Net increase in cash and cash equivalents	12,165	7,064
Cash and cash equivalents at beginning of year	18,345	12,010
Cash included as non-current assets classified as held for sale in prior year (Note 12)	429	-
Cash included as non-current assets classified as held for sale (Note 12)	(777)	(429)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(251)	(300)
Cash and cash equivalents at end of year (Note 6)	**29,911**	**18,345**

NOTE A

	2008 $'000	2007 $'000
Profit before income tax	10,023	3,342
Profit (loss) before income tax from discontinued operation	183	(499)
Profit before income tax for the purpose of cash flow statement	10,206	2,843
Share of loss (profit) of associates	36	(754)
Profit before income tax and share of results of associates for the purpose of cash flow statement	10,242	2,089

NOTE B

(i) During the financial year, the Group disposed 51% of its equity interests in a subsidiary, PJ Ports Services Pte Ltd. The carrying amounts of the assets and liabilities disposed were as follows:

	2008 $'000
Cash and bank balances	188
Trade receivables, other receivables and prepayments	524
Contract work in progress	1,008
Property, plant and equipment	111
Trade payables and other payables	(276)
Provision for taxation	(244)
Minority interests	(642)
Net assets disposed of	669
Gain on disposal	1
Total cash proceeds	670
Cash disposed of	(188)
Net cash received	**482**

(ii) In the preceding year, the Group disposed of all equity interests in certain subsidiaries comprising 51% of the issued capital of La Meccanica Generale S.r.l ("LMG"), 55% of the issued capital of Algeria Development Corporation and 100% of the issued capital of Portek Middle East FZCO. The carrying amounts of the assets and liabilities disposed were as follows:

	2007 $'000
Cash and bank balances	886
Trade receivables, other receivables and prepayments	1,871
Inventories	416
Investment in associate	532
Property, plant and equipment	1,713
Intangibles	4,171
Trade payables and other payables	(4,699)
Term loan	(1,292)
Minority interests	(1,769)
Net assets disposed of	1,829
Loss on disposal	(1,373)
Total cash proceeds	456
Cash disposed of	(886)
Cash proceeds satisfied via offset of net payables balance	(496)
Net cash outflow	**(926)**

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

NOTE C

During the financial year ended 30 June 2008, the Group's additions to property, plant and equipment amounted to $16,906,000 (2007 : $17,130,000) of which $14,646,000 was paid in cash, $967,000 was acquired via the acquisition of the terminal operation business in Gabon (Note E) and $1,293,000 of the additions remained payable.

NOTE D

During the year ended 30 June 2007, the Group paid Euro 500,000 (S$1,000,000) for the purchase consideration outstanding for the year ended 30 June 2006 and disposed its 51% interest in the subsidiary to the existing minority shareholder (Note B (ii)). The remaining outstanding purchase consideration of Euro 500,000 (S$1,000,000) and certain other payable balances to the minority shareholder were offset against the proceeds from the disposal.

NOTE E

In August 2007, the Group acquired certain assets and liabilities from a third party in relation to its terminal operations in the Republic of Gabon ("Gabon") for a cash consideration of CFA10 million (S$30,000). The book value of the assets and liabilities acquired approximate their respective provisional fair values as disclosed below:

	2008 $'000
Cash and bank balances	1,754
Trade receivables and prepayments	451
Intangibles	34
Property, plant and equipment	967
Defined benefits obligations	(1,704)
Other payables	(1,472)
Net assets acquired	30
Purchase consideration	(30)
Cash acquired	1,754
Net cash received	**1,724**

The terminal operations business in Gabon is managed by a subsidiary, Gabon Ports Management S.A. ("GPM"). For the period between the date of acquisition of the business and the balance sheet date, GPM contributed $37,800,000 of revenue and $6,700,000 to the Group's profit before tax. Management had determined that there will not be any material impact to the Group if the acquisition had been completed on 1 July 2007.

NOTE F

During the financial year, a subsidiary was incorporated and the proportionate capital contribution in cash from minority interests amounted to $49,000.

In 2007, certain subsidiaries called for additional capital contributions as a result of increase in paid up capital and regulatory requirements. Accordingly, minority interests had made proportionate contributions of approximately $636,000 of capital via injection of cash.

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 June 2008

1 GENERAL

The Company (Registration No. 199607287G) is incorporated in Singapore with its principal place of business and registered office at 20 Harbour Drive, #02-01, PSA Vista, Singapore 117612. The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of investment holding.

The principal activities of associates, joint ventures and subsidiaries are described in Notes 14 to 16 to the financial statements.

The consolidated financial statements of the Group and balance sheet and statement of changes in equity of the Company for the year ended 30 June 2008 were authorised for issue by the Board of Directors on 23 September 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 July 2007. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below and in the notes to the financial statements.

FRS 107 - *Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures*

The Group has adopted FRS 107 with effect from annual periods beginning on 1 July 2007. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital [see Note 4(c)] as required by the amendments to FRS 1 which are effective from annual periods beginning on or after 1 July 2007.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

FRS 1 - Presentation of Financial Statements (Revised)
FRS 23 - Borrowing costs (Revised)
FRS 108 - Operating Segments
INT FRS 112 - Service Concession Arrangements

Amendments to FRS 1 and FRS 32 relating to puttable financial instruments and obligations arising on liquidation.

Amendments to FRS 102 relating to vesting conditions and cancellations.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of FRSs, INT FRSs and amendments to FRSs issued but not yet effective at the date of authorisation of the financial statements, will not have a material impact on the financial statements of the Group of the Comapny in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The accounting year-ends of the subsidiaries are co-terminous with that of the Company except as described in Note 16. In respect of the financial statements of the subsidiaries whose accounting year-ends are not co-terminous, adjustments are made for the effect of the transactions that occur between their year-end date and 30 June.

Joint ventures are those entities whose activities the Group has joint control over by contractual agreement. The proportionate consolidation method is used.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group. All significant intra-company transactions, balances, income and expenses are eliminated on consolidation. Where a Group enterprise transacts with an associate or a joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or, where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

FINANCIAL ASSETS

Available-for-sale investment

Certain unquoted equity shares held by the Group are classified as being available-for-sale. Available-for-sale investment is recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Available-for-sale investment is measured at subsequent reporting dates at fair value, whenever possible, as determined in the manner described in Note 13.

Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit and loss statement for the period. Impairment losses recognised in the profit and loss statement for equity investments classified as available-for-sale are not subsequently reversed through the profit and loss statement.

Trade and other receivables

Receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, less bank overdrafts and are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When such receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis, except for short-term payables where the recognition of interest would be immaterial.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less cumulative amortisation in accordance with the revenue recognition policies described below.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

CONTRACT WORK-IN-PROGRESS – Contract work-in-progress comprises uncompleted contracts, which are stated at cost plus attributable profits less progress billings. Cost includes all direct materials and labour costs and those indirect costs related to contract performance.

Where the outcome of a contract work in progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.

Allowance for foreseeable losses is made immediately when losses can reasonably be estimated.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

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

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which are benefit derived from the leased assets is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefit from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

NON-CURRENT ASSETS HELD FOR SALE - Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings	-	$3^1/_3$% to 10%
Plant and equipment	-	$8^1/_3$% to 20%
Motor vehicles	-	20% to 25%
Renovation	-	20% to 50%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

No depreciation is provided on freehold land and construction-in-progress.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

RIGHTS TO OPERATE TERMINALS - The rights to operate terminals are stated at cost less accumulated amortisation and any impairment in value. They are amortised over the period for which the rights to operate exist (12 to 25 years) on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the rights are derived.

SOFTWARE DEVELOPMENT EXPENDITURE – Software development costs comprise the costs incurred in developing the Container Terminal Management System and Pick-to-Light System. The costs are amortised on a straight-line basis over its estimated useful lives of 3 to 5 years.

Expenditure on software development activities are recognised in the balance sheet only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefit; and
- the development cost of the asset can be measured reliably.

Software development expenditure are amortised on a straight-line basis over their estimated useful lives of 3 to 5 years upon completion of the development activities.

GOODWILL - Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under 'Associates' below.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

INTERESTS IN JOINT VENTURES - A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary (see above).

Where the Group transacts with its jointly controlled entities, profits and losses are eliminated to the extent of the Group's interest in the joint venture.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding credit to the share option reserve, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

REVENUE RECOGNITION - Revenue from the sale of equipment, components and spares is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Crane mobilisation, modernisation and modification revenue is recognised based on the percentage completion of the contract as of year end. Equipment leasing income is recognised on an accrual basis over the lease period in accordance with the Group's accounting policy for leases (above). Technical service income, terminal operations and cargo handling income are recognised when services are rendered to customers as these services are typically of short duration. Revenue from the sale of electricity from power generation is recognised when electricity is delivered to customers.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the profit and loss statement in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation. The plan is unfunded and there are no plan assets for the retirement benefit obligation.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit and loss statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

Contract work-in-progress

The Group recognises contract revenue and contract costs using the percentage of completion method as mentioned in Note 2 above.

Significant judgement is required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for variation works that are recoverable from customers. In making judgements, the Group rely on past experience and the work of experienced engineers. The valuation of contract work-in-progress can be subject to uncertainties in respect of valuation of work completed and estimation of future costs to be incurred in completing the work.

Non-current assets and associated liabilities classified as held for sale

As described in Note 2 of the financial statements, to meet the held for sale classification, the carrying amount of the non-current assets and disposal groups (Note 12) will have to be recovered through a sale transaction rather than through continuing use. As at year end, management had assessed and determined that one of the subsidiaries has met the requirements. In making its judgement, management considered the detailed criteria in FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* which allows such classification only if the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Based on the information available and management's commitment to the planned sale as at year end, the assets and liabilities attributable to the subsidiary were classified as held for sale.

The management has made an assessment that the proceeds for the disposal are expected to exceed the net carrying amount of the relevant assets (including goodwill) and liabilities and, accordingly, no impairment loss has been recognised on the assets attributable to the subsidiary as held for sale.

Recognition of equity-settled share-based payments

FRS 102 Share-based Payment requires the recognition of equity-settled share-based payments at fair value at the date of grant.

The fair values of share-based payment of the Group were calculated using the Black-Scholes pricing model and certain assumptions were made to variables used in the pricing model. These include the expected volatility and expected life of options, the risk free rate of returns used, and the expected dividend yield in the future. These variables used were based on management's best estimate on the effects of non transferability, exercise restrictions, and behavioural considerations of option holders which involves significant judgment.

Any difference in estimates in variables like interest rates, Group's share prices, the Group's performance and stock market performance would have resulted in different fair value amounts calculated at the initial recognition of these options under the standard.

Key sources of estimation uncertainty

Provision for rehabilitation costs

As at 30 June 2008, the Group has set up a provision of S$1,774,000 for its contractual obligations to maintain the terminal operation infrastructure in the Republic of Gabon ('Gabon') in good working order and make repairs for wear and tear over the period of port concession.

The provision represents management's best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period. The estimate was based upon prior period costs incurred by the previous operator.

An assessment will be performed by the port authority in Gabon on or around September and October 2008 to determine the extent and nature of the infrastructure maintenance required.

Adjustments to the provision for rehabilitation costs will need to be made in future periods should there be a material difference between the level of maintenance assessed by the authorities and the original estimate made by the management.

Provision for profit-sharing

As at 30 June 2008, the Group recognised a provision for S$1,677,000 for the profit participation by a business partner in the results of a subsidiary with effect from this financial period. The provision represents management's best estimate based on an understanding reached with the business partner. At the date of this report, agreement on the details of the participation is in the process of being drawn up and has not been finalised. Upon finalisation of such agreement, management may need to revise the estimate for this provision accordingly should the terms of the agreement differ materially from the original understanding of the terms of the profit participation.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

Taxation

The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining group-wide provision for income taxes. There are certain transactions entered into in the ordinary course of business for which estimates of tax liability are made and the amount of ultimate tax liability is uncertain. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

Impairment of Property, Plant and Equipment and Intangible Assets

The Group assess impairment on the above mentioned assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets requires assessment as to whether the carrying amount of assets exceeds the recoverable amount. Such assessment requires management's judgements in forecasting industry trends, general market, economic and political conditions and other available information.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Financial Assets				
Loans and receivables (including cash and cash equivalents)	70,327	56,450	25,575	24,288
Available-for-sale investment	91	-	-	-
Financial liabilities				
Amortised cost	75,770	65,721	1,134	475
Financial guarantee contracts	-	-	996	785

(b) *Financial risk management policies and objectives*

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group. Management reviews the overall financial risk management on specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions arise from the Group's ordinary course of business. The Group transacts business in various currencies and the largest currency exposure is in United States dollars.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group			
	Liabilities		Assets	
	2008 $'000	2006 $'000	2008 $'000	2006 $'000
United States dollars	11,955	26,702	11,123	18,318
Euro	1,253	1,142	1,493	1,984

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the effect of changes in exchange rate of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 10% increase and decrease in the Singapore dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to joint venture where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, profit or loss will increase (decrease) by:

	US dollars impact		Euro impact	
Group	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit (loss)	83	838	(24)	(84)

If the relevant foreign currency weakens by 10% against the functional currency of each group entity, profit or loss will (decrease) increase by:

	US dollars impact		Euro impact	
Group	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit (loss)	(83)	(838)	24	84

The Group's sensitivity to foreign currency has decreased during the current year mainly due to decrease in the outstanding bank loans denominated in USD.

There is no impact on other equity reserves.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the year as foreign denominated sales and purchases do not occur evenly throughout the year.

(ii) Interest rate risk management

Interest rate risk arises from potential change in interest rates that may have an adverse effect on the Group in the current reporting period and in the future years.

The Group is exposed to interest rate risk through the impact of rate changes on fixed deposits and bank borrowings. The interest rate and tenure of fixed deposits are disclosed in Note 6. The interest rate and terms of repayment for short-term and long-term borrowings are disclosed in Note 20.

The Group does not actively manage its exposure from interest risk as management is of the view that such exposure is not significant to the Group.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for interest-bearing instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have variable interest rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

Profit for the year ended 30 June 2008 would decrease/increase by $142,000 (2007 : decrease/increase by $194,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Group's sensitivity to interest rates has decreased during the current period mainly due to the reduction in variable rate debt instruments.

There is no impact on other equity reserves.

(iii) Equity price risk management

The Group is exposed to equity risks arising from equity investments classified as available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available for sale investments.

Further details of these equity investments can be found in Notes 13 to the financial statements.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's credit exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by the counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on customers' financial condition and, where appropriate, deposits, prepayments or bank guarantee are obtained from customers before rendering the services or and/or delivery of goods.

The Group does not have any significant concentration of credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group places its cash equivalent with reputable financial institutions.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade and other receivables are disclosed in Note 7, 8 and 9.

(v) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, committed funding lines from financial institution and internally generated cash flows to finance its activities.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the fair value adjustment for loans which are not included in the carrying amount of the financial liability on the balance sheet.

Group	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2008						
Non-interest bearing	-	41,346	3,611	4,223	(1,797)	47,383
Variable interest rate instruments	5.28%	13,415	14,727	245	-	28,387
		54,761	**18,338**	**4,468**	**(1,797)**	**75,770**
2007						
Non-interest bearing	-	21,787	2,929	4,047	(1,903)	26,860
Variable interest rate instruments	6.93%	9,119	28,569	1,173	-	38,861
		30,906	**31,498**	**5,220**	**(1,903)**	**65,721**

Company	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2008						
Non-interest bearing	-	2,130	-	-	-	2,130
2007						
Non-interest bearing	-	1,260	-	-	-	1,260

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the fair value adjustment for loans which are not included in the carrying amount of the financial asset on the balance sheet.

Group	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2008						
Non-interest bearing	-	60,535	2,503	4,082	(2,355)	64,765
Fixed interest rate instruments	4.11%	2,679	-	-	-	2,679
Fixed interest rate instruments	3.5%	752	-	-	-	752
Finance lease receivables (fixed rate)	5.83%	806	1,505	-	(180)	2,131
		64,772	**4,008**	**4,082**	**(2,535)**	**70,327**
2007						
Non-interest bearing	-	47,706	4,324	3,560	(777)	54,813
Fixed interest rate instruments	5.02%	77	-	-	-	77
Finance lease receivables (fixed rate)	6.25%	510	1,217	-	(167)	1,560
		48,293	**5,541**	**3,560**	**(944)**	**56,450**

Company	Weighted average effective interest rate %	On demand or within 1 year $'000	Within 2 to 5 years $'000	After 5 years $'000	Adjustment $'000	Total $'000
2008						
Non-interest bearing	-	22,328	-	-	-	22,328
Variable interest rate instruments	4.63%	3,247	-	-	-	3,247
		25,575	-	-	-	25,575
2007						
Non-interest bearing	-	24,288	-	-	-	24,288

(vi) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bank borrowings (Note 20) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's overall strategy remains unchanged from 2007.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include associates and joint ventures of the Group.

Some of the transactions and arrangements of the Group are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

	Group	
	2008 $'000	2007 $'000
Significant related parties transactions are as follows:		
Joint ventures		
Sale of spares parts to joint venture	(256)	(431)
Sale of cranes and equipments to joint venture	(329)	-
Technical services rendered to joint venture	(350)	(56)
Supply of computer hardware and software to joint venture	(251)	-
Crane modernisation services to joint venture	(679)	-
Associates		
Technical services rendered to associate	(82)	(1,520)
Interest income from associate	-	(16)
Purchase of technical services from associate	5	-
Minority shareholders		
Purchase of services from minority shareholders	73	1,684
Sale of subsidiary to minority shareholders	(670)	-
Interest expense to minority shareholders	15	110
Interest income to minority shareholders	(14)	-
Office rental paid to minority shareholders	5	-
Other expenses paid to minority shareholders	34	-
Sale of equipment to minority shareholders	-	(389)
Technical services to minority shareholders	-	(283)
Joint venture partner		
Purchase of services from joint venture partner	2,323	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2008 $'000	2007 $'000
Short-term benefits	1,431	1,751
Post-employment benefits	84	80
Share-based payments	38	43
	1,553	1,874

The remuneration of directors and key personnel management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash at bank	27,163	18,169	36	55
Fixed deposits	2,679	77	-	-
Cash on hand	69	99	1	-
Total	29,911	18,345	37	55

Cash and bank balances comprise cash held by the Group and fixed deposits. The carrying amounts of these assets approximate their fair values.

Fixed deposits earn interest at an average rate of 4.11% (2007 : 5.02%) per annum and for a tenure of approximately 32 days (2007 : 56 days).

The Group and Company's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	2,468	4,146	1	11
Euro	715	1,187	-	-
Hong Kong dollars	193	-	-	-
Indonesian Rupiah	101	33	-	-
Sterling Pound	25	27	-	-

7 TRADE RECEIVABLES

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
Outside parties	27,695	22,661	-	-
Finance lease receivables (Note 8)	708	431	-	-
Associates (Note 14)	309	2,206	-	-
Joint venture (Note 15)	254	337	-	-
Subsidiaries (Note 16)	-	-	6,338	3,778
	28,966	25,635	6,338	3,778
Non-current:				
Finance lease receivables (Note 8)	1,423	1,129	-	-
Joint venture (Note 15)	-	1,767	-	-
	1,423	2,896	-	-

The average credit period on sales of equipment, components and spares is 30 to 60 days (2007: 30 to 60 days). The credit terms of other sources of revenue are based on contracts tenure. No interest is charged on the trade receivable on the outstanding balance. The Group has recognised allowances for all receivables not recoverable based on historical experience. The Group does not have any significant concentration of credit risk due to its large customer base.

Included in the Group's trade receivable balance are debtors with a carrying amount of approximately $5,623,000 (2007: $11,348,000) which are past due at the reporting date for which the Group had not made any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of the receivables is 80 days (2007: 102 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods to third parties of $271,000 (2007: $84,000). This allowance has been determined by reference to past default experience.

Movement in the allowance for doubtful debts:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Balance at beginning of the year	84	127	-	-
Amounts written off during the year	(2)	(43)	-	-
Increase in allowances recognised in profit or loss	189	-	-	-
Balance at end of the year	271	84	-	-

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
United States dollars	6,008	13,852	-	-
Euro	584	797	-	-
Indonesian Rupiah	447	60	-	-
Hong Kong dollars	57	-	-	-
Australian dollars	10	-	-	-

Trade receivable from outside parties amounting to $ 2,868,000 (2007: $644,000) is pledged against bank loans [Note 20(a)(iii)].

8 FINANCE LEASE RECEIVABLES

	Group: Minimum lease payments 2008 $'000	Group: Minimum lease payments 2007 $'000	Group: Present value of minimum lease payments 2008 $'000	Group: Present value of minimum lease payments 2007 $'000
Amounts receivable under finance lease:				
Within one year	806	510	708	431
In the second to fifth years	1,505	1,217	1,423	1,129
	2,311	1,727	2,131	1,560
Less: Future finance income	(180)	(167)	-	-
Present value of minimum lease receivable	2,131	1,560	2,131	1,560

Analysed as:

	Group 2008 $'000	Group 2007 $'000
Current finance lease receivables (Note 7) (recoverable within 12 months)	708	431
Non-current finance lease receivables (Note 7) (recoverable after 12 months)	1,423	1,129
	2,131	1,560

The interest rates inherent in the leases are fixed at the contract date for all leases. The average effective interest rate contracted is approximately 5.83% (2007 : 6.25%) per annum.

The average term of finance leases entered into is 4.7 years (2007 : 5 years).

There are no material finance lease receivables which are past due and not impaired.

The Group's finance lease receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2008 $'000	2007 $'000
United States dollars	1,063	-

9 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Associates (Note 14)	18	-	-	-
Related party (Note 15) [(a)]	752	-	-	-
Subsidiaries (Note 16) [(b)]	-	-	19,200	20,403
Deposits	101	409	-	-
Prepayments	602	439	23	-
Advances	1,965	470	-	-
Other receivables	3,674	3,357	-	23
Tax recoverable	-	468	-	29
	7,112	5,143	19,223	20,455

All balances are unsecured and repayable on demand. They are interest-free except for:

[(a)] The loan of $752,000 due from a related party which bears interest at 3.5% per annum;

[(b)] A loan of $3,247,000 to a subsidiary which bears interest at 4.63% per annum.

Other receivables comprise value-added tax receivables by overseas subsidiaries.

The Group's and Company's other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	2,647	320	-	-
Indonesian Rupiah	269	96	-	-
Philippine Peso	-	28	-	-
Euro	194	-	-	-
Hong Kong dollars	44	-	-	-

10 INVENTORIES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Raw materials	392	3,526	-	-
Goods in transit	2	103	-	-
Finished goods	4,873	3,253	-	-
	5,267	6,882	-	-

During the year, the allowance for inventory charged to the income statement in respect of write-downs of inventory to net realisable value amounted to $1,437,000 (2007 : $221,000).

11 CONTRACT WORK-IN-PROGRESS

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
a) Cost and recognised profits in excess of progress billings:				
Cost incurred	3,268	804	-	-
Less: Progress billings	(7)	(39)	-	-
Due from customers	3,261	765	-	-
b) Progress billings in excess of cost and recognised profits:				
Cost incurred	1,915	4,217	-	-
Recognised profits	391	424	-	-
Less: Progress billings	(5,747)	(8,270)	-	-
Due to customers	(3,441)	(3,629)	-	-

12 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(a) On 18 December 2007, the Group entered into a sale agreement to dispose of a joint venture representing the Group's power generation operating segment. As at year end, the sale was conditional upon certain approvals by shareholders of the joint venture and the regulators. Management had assessed and determined that it met the requirements under FRS 105 Non-Current Assets Held for Sale and Discontinued Operations to qualify as held for sale as the recoverable amount will be recovered principally through a sale transaction expected within twelve months, rather than through continuing use. The assets and liabilities attributable to this joint venture have been classified as non-current assets and associated liabilities held for sale and are presented separately in the balance sheet. The results from this joint venture were also presented as discontinued operations on the consolidated profit and loss statement. In accordance with FRS 105, comparative figures for the results of this joint venture were re-presented as discontinued operations for presentation purpose (Note 29 and 37).

The proceeds for the disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised on the assets attributable to the joint venture as held for sale.

(b) As at 30 June 2007, assets and liabilities attributable to one of the subsidiaries in the Group's terminal operation and cargo handling operating segment were classified as held for sale. During the year, negotiations with the potential buyer for this subsidiary were not successful. As at 30 June 2008, management has re-presented the related assets and liabilities of this subsidiary in the respective balance sheet classifications instead of classifying the assets and liabilities as held for sale.

(c) The major classes of assets and liabilities of the joint venture classified as held for sale are as follows:

	Group	
	2008 $'000	2007 $'000
Cash and bank balances	777	429
Trade receivables	691	209
Other receivables and prepayment	174	281
Inventories	-	67
Property, plant and equipment	11,021	7,702
Intangibles	-	504
Goodwill	-	316
Deferred tax assets	122	-
Non-current assets classified as held for sale	12,785	9,508
Trade payables	(737)	(40)
Other payables	(3,274)	(75)
Amount due to related parties	(4)	-
Term loans	(7,178)	-
Provision for taxation	(2)	-
Liabilities directly associated with non-current assets classified as held for sale	(11,195)	(115)
Net assets of non-current assets classified as held for sale	1,590	9,393

13 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2008 $'000	2007 $'000
Unquoted equity shares, at cost*	91	-

* It was considered not practical within the constraint of cost to reliably determine the fair value of the available-for-sale investment. The management is of the opinion that the fair value would not differ significantly from the carrying amount recorded in the balance sheet.

During the year, Group's entities had entered into the following transactions with the investee:

	2008 $'000	2007 $'000
Purchase of spare and components	46	-
Leasing of equipment under finance lease arrangement to the investee	(1,290)	-

The Group's available-for-sale investment is denominated in Philippines Peso.

14 INVESTMENT IN ASSOCIATES

	Group	
	2008 $'000	2007 $'000
Cost of investment in associates	45	47
Share of associates' post acquisition (losses) profits, net of dividend received	(3)	33
	42	80

Details of associates are as follows:

Name of associate	Principal activities	Held by	Country of incorporation and operation	Proportion of ownership interest and voting power held	
				2008	2007
				%	%
Peninsular Ports Sdn Bhd [1]	Operation of terminals, sale, lease and refurbishment of container handling equipment	Portek (Malaysia) Sdn Bhd	Malaysia	30	30
Portek Engineering Sdn Bhd [2]	Dormant	Portek (Malaysia) Sdn Bhd	Malaysia	30	30

[1] Audited by overseas practice of Deloitte Touche Tohmatsu.

[2] Audited by another accounting firm.

Summarised financial information in respect of Group's associates is set out below:

	Group	
	2008 $'000	2007 $'000
Total assets	351	2,320
Total liabilities	(323)	(2,201)
Net assets	28	119
Group's share of associates' net assets	8	36
Revenue	104	1,693
Loss for the year	(121)	(11)
Group's share of associates' loss for the year	(36)	(3)

15 JOINT VENTURES

	Group	
	2008 $'000	2007 $'000
Amount recognised as investment in joint venture on initial recognition	3,135	3,094
Loan to joint venture:		
- Current portion	853	-
- Non-current portion	4,629	5,340
Trade receivables from joint venture:		
- Amount receivable within 12 months (Note 7)	254	337
- Amount receivable after 12 months (Note 7)	-	1,767
	8,871	10,538

Loan to joint venture and non-current trade receivable from joint venture are unsecured, interest-free and repayable over 10 years with effect from financial year 2009. The fair value of the loan and non-current trade receivables on initial recognition was determined based on discounting cash flows using a rate of 6% per annum. The carrying amount of the loan approximates its fair value as at year end.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

	Group			
	Amount recognised as investment in joint venture on initial recognition $'000	Loan to joint venture $'000	Trade receivable from joint venture $'000	Total $'000
Nominal Value	-	2,316	7,486	9,802
Fair value adjustment on initial recognition	3,094	(799)	(2,295)	-
Fair value on inception date	3,094	1,517	5,191	9,802
Imputed interest income	-	45	67	112
Amortised cost as at 30 June 2006	3,094	1,562	5,258	9,914
Net movement	-	-	338	338
Reclassification	-	3,628	(3,628)	-
Imputed interest income for the year	-	150	136	286
Amortised cost as at 30 June 2007	3,094	5,340	2,104	10,538
Net movement	-	(571)	(1,476)	(2,047)
Imputed interest income for the year	-	199	181	380
Reclassification	-	555	(555)	-
Fair value adjustment on initial recognition	41	(41)	-	-
Amortised cost as at 30 June 2008	3,135	5,482	254	8,871

Details of joint ventures of the Group are as follows:

Name of joint venture company	Principal activities	Country of incorporation and operation	Percentage of equity held by the Group	
			2008	2007
			%	%
Bejaia Mediterranean Terminal SPA [1] [2]	Terminal operations and cargo handling	Algeria	49	49
PT Metaepsi Pejebe Power Generation [3]	Supply of power instalment service of power equipment, maintenance and operation of power plant	Indonesia	15	15

(1) Audited by overseas practice of Deloitte Touche Tohmatsu.

(2) The accounting year-end (which is 31 December) is not co-terminous with that of the Company. An audit is performed as at 30 June for consolidation purposes.

(3) The accounting year-end (which is 31 December) is not co-terminous with that of the Company. The assets and liabilities attributable to this joint venture have been classified as non-current assets and associated liabilities held-for-sale during the year. See Note 12.

The following amounts are included in the financial statements of the Group as a result of proportionate consolidation of the joint ventures:

	2008 $'000	2007 $'000
Current assets	14,041	13,356
Non-current assets	20,580	31,108
Current liabilities	(5,287)	(10,271)
Non-current liabilities	(7,058)	(12,503)
Net assets	22,276	21,690
Revenue	11,864	10,315
Other income	694	410
Expenses	(6,083)	(4,414)

The Group has proportionate interest in joint venture's contracted and non-contractual capital commitments approximating $906,000 (2007 : $1,199,000) and $3,687,000 (2007 : Nil) respectively.

There are no contingent liabilities in the joint ventures.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

16 INVESTMENT IN SUBSIDIARIES

	Company 2008 $'000	Company 2007 $'000
Unquoted equity shares, at cost	16,119	15,524
Amount recognised as investment in subsidiaries on initial recognition of financial guarantee contracts	2,163	1,724
Less: Pre-acquisition dividends	(724)	(724)
Impairment loss	(292)	(7)
	17,266	16,517

Details of the Company's subsidiaries at 30 June 2008 are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %
Portek Systems & Equipment Pte Ltd (1)	Sale and leasing of container and bulk handling equipment, crane modernisation and crane drive system integration	Singapore	100	100
Portek Systems (Mauritius) Ltd (2)	Sale and leasing of container and bulk handling equipment and trading and servicing of crane spares and components	Mauritius	100	100
Portek (Malaysia) Sdn Bhd (2)	Sale and leasing of container and bulk handling equipment and trading and servicing of crane spares and components	Malaysia	100	100
Portek North Asia Limited (2) (6)	Trading, distribution and servicing of drive and automation products, modernisation modification and refurbishment of container and bulk handling equipment	Hong Kong SAR	100	100
Hanggu Cranetek Co., Ltd (4)	Sale and service of crane components including spreaders, gear boxes and others	South Korea	51	51
Port Technology Pte Ltd (1)	Design and engineering consultancy, project management, crane survey and inspection services	Singapore	100	100

Name of subsidiaries	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting power held 2008 %	2007 %
Port IT & Automation Pte Ltd (1) (9)	Design and engineering consultancy, project management, crane survey and inspection services	Singapore	100	-
Portek Ports Holdings Pte Ltd (formerly known as Portek Powergen Pte Ltd) (1) (7)	Investment holding	Singapore	100	100
Subsidiaries of Portek Systems & Equipment Pte Ltd:				
PT. Portek Indonesia (2)	Maintenance and servicing of container and bulk handling equipment, trading and servicing of crane spares and components	Indonesia	51	51
PT. Indo Log (2)	Equipment leasing and general trading	Indonesia	75	75
Entami Technologies S.A. (4)	Networking and electronic equipment distribution for the industry, specialised in wireless, logistics and surveillance	Luxembourg	70	70
Portek Europe S.A. (4)	Sale and leasing of container and bulk handling equipment, crane modernisation and crane drive system integration	Luxembourg	100	100
Subsidiaries of Port Technology Pte Ltd:				
Jason Automation (North Asia) Co., Ltd (10)	Distribution and servicing of drive systems and automation products	People's Republic of China	100	100
Petrosahara Pte Ltd (1)	Sale and leasing of container and bulk handling equipment, crane modernisation and provision of technical services	Singapore	100	100
PJ Marine Services Pte Ltd (1)	Provision of engineering and marine transportation services and general trading activities	Singapore	51	51

Name of subsidiaries	Principal activities	Country of incorporation and operation	Proportion of ownership interest and voting power held	
			2008	2007
			%	%
Subsidiaries of Portek Ports Holdings Pte Ltd:				
Portek Ports (Mauritius) Ltd (2) (8)	Investment holding	Mauritius	100	100
Portek Terminals Pte Ltd (1) (8)	Investment holding	Singapore	100	100
Port Development Corporation Ltd (2) (8)	Investment holding	Mauritius	100	100
Europort International Pte Ltd (9)	Dormant	Singapore	100	-
Subsidiaries of Portek Terminals Pte Ltd:				
PT. Serbaguna Terminal (2)	Terminal operations and cargo handling	Indonesia	51	51
PT. Sinar Perkasa (11)	Dormant	Indonesia	100	-
Subsidiaries of Portek Ports (Mauritius) Ltd:				
Portek Terminals (Mauritius) Ltd (2)	Investment holding	Mauritius	75	75
Valletta Gateway Terminals Ltd (2)	Terminal operations and cargo handling	Malta	55	55
Subsidiary of Port Development Corporation Ltd:				
Portek Mauritius Ltd (2)	Investment holding	Mauritius	100	100
Subsidiary of Portek Terminals (Mauritius) Ltd:				
PT. Portindo Dinamika (2)	Terminal operations and cargo handling	Indonesia	75	75
Subsidiary of Petrosahara Pte Ltd:				
Philippine Port Equipment Inc. (3)	Sale and servicing of container handling equipment	Philippines	100	75
Subsidiary of Portek Mauritius Ltd:				
Gabon Ports Management S.A. (2) (5) (9)	Terminal operations and cargo handling	Gabon	100	-

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by overseas practices of Deloitte Touche Tohmatsu.

(3) Audited by another accounting firm. The net assets and pre-tax profits of these subsidiaries are individually less than 20% of the net assets and pre-tax profits respectively of the Group.

(4) Audit not required by the country of incorporation. It is reviewed by Deloitte & Touche LLP, Singapore for consolidation purpose.

(5) The accounting year-end (which is 31 December) is not co-terminous with that of the Company. An audit is performed as at 30 June for consolidation purposes.

(6) The subsidiary is 95% owned by Portek International Ltd and 5% owned by Port Technology Pte Ltd.

(7) The subsidiary was wholly-owned by Portek Systems & Equipment Pte Ltd in financial year 2007. After a restructuring in financial year 2008, the subsidiary is directly held by Portek International Ltd.

(8) The subsidiaries were wholly-owned by Portek International Ltd in financial year 2007. After a restructuring in financial year 2008, the subsidiaries are wholly-owned by Portek Ports Holdings Pte Ltd.

(9) The subsidiaries are newly incorporated during the financial year.

(10) In 2007, an audit was performed by overseas practices of Deloitte Touche Tohmatsu. In 2008, the subsidiary is reviewed by Deloitte & Touche LLP, Singapore for consolidation purposes.

(11) The subsidiary is newly acquired during the financial year.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

17 PROPERTY, PLANT AND EQUIPMENT

	Group						
	Freehold land $'000	Leasehold building $'000	Plant and equipment $'000	Motor vehicles $'000	Renovation $'000	Construction-in-progress $'000	Total $'000
Cost:							
At 1 July 2006	53	2,600	39,111	675	521	19,539	62,499
Exchange adjustment	(1)	10	(263)	(3)	(4)	(100)	(361)
On disposal of subsidiaries	-	-	(1,135)	-	(818)	-	(1,953)
Reclassified as non-current assets classified as held for sale [Note 12(b)]	-	(364)	(9,448)	(74)	(7)	(1,082)	(10,975)
Additions	-	445	4,248	205	891	11,341	17,130
Disposals	-	(294)	(160)	(44)	(33)	(373)	(904)
Transfers	-	-	16,360	-	-	(16,360)	-
At 30 June 2007	52	2,397	48,713	759	550	12,965	65,436
Exchange adjustment	(7)	(83)	(5,953)	(83)	(24)	(1,201)	(7,351)
On disposal of subsidiary	-	-	(84)	(44)	(4)	-	(132)
Transfer from non-current assets classified as held for sale [Note 12(b)]	-	364	9,448	74	7	1,082	10,975
Reclassified as non-current assets classified as held for sale [Note 12(c)]	(1,103)	-	(10,141)	(25)	-	-	(11,269)
Additions	1,103	-	8,543	721	496	6,043	16,906
Disposals	-	-	(2,357)	(80)	-	-	(2,437)
Transfers	-	-	10,509	-	-	(10,509)	-
At 30 June 2008	45	2,678	58,678	1,322	1,025	8,380	72,128
Accumulated depreciation:							
At 1 July 2006	-	610	11,048	10	378	-	12,046
Exchange adjustment	-	(2)	(104)	(2)	(3)	(1)	(112)
On disposal of subsidiaries	-	-	(238)	-	(2)	-	(240)
Reclassified as non-current assets classified as held for sale [Note 12(b)]	-	(182)	(3,035)	(50)	(6)	-	(3,273)
Depreciation	-	118	5,653	195	82	173	6,221
Disposals	-	(10)	(416)	(16)	(14)	-	(456)
At 30 June 2007	-	534	12,908	137	435	172	14,186
Exchange adjustment	-	(32)	(2,089)	(47)	(28)	(16)	(2,212)
On disposal of subsidiary	-	-	(13)	(8)	-	-	(21)
Transfer from non-current assets classified as held for sale [Note 12(b)]	-	182	3,035	50	6	-	3,273
Reclassified as non-current assets classified as held for sale [Note 12(c)]	-	-	(88)	(4)	-	(156)	(248)
Depreciation	-	115	6,590	271	35	-	7,011
Disposals	-	-	(554)	(62)	-	-	(616)
At 30 June 2008	-	799	19,789	337	448	-	21,373
Impairment:							
Impairment loss recognised in the year ended 30 June 2008 and balance at 30 June 2008	-	127	1,470	-	-	450	2,047
Carrying amount:							
At 30 June 2008	**45**	**1,752**	**37,419**	**985**	**577**	**7,930**	**48,708**
At 30 June 2007	**52**	**1,863**	**35,805**	**622**	**115**	**12,793**	**51,250**

In 2007, the Group's proportionate share of a joint venture's property, plant and equipment amounted to approximately $10,690,000 and the joint venture had obtained a bank loan amounting to $7,933,000. In 2008, the joint venture has been classified as assets held-for-sale.

In addition, property, plant and equipment amounting to approximately $16,520,000 (2007 : $19,780,000) is also pledged against a bank loan of $7,907,000 (2007 : $11,587,000) [Note 20(a)(iii)].

The Group continues to perform strategic review of its business units and structure and has implemented initiatives to orientate its business focus and streamline its sale of equipment, components and spares and certain parts of the terminal operations and cargo handling operating segments. Accordingly, an impairment loss of $2,047,000 (2007 : Nil) representing the fair value less costs to sell the assets of the assets is charged to profit and loss statement (included in administrative expenses).

	Company
	Plant and equipment $'000
Cost:	
At 1 July 2006, 30 June 2007 and 30 June 2008	6
Accumulated depreciation:	
At 1 July 2006, 30 June 2007 and 30 June 2008	6
Carrying amount:	
At 30 June 2007 and 30 June 2008	-

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

18 INTANGIBLES

	Group				
	Rights to operate terminals (1) $'000	Development expenditure (2) $'000	Software $'000	Other intangible assets (3) $'000	Total $'000
Cost:					
At 1 July 2006	4,190	849	-	4,224	9,263
On disposal of subsidiary	-	-	-	(4,312)	(4,312)
Reclassified as non-current assets classified as held for sale [Note 12(b)]	(1,215)	-	-	-	(1,215)
Additions	-	-	-	2,910	2,910
Transfer	-	(785)	785	-	-
Exchange adjustment	(50)	(45)	-	189	94
At 30 June 2007	2,925	19	785	3,011	6,740
Transfer from non-current assets classified as held for sale [Note 12(b)]	1,215	-	-	-	1,215
Additions	10,154	175	42	-	10,371
Transfer	-	(194)	194	-	-
Exchange adjustment	(372)	-	(29)	(168)	(569)
At 30 June 2008	13,922	-	992	2,843	17,757
Amortisation:					
At 1 July 2006	1,547	-	-	-	1,547
On disposal of subsidiary	-	-	-	(141)	(141)
Reclassified as non-current assets classified as held for sale [Note 12(b)]	(711)	-	-	-	(711)
Amortisation for the year	273	-	257	250	780
Exchange adjustment	(19)	-	6	4	(9)
At 30 June 2007	1,090	-	263	113	1,466
Transfer from non-current assets classified as held for sale [(Note 12(b)]	711	-	-	-	711
Amortisation for the year	620	-	244	144	1,008
Exchange adjustment	(239)	-	(11)	(7)	(257)
At 30 June 2008	2,182	-	496	250	2,928
Impairment:					
Impairment loss recognized in the year ended 30 June 2008 and balance as at 30 June 2008	410	-	103	-	513
Carrying amount:					
At 30 June 2008	**11,330**	**-**	**393**	**2,593**	**14,316**
At 30 June 2007	**1,835**	**19**	**522**	**2,898**	**5,274**

(1) These represent rights secured by subsidiaries to operate/manage the following:

i) Terminal at Tanjong Priok in Jakarta, Indonesia

The Equipment Operation Contract is for a period of 12 years up to 31 December 2014.

ii) Multipurpose terminal at Banten Port in Ciwandan, Indonesia

The right to operate the terminal was for an initial period of 10 years to 31 December 2010. This shall be extended to 31 December 2022 provided the Group extends an existing pier and reconstructs another pier, develops a container yard depot facility and invests in two additional quay cranes and other equipment. With effect from 1 July 2006, the right to operate the terminal was extended to 31 December 2022. Accordingly, the amortisation period is extended over the same period. As at 30 June 2008, this right was reclassified as non-current-assets classified as held for sale. See Note 12(a).

iii) Terminals at Port d'Owendo and Port Gentil

During the year, the Group acquired the right to manage the terminals in the Republic of Gabon for a period of 25 years with effect from August 2007. The consideration to acquire the right was satisfied via:

(a) Cash payment of $3,694,000 to the grantor;

(b) Assumption of certain liabilities of the grantor and previous operator for an amount of $6,460,000;

(c) Cash payment for certain assets and liabilities from the previous operator amounting to $30,000 (See Note D to the consolidated cash flow statement).

Under the arrangement, the Group is responsible for the management, maintenance and investment in the infrastructure of the terminals. The Group is entitled to the fees, duties and royalties from the rendering of services to ships. The grantor has the approval authority on the tariffs for the services. The Group has to pay a fixed royalty of $646,000 per annum and a variable royalty calculated at 15% on the earnings before interests, taxes, depreciation and amortisation from managing the terminals to the grantor and the regulators. Subject to the agreement of all parties, the arrangement can be extended at a 10-year interval. At the expiry of the arrangement, property, plant and equipment that are essential to the operations of the terminals is to be returned to grantor. The grantor could also exercise its rights for the return of other property, plant and equipment that are deemed to be necessary or useful to the operations of the terminals.

(2) Development expenditure relates to cost incurred by subsidiaries to develop a container terminal software and a wireless logistics technology. The amortisation period is three to five years upon completion of the development activities. Amortisation would be charged upon completion of the development expenditure and be transferred to software.

(3) i) This includes customer-related intangibles such as customer relationships and the expected revenue streams generated from these customer bases at a port operated by the joint venture company, Bejaia Mediterranean Terminal SPA. The port concession is for the period from 1 January 2006 to 31 December 2025. The cost of these intangibles is based on a valuation report issued by a professional valuer designated by the regulators in Algeria and is amortised over the remaining period of the concession.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

ii) Included in the carrying amount as at 1 July 2006 was concession secured by a subsidiary to use an industrial shed and a building (for the purpose of performing naval repairs and demolitions at the Genoa Port) and other transportation equipment. The carrying amount of the concession was based on its provisional fair valuation upon acquisition of a subsidiary in 2006. In 2007, the concession rights were disposed of via the disposal of the subsidiary holding the concession.

19 GOODWILL

	Group
	$'000
Cost:	
At 1 July 2006	1,218
Transfer to non-current assets classified as held for sale [Note 12(b)]	(316)
At 30 June 2007	902
Transfer from non-current assets classified as held for sale [Note 12(b)]	316
At 30 June 2008	1,218
Impairment:	
Balance at 1 July 2006	-
Impairment loss charged to profit and loss statement during the year	788
Balance at 30 June 2007	788
Impairment loss charged to profit and loss statement during the year	430
Balance at 30 June 2008	1,218
Carrying amount:	
At 30 June 2008	**-**
At 30 June 2007	**114**

The carrying amount as at 30 June 2007 (before the transfer to non-current assets classified as held for sale) relates to the acquisition of the remaining 15% of PT Portindo Dinamika net of subsequent disposal of 25% effective interest in this subsidiary, and acquisition of 70% of Entami Technology S.A. during the financial years 2002, 2004 and 2005 respectively.

20 TERM LOANS

	Group	
	2008 $'000	2007 $'000
Bank loans	28,136	35,561
Loans from:		
Minority shareholders	1,240	3,300
Joint venture partners	4,082	4,323
	33,458	43,184
The borrowings are repayable as follows:		
On demand or within one year	13,672	9,033
In the second year	4,997	12,479
In the third year	4,826	8,706
In the fourth year	3,744	5,850
In the fifth year	2,727	3,101
After five years	3,492	4,015
	33,458	43,184
Less: Amount due for settlement within 12 months (shown under current liabilities)	(13,672)	(9,033)
Amount due for settlement after 12 months	19,786	34,151

The Group's borrowings that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2008 $'000	2007 $'000
United States dollars	9,055	19,663

The average effective interest rates paid per annum were as follows:

	Group	
	2008	2007
Bank loans	5.27%	6.96%
Loans from minority shareholders	5.88%	6.63%

The directors estimate the carrying amount of the Group's borrowings to approximate the fair values.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

a) The bank loans comprise:

i) an amount of $544,000 (2007: $1,531,000) [US$400,000 (2007: US$1,000,000)] which bears an interest at approximately 5.5% (2007: 6.2%) per annum repriced quarterly and is repayable in quarterly instalments ending by December 2008. The loan is covered by a corporate guarantee from the Company;

ii) amounts aggregating $4,653,000 (2007: $7,756,000) and $1,633,000 (2007: $3,063,000) [US$1,200,000 (2007: US$2,000,000)] which bear interest at approximately 5.7% (2007: 4.6%) per annum repriced quarterly and is repayable in quarterly instalments ending by December 2009. The loans are covered by a corporate guarantee from the Company and another subsidiary;

iii) amounts aggregating $5,102,000 (2007: $7,274,000) [US$3,750,000 (2007: US$4,750,000)] and $2,805,000 (2007: $4,313,000) [US$2,062,000 (2007: US$2,812,000)] which bear interest at 7.8% (2007: 7.9%) per annum repriced monthly and are repayable in quarterly instalments ending by March 2012 and March 2011 respectively. The loans are substantially secured by notarised and registered assignment of ownership on certain machinery and equipment under financing, accounts receivable, insurance claim over the said machinery and equipment belonging to the borrowing subsidiaries and corporate guarantees from related companies;

iv) an amount of $10,316,000 (2007: $3,691,000) [EURO 4,796,000 (2007: Maltese Lira "LM" 777,000)] which bears interest at 5.4% (2007: 5.2%) per annum repriced monthly and is repayable in quarterly instalments ending by December 2016. The loans are covered by corporate guarantees from the Company and a minority shareholder;

v) unsecured short term bank loans of $3,083,000 (2007: Nil) [US$2,266,000 (2007: Nil)] which bears an average interest rate at 4.9% (2007: Nil) per annum. The loan is covered by a corporate guarantee from the Company; and

vi) loans of $5,122,000 (2007: $5,634,000) [US$3,565,000 (2007: US$3,674,000)], $1,014,000 (2007: $1,149,000) [US$706,000 (2007: US$749,000)] and $1,042,000 (2007: $1,150,000), [US$725,000 (2007: US$750,000)] which bear interest at approximately 10.3%, 8.0% and 9.3% per annum repriced monthly respectively and are repayable in monthly instalments commencing May 2007 and ending November 2012, commencing July 2007 and ending June 2013, and commencing April 2007 and ending September 2015 respectively. The loans are classified as non-current liabilities directly associated with non-current assets classified as held for sale (Note 12).

In respect of i) and ii) above, the Company breached loan covenants during the year and has yet to obtain a waiver of compliance with the covenants from the relevant banks at the date of this report. The management of the company believes it has enough cash and cash equivalents amounting to $29,911,000 and bank facilities which have yet to be utilised amounting to approximately $8,000,000 for the repayment of the loan in full in case the loans are deemed due and payable immediately.

b) The loans from minority shareholders comprise:

i) an unsecured loan of $990,000 (2007 : $1,535,000) [US$728,000 (2007 : US$1,001,000)] which bears no interest in 2008 (2007 : 8.4%) as it was agreed that no interest was imposed since January 2007. The loan is to be repayable ending by December 2010;

ii) an unsecured loan of $250,000 (2007 : $237,000) [EURO 116,000 (2007 : EURO 107,000)] which bears interest at a rate of approximately 5.9% (2007: 5.8%) per annum repriced monthly and is repayable in quarterly instalment ending by December 2011;

iii) in 2007, an unsecured loan and non-interest bearing loan of $122,000 (US$80,000) which bears market interest rate of 7.0% per annum. The loan was repayable in quarterly instalments ending by August 2011. The loan was fully repaid in 2008;

iv) in 2007, an unsecured loan of $118,000 (Peso 3,553,000) which bears interest at approximately 5.3% per annum repriced monthly and was repayable in monthly instalments ending by December 2011. The loan was fully repaid in 2008; and

v) a convertible loan of $1,288,000 (US$840,000) which bears interest at approximately 10.3% per annum repriced monthly and is ending by March 2009. The loan has been classified as non-current liabilities directly associated with non-current assets classified as held for sale (Note 12).

c) The loans from joint venture partner comprise:

i) an unsecured and non-interest bearing loan with a nominal value $5,878,000 (2007 : $6,226,000) denominated in Algerian Dinars ("DZD") 273,512,000 (2007 : DZD 273,512,000). The loan is repayable from July 2008 onwards. The fair value was approximately $4,081,000 (2007 : $4,323,000) denominated as DZD 189,913,000 (2007 : DZD 189,913,000) determined based on discounting future cash flows assuming repayment at end of the loan period and using a rate of 6% per annum. The fair value adjustment of $1,903,000 was adjusted against capital reserves on initial recognition in 2007.

21 TRADE PAYABLES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Outside parties	12,397	12,736	37	-
Joint venture partner	4,245	4,496	-	-
Related parties (Note 5)	5	54	-	-
	16,647	17,286	37	-

The average credit period on purchases of goods ranged from 30 to 60 days (2007 : 30 to 60 days). No interest is charged on the trade payables. Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The Group's and Company's trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	2,741	4,208	-	-
Euro	1,171	1,091	-	-
Japanese Yen	247	107	-	-
Canadian dollars	157	-	-	-
Philippines Peso	46	-	-	-
Indonesian Rupiah	39	28	-	-
Maltese Lira	-	114	-	-

22 OTHER PAYABLES

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current:				
Outside parties	20,877	4,357	1,081	459
Provision for rehabilitation costs	1,774	-	-	-
Provision for profit-sharing	1,677	-	-	-
Related parties (Note 5)	77	144	16	16
Financial guarantee contracts	-	-	996	785
	24,405	4,501	2,093	1,260
Non-current:				
Outside parties	1,260	750	-	-

Except for an amount payable to outside parties of $2,374,000 (2007: Nil) with a quarterly repayment term of $339,000 till 31 March 2010, the other remaining payable to outside parties are unsecured, interest-free and repayable on demand.

Provisions for maintenance and profit-sharing as at 30 June 2008 were charged to the consolidated profit and loss statement during the year.

The Group's and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
United States dollars	159	2,831	-	-
Euro	82	51	-	-
Indonesian Rupiah	-	61	-	-
Hong Kong dollars	154	-	-	-

23 RETIREMENT BENEFIT OBLIGATIONS

DEFINED BENEFIT PLAN

During the year, the Group assumed an unfunded defined benefit plan from the previous operator for its terminal operations in the Republic of Gabon ("Gabon"). Under the plan, the employees are entitled to defined benefits varying between 20% to 45% of the average salary for the preceding 12 months, calculated at one month for each year of service.

The actuarial valuation of the defined benefit obligations were carried out as at 30 June 2008 by UAG Assurance in Gabon.

The principal assumptions used for the purpose of the actuarial valuation were as follows:

Discount rate	-	6.42%
Number of employees	-	138
Salary	-	Approximately $6,900,000
Turnover rate	-	0.5%
Minimum salary increment rate	-	2%
Mortality rate	-	based on Table of Mortality Code of Insurance in Gabon

The amount of liability recognised on the balance sheet as at 30 June 2008 in respect of the Group's retirement benefit plan amounted to approximately $2,767,000. This represents the present value of the unfunded obligations.

The charge of approximately $523,000 representing the current service costs for the period is included in the employee benefits expense in the profit and loss statement.

Changes in the present value of the defined benefit obligation are as follows:

	Group
	2008 $'000
Defined benefits obligations assumed from the previous operator	2,244
Service cost	523
Defined benefits obligations at end of year	2,767

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

24 DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax liabilities and assets recognised by the Group and Company, and the movements thereon, during the current and prior reporting periods:

	Group				
	Excess of book depreciation over capital allowances $'000	Provisions $'000	Tax losses $'000	Excess capital allowances over depreciation $'000	Total $'000
At 1 July 2006	1,081	59	434	(163)	1,411
(Charge) Credit to profit or loss for the year	(27)	67	127	(231)	(64)
At 30 June 2007	1,054	126	561	(394)	1,347
(Charge) Credit to profit or loss for the year	(166)	321	(167)	93	81
Transfer to non-current assets classified as held for sale (Note 12)	-	-	(122)	-	(122)
At 30 June 2008	888	447	272	(301)	1,306

Certain deferred tax assets and liabilities have been offset in accordance with the Group and Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for balance sheet purposes:

	Group	
	2008 $'000	2007 $'000
Deferred tax assets	1,777	1,865
Deferred tax liabilities	(471)	(518)

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is $3,200,000. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

25 SHARE CAPITAL

	Group and Company			
	2008 '000	2007 '000	2008 $'000	2007 $'000
	Number of ordinary shares			
Issued and paid up:				
At beginning of year	145,397	145,397	31,360	31,360
Increase in share capital	323	-	132	-
At end of year	145,720	145,397	31,492	31,360

The Company has one class of ordinary shares with no par value which carry no right to fixed income.

26 REVENUE

An analysis of the group's revenue for the year, for both continuing and discontinued operations, is as follows:

	Group	
	2008 $'000	2007 $'000
Continuing operations:		
Technical services	9,380	10,541
Terminal operation and cargo handling	74,438	35,556
Sale of equipment, components and spare parts	19,571	32,840
Crane mobilisation, modernisation and modification	33,658	19,399
Equipment leasing	3,257	3,140
	140,304	101,476
Discontinuing operations:		
Power Generation	1,347	564
	141,651	102,040

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

27 OTHER OPERATING INCOME

An analysis of the Group's other operating income for the year, for both continuing and discontinued operations, is as follows:

	Group	
	2008 $'000	2007 $'000
Continuing operations:		
Gain on disposal of:		
Held for sale associate	-	3,277
Plant and equipment	1,036	755
Subsidiary	1	-
Other income	917	594
Interest income	695	432
Bad debts written back	-	63
	2,649	5,121
Discontinued operations:		
Other income	212	8
	2,861	5,129

28 INCOME TAX EXPENSE

		Group	
		2008 $'000	2007 $'000
Current	- Singapore	583	29
	- Foreign	5,837	2,614
	- Deferred	(81)	(98)
(Over) Underprovision in prior years	- Current	(36)	928
	- Deferred	-	162
		6,303	3,635

Domestic income tax is calculated at 18% (2007 : 18%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2008 $'000	2007 $'000
Profit before tax	10,023	3,342
Income tax expense at statutory rate	1,804	602
Non-allowable (taxable) items	3,128	(41)
(Over) Under provision in prior years	(36)	1,090
Deferred tax benefits not recognised	353	1,412
Effect of different tax rates of overseas subsidiaries	1,359	588
Utilisation of deferred tax benefits previously not recognised	(401)	(237)
Exempt income	(93)	(9)
Withholding tax	177	246
Others	12	(16)
	6,303	3,635

The Group has tax losses carryforward available for offsetting against future taxable income as follows:

	Group	
	2008 $'000	2007 $'000
Amount at beginning of year	10,081	5,932
Amount (expired) arising in current year, net	(887)	4,997
Amount utilised in current year	(401)	(848)
Amount at end of year	8,793	10,081
Deferred tax benefit recognised	272	561
Deferred tax benefit not recognised	2,481	2,529

Deferred tax benefit varies from that calculated using the Singapore statutory tax rate as it includes deferred tax on overseas operation with different tax rates in which such temporary differences are expected to reverse.

The deferred tax benefit of certain subsidiaries has not been recognised due to the unpredictability of their future profit streams.

Included in the amount of tax losses available for offsetting against future taxable income are tax losses of $683,000 (2007: Nil), $1,374,000 (2007: $1,550,000), $1,000 (2007: $601,000), $523,000 (2007: $1,238,000), $1,769,000 (2007: $1,319,000) of a subsidiary which will expire in financial years 2014, 2013, 2011, 2010 and 2009 respectively. The realisation of the future income tax benefits from the remaining tax losses carry forward is available for an unlimited future period subject to conditions imposed by law of the respective tax jurisdictions of the subsidiaries.

GROUP RELIEF

In 2007, subject to the satisfaction of the conditions for group relief, $164,000 of tax losses arising in current year of one subsidiary are transferred to other subsidiaries under the group relief system. These tax losses are transferred at no consideration. There were no such application of group relief during the year.

29 DISCONTINUED OPERATION

As disclosed in Note 12, the results and cash flow information from the discontinued operation are analysed as follows:

	2008 $'000	2007 $'000
Revenue	1,347	564
Cost of sales	(901)	(568)
Other income	212	8
Administrative expenses	(457)	(195)
Finance costs	(18)	(308)
Profit (Loss) before tax	183	(499)
Income tax	(51)	150
Profit (Loss) for the year	132	(349)
Cash flow from (used in):		
Operations	2,694	1,292
Investing activities	(1,447)	(3,386)
Financing activities	(755)	1,652

30 PROFIT (LOSS) FOR THE YEAR

Profit (Loss) for the year has been arrived at after charging (crediting):

	Group	
	2008 $'000	2007 $'000
Directors' remuneration:		
Of the Company	944	838
Of the subsidiaries	2,545	2,388
Employee benefits expense (including directors' remuneration and defined contribution plan)	26,733	19,125
Defined contribution plan	1,029	1,486
Defined benefit plan	523	-
Net foreign exchange losses (gains)	2,156	(602)
Cost of inventories recognised as expense	21,314	32,196
Non-audit fees:		
Paid to other auditors	-	98
Depreciation of property, plant and equipment	7,011	6,221
Allowance of bad and doubtful debts	189	-
Bad debts written-off	625	156
Included in administrative expenses:		
(Gain) Loss on disposal of subsidiaries	(1)	1,373
Loss on dilution of interest in equity of subsidiary	-	106
Amortisation of intangibles	1,008	780
Allowance for inventories	1,437	221
Impairment of goodwill	430	788
Impairment of intangible assets	513	-
Impairment of property, plant and equipment	2,047	-

31 EARNINGS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings

	2008 $'000	2007 $'000
Earnings for the purpose of calculating basic and diluted earnings per share from continuing and discontinued operations (profit for the year attributable to equity holders of the Company)	3,920	1,003
Less: (Earnings) Loss from discontinued operation for the purpose of calculating basic and diluted earnings per share	(132)	349
Earnings for the purpose of calculating basic and diluted earnings per share from continuing operations	3,788	1,352

Number of shares

	2008 '000	2007 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	145,573	145,397
Effect of dilutive potential ordinary shares:		
Shares options	392	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	145,965	145,397

The number of shares above was used to determine the earnings per share (basic and diluted) for continuing and discontinued operations.

From continuing and discontinued operations

	2008	2007
Earnings per share (cents) - Basic	2.69	0.69
Earnings per share (cents) - Diluted	2.69	0.69

From continuing operations

	2008	2007
Earnings per share (cents) - Basic	2.60	0.93
Earnings per share (cents) - Diluted	2.60	0.93

From discontinued operation

	2008	2007
Earnings (Loss) per share (cents) - Basic	0.09	(0.24)
Earnings (Loss) per share (cents) - Diluted	0.09	(0.24)

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

32 BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group operates primarily in six segments - equipment leasing; sale of equipment, components and spares; crane mobilisation, modernisation and modification; technical services and terminal operation and cargo handling.

The Group's activities are primarily based in South East Asia (including Indochina), North Asia, Latin America, Europe and the Mediterranean, Africa and Singapore.

Segment information about the Group's continuing operations is presented below. The discontinued operations relates to power generation operating segment (Note 12).

(a) Analysis By Business Segment

Segment revenue and expense: Segment revenue and expense are the operating revenue and expense reported in the Group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of trade receivables, inventories, contract work-in-progress, rights to operate terminals, plant and equipment, net of allowances and provisions. Capital additions includes the total cost incurred to acquire property, plant and equipment, and intangible assets directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of term loans, trade and other payables. Segment asset and liabilities do not include deferred income taxes.

Investments in associates and joint ventures: Income from the associates and joint ventures are allocated as they are specifically attributable to a business segment. Correspondingly, the investments in associates and joint ventures are included as segment assets of the Group.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

In prior years, the Group was also involved in power generation activities. That operation was discontinued with effect from 31 December 2007 (Note 29).

		Engineering						
	Terminal operation and cargo handling $'000	Equipment leasing $'000	Sale of equipment, components and spares $'000	Crane mobilisation, modernisation and modification $'000	Technical services $'000	Unallocated $'000	Elimination $'000	Consolidated $'000
2008								
REVENUE								
External revenue	74,438	3,256	19,572	33,658	9,380	-	-	140,304
Inter-segment revenue	-	2	6,068	11,756	5,759	-	(23,585)	-
Total	74,438	3,258	25,640	45,414	15,139	-	(23,585)	140,304
RESULT								
Segment result	12,085	1,562	25	2,066	(1,848)	(1,567)	-	12,323
Finance costs - interest expense	(1,223)	(485)	(182)	(182)	-	(192)	-	(2,264)
Share of results of associates	-	-	(1)	-	(35)	-	-	(36)
Profit before income tax	10,862	1,077	(158)	1,884	(1,883)	(1,759)	-	10,023
Income tax expense								(6,303)
Profit from Dis-continued operation								132
Profit after income tax								3,852
OTHER INFORMATION								
Capital addition (Property, plant and equipment):								
Continuing operations	13,477	1,530	79	97	8	294	-	15,485
Discontinued operations (Note 12)	-	-	-	-	-	1,421	-	1,421
Intangible	10,162	-	-	-	175	-	-	10,337
								27,243
Depreciation:								
Continuing operations	4,016	2,206	34	273	57	333	-	6,919
Discontinued operations (Note 12)	-	-	-	-	-	92	-	92
Amortisation	764	-	-	-	244	-	-	1,008
								8,019
BALANCE SHEET								
ASSETS								
Segment assets	87,747	16,017	11,832	2,307	6,651	12,785 [(1)]	-	137,339
Investment in associates	-	-	-	42	-	-	-	42
Unallocated corporate assets	-	-	-	-	-	-	-	24,895
Consolidated total assets								162,276
LIABILITIES								
Segment liabilities	53,300	6,852	11,431	4,102	677	11,195 [(1)]	-	87,557
Unallocated corporate liabilities	-	-	-	-	-	-	-	12,706
								100,263

(1) The amount represents the 2008 figures for the discontinued operations of power generation.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

	Terminal operation and cargo handling $'000	Engineering: Equipment leasing $'000	Engineering: Sale of equipment, components and spares $'000	Engineering: Crane mobilisation, modernisation and modification $'000	Engineering: Technical services $'000	Unallocated $'000	Elimination $'000	Consolidated $'000
2007								
REVENUE								
External revenue	35,556	3,140	32,840	19,399	10,541	-	-	101,476
Inter-segment revenue	-	-	9,157	3,987	1,484	-	(14,628)	-
Total	35,556	3,140	41,997	23,386	12,025	-	(14,628)	101,476
RESULT								
Segment result	5,068	529	720	(498)	(392)	(1,185)	-	4,242
Finance costs - interest expense	(777)	(333)	(244)	(143)	(28)	(129)	-	(1,654)
Share of results of associates	-	-	757	(3)	-	-	-	754
Profit before income tax	-	-	-	-	-	-	-	3,342
Income tax expense	-	-	-	-	-	-	-	(3,635)
Loss from Discontinued operations	-	-	-	-	-	-	-	(349)
Loss after income tax								(642)
OTHER INFORMATION								
Capital additions (Property, plant and equipment):								
Continuing operations	11,792	461	13	15	1,291	172	-	13,744
Discontinued operations (Note 12)	-	-	-	-	-	3,386	-	3,386
Concession	2,910	-	-	-	-	-	-	2,910
								20,040
Depreciation:								
Continuing operations	3,904	1,357	232	279	561	655	-	6,988
Discontinued operations (Note 12)	-	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	13	-	13
								7,001
BALANCE SHEET								
ASSETS								
Segment assets:								
Continuing operations	60,931	13,818	17,807	5,193	3,083	11,104 (1)	-	111.936
Investment in associates	-	-	-	80	-	-	-	80
Unallocated corporate assets	-	-	-	-	-	-	-	24,175
Consolidated total assets								136,191
LIABILITIES								
Segment liabilities	29,948	8,454	11,905	5,369	770	9,943 (1)	-	66,389
Unallocated corporate liabilities	-	-	-	-	-	-	-	4,978
								71,367

(1) The amount represents the 2007 comparative figures pertaining to the discontinued operations of power generation in 2008.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

(b) Analysis By Geographical Segment

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment assets and capital expenditure: Segment assets and capital additions are analysed based on the location of those assets. Capital additions includes the total cost incurred to acquire property, plant and equipment, and intangible assets.

	South East Asia (excluding Singapore) $'000	North Asia (China, Hong Kong SAR, Japan, Korea and Taiwan) $'000	Indian sub-continent $'000	Latin America $'000	Europe and Mediter-ranan $'000	Middle East $'000	Africa $'000	Singapore and others $'000	Total for continuing operations $'000	Discontinued operations South East Asia (excluding Singapore)* $'000	Con-solidated Total $'000
2008											
Revenue	32,988	8,181	3,915	9,463	21,423	3,114	54,366	6,854	140,304	1,347	141,651
Carrying amount of segment assets	39,917	5,123	1,654	864	11,983	599	79,498	9,943	149,581	12,785	162,366
Additions to property, plant and equipment and intangible assets	1,664	51	-	-	8,160	-	15,485	462	25,822	1,421	27,243
2007											
Revenue	37,000	15,474	509	4,593	19,506	1,003	9,994	13,397	101,476	564	102,040
Carrying amount of segment assets	53,599	7,562	118	129	18,945	539	33,268	10,927	125,087	11,104	136,191
Additions to property, plant and equipment and intangible assets	1,288	12	-	-	7,548	-	7,688	118	16,654	3,386	20,040

* The amount represents the discontinued operation of power generation.

33 COMMITMENTS

(A) OPERATING LEASE COMMITMENT

		Group	
(i)	Group as lessee	2008 $'000	2007 $'000
	Minimum lease payments under operating leases included in the profit and loss statement	2,741	2,275
	At the balance sheet date, the commitments in respect of non-cancellable operating leases of office premises, terminal concession and warehouse are as follows:		
	Future minimum lease payments payable:		
	Within one year	2,453	2,077
	In the second to fifth year inclusive	10,004	9,352
	After five years	41,953	40,259
	Total	54,410	51,688

Operating lease payments represent rental payable by the Group for:

(a) certain of its office properties and equipment which are negotiated for an average term of 2 to 10 years and rentals are fixed for the duration of the term;

(b) exclusive operation of a concession area which is fixed for a term of 30 years.

		Group	
(ii)	Group as lessor	2008 $'000	2007 $'000
	Leasing income under operating leases included in the profit and loss statement	4,858	5,208
	At the balance sheet date, the commitments in respect of non-cancellable operating leases of equipment (including components) are as follows:		
	Future minimum lease income receivable:		
	Within one year	4,503	5,230
	In the second to fifth year inclusive	18,229	20,920
	After five years	7,254	13,514
	Total	29,986	39,664

34 CONTINGENT LIABILITIES - UNSECURED

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Corporate guarantees	-	2,371	60,114	68,770

POTENTIAL CLAIMS FROM SUB-CONTRACTOR

In 2007, claims of $1,072,000 by a sub-contractor were made against a subsidiary for costs incurred on a completed project. As at 30 June 2007, the directors of the subsidiary have assessed these costs to be invalid claims and the subsidiary has no obligation to settle these claims. Accordingly, these liabilities were not recognised on the balance sheet as at 30 June 2007. These claims were disclosed as contingent liabilities as the realisation of these liabilities is dependent on the outcome of the subsidiary's conclusion of the subject matter with the sub-contractor. In 2008, a settlement was reached with the sub-contractor. The sub-contractor had agreed to discharge all the claims.

POTENTIAL CLAIMS FROM CONTRACT CUSTOMER

During the year, a customer from a mobilisation contract sought to claim amounts of $2,453,000 against a subsidiary for costs incurred on a completed project. As at 30 June 2008, management with the advice from the legal counsels have assessed that the subsidiary is not liable for the claims and accordingly, have not recognised these liabilities on the balance sheet. The realisation of these liabilities is dependent on the outcome of the subsidiary's resolution with the customer.

OTHER CLAIMS

In addition, there were other various claims by users of the port terminal and ex-employees against a subsidiary for which the management's legal counsel have advised that they do not consider these claims have merit. As at 30 June 2008, no provision has been recognised in these financial statements as the Group's management does not consider that there is any probable loss. The realisation of these claims are dependent on the outcome of the subsidiary's resolution with these users and ex-employees.

35 DIVIDEND

Subsequent to 30 June 2008, the directors of the Company recommended that a first and final tax exempt dividend be paid at $0.00807 per ordinary share under the one-tier tax system on the ordinary shares of the Company totaling $1,176,000 for the financial year just ended. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 - *Events After The Balance Sheet Date.*

During the financial year ended 30 June 2008, the directors of the Company declared and paid a first and final tax-exempt dividend of $0.0021 per ordinary share under the one-tier tax system on the ordinary shares of the Company totaling $301,000 for the financial year ended 30 June 2007.

During the financial year ended 30 June 2007, the directors of the Company declared and paid a first and final tax-exempt dividend of $0.0191 per ordinary share under the one-tier tax system on the ordinary shares of the Company, totaling $2,777,000 in respect of the financial year ended 30 June 2006.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

36 SHARE BASED PAYMENTS

The Company has a share option scheme (equity-settled) for confirmed full-time employees and executive directors of the Company and/or its subsidiaries to acquire unissued ordinary shares of the Company. Controlling shareholders and their associates and non-executive directors, including independent directors are not eligible to participate in the Scheme.

The committee administering the option scheme comprises three independent directors. Options are forfeited if the employee leaves the Group before the options vest. The subscription price payable to exercise options granted under the Scheme shall be determined by the Committee in its absolute discretion and fixed by the Committee as follows:

i) **Non-discounted options**

The average of the last dealt prices of the Company's shares on five consecutive market days immediately prior to the relevant offer date.

ii) **Discounted options**

A subscription price at up to the maximum discount of 20% to the market price of the Company's share.

Under the Scheme, the option period during which the options can be exercised is as follows:

i) **For non-discounted options**

The period commencing on the first anniversary of the offering date of such options and ending on the day immediately preceding the tenth anniversary of such offering date; and

ii) **For discounted options**

The period commencing on the second anniversary of the offering date of such options and ending on the day immediately preceding the tenth anniversary of such offering date.

The options are granted for a consideration of $1 for all the shares in respect of which the options are granted.

Details of the share options outstanding during the year are as follows:

	2008		2007	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	5,705,000	0.433	4,963,000	0.449
Granted during the year	1,966,000	0.355	1,595,000	0.379
Lapsed during the year	(477,000)	0.420	(853,000)	0.426
Exercised during the year	(323,000)	0.408	-	-
Outstanding at the end of the year	6,871,000	0.413	5,705,000	0.433
Exercisable at the end of the year	4,983,000	0.435	4,249,000	0.452

The average share price during the period when the options were exercised were $0.49 (2007 : Nil).

Options were granted on 3 November 2003, 1 January 2005, 1 January 2006, 15 January 2007 and 27 March 2008. The estimated fair values of the options granted on those dates are $0.14, $0.10, $0.08, $0.06 and $0.18 respectively. The options outstanding at the end of the year have a weighted average remaining contractual life of 7.8 years (2007 : 8.1 years).

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2008	2007	2006
Weighted average share price	0.38	0.39	0.43
Weighted average exercise price	0.355	0.379	0.420
Expected volatility interest	43%	24%	31%
Expected life of option	7.39	6.20	7.36
Risk free interest rate	0.50%	3.01%	2.76%
Expected dividend yield	2.31%	4.55%	5.41%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised total expense of $164,000 (2007 : $115,000) and a corresponding credit to share option reserve related to equity-settled share-based payment transactions during the year.

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

37 COMPARATIVE FIGURES

In accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, comparative figures for the results of discontinued operations are represented as follows:

	2007 (Previously reported)	Reclassifications	2007 (After reclassification)
Revenue	102,040	(564)	101,476
Cost of sales	(73,937)	568	(73,369)
Other income	5,129	(8)	5,121
Administrative expenses	(25,994)	195	(25,799)
Finance costs	(1,962)	308	(1,654)
Profit before tax	2,843	499	3,342
Income tax expense	(3,485)	(150)	(3,635)
Loss from continuing operations	(642)	349	(293)
Discontinued operations			
Loss for the year from discontinued operations	-	(349)	(349)

38 EVENTS AFTER THE BALANCE SHEET DATE

(a) On 2 July 2008, Portek Ports Holdings Pte Ltd incorporated a wholly owned subsidiary, Portek Algeria Terminals Pte Ltd, a company incorporated in Singapore, with a share capital of $2.

(b) On 21 July 2008, the Group made an additional capital injection of $3,230,000 in cash into a subsidiary, Gabon Ports Management S.A.

STATEMENT OF DIRECTORS

In the opinion of the directors, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 32 to 100 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 30 June 2008, and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and 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.

ON BEHALF OF THE DIRECTORS

Lam Choon Seng

Ooi Boon Hoe

Singapore
23 September 2008

STATISTICS OF SHAREHOLDINGS
AS AT 22 SEPTEMBER 2008

Issued and paid-up capital	:	**$31,509,933**
No. of issued and fully paid-up shares	:	**145,765,960**
Class of shares	:	**Ordinary shares**
Voting rights	:	**One vote per share**

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size Of Shareholdings	Number Of Shareholders	% Of Shareholders	Number Of Shares	% Of Shares
1-999	26	3.23	4,815	0.00
1,000-10,000	480	59.63	2,154,491	1.48
10,001-1,000,000	281	34.91	32,992,178	22.63
1,000,001 AND ABOVE	18	2.23	110,614,476	75.89
	805	100.00	145,765,960	100.00

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 22 September 2008.

	NUMBER OF SHARES HELD					
Name	Direct	%	Deemed	%	Total Interest	%
Lam Choon Seng	32,297,638	22.16	-	-	32,297,638	22.16
Lam Family Trust	27,000,000	18.52	-	-	27,000,000	18.52

FREE FLOAT

As at 22 September 2008, approximately 56.41% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

LIST OF TOP TWENTY SHAREHOLDERS
AS AT 22 SEPTEMBER 2008

S/n	Name Of Shareholder	Number Of Shares	% Of Shareholdings
1	LAM CHOON SENG	32,297,638	22.16
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	28,830,000	19.78
3	KIM ENG SECURITIES PTE LTD	7,880,000	5.41
4	PORNCHADA VANICH	7,184,000	4.93
5	HONG LEONG FINANCE NOMINEES PTE LTD	5,553,000	3.81
6	LOW BOON HOH	4,180,616	2.87
7	PHILLIP SECURITIES PTE LTD	3,844,163	2.64
8	GOH KIA SENG	3,509,000	2.41
9	OOI BOON HOE	2,907,940	1.99
10	KOK CHOONG HWA	2,683,039	1.84
11	PETER MICHAEL DARLEY	1,910,268	1.31
12	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,902,000	1.30
13	CIMB-GK SECURITIES PTE. LTD	1,862,000	1.28
14	SING INVESTMENTS & FINANCE NOMINEES PTE LTD	1,350,000	0.93
15	GAN ENG GHEE	1,326,000	0.91
16	TOK SOON CHONG	1,276,812	0.88
17	DBS NOMINEES PTE LTD	1,068,000	0.73
18	LEE GIM SENG	1,050,000	0.72
19	UOB KAY HIAN PTE LTD	989,000	0.68
20	HERBERT CHAN KOK KHENG (HERBERT ZENG GUOQING)	977,000	0.67
	TOTAL	**112,580,476**	**77.25**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Portek International Limited will be held at Coleman Room, Level 1, Grand Plaza Park Hotel, 10 Coleman Street, Singapore 179809 on the 31st day of October 2008 at 9:30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. **Resolution 1**
   To receive and, if approved, to adopt the Audited Accounts for the financial year ended 30 June 2008 together with the Directors' Report and Auditors' Report thereon.

2. **Resolution 2**
   To declare a Final Dividend of 0.807 cents per ordinary share, tax exempt under the Singapore one-tier corporate tax system, for the financial year ended 30 June 2008 as recommended by the Directors.

3. **Resolution 3**
   To approve Directors' fees of $155,000 for the financial year ended 30 June 2008.

4. **Resolution 4**
   To re-elect Mr Ooi Boon Hoe who is retiring under Article 107 of the Company's Articles of Association. [See Explanatory Note 1]

5. **Resolution 5**
   To re-elect Mr Lee Chee Yeng who is retiring under Article 107 of the Company's Articles of Association. [See Explanatory Note 2]

6. **Resolution 6**
   To re-appoint Messrs Deloitte & Touche LLP, Certified Public Accountants as auditors of the Company and to authorize the Directors to fix their remuneration.

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

AS SPECIAL BUSINESS

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

8. **Resolution 7**
   Authority to allot and issue shares up to 50 per cent of issued shares in the capital of the Company

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

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with paragraph (2) below);

   (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares;

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

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note 3]

9. **Resolution 8**
Authority to allot and issue shares pursuant to the Portek Employees' Share Option Scheme 2002

That the Directors be and are hereby authorized to offer and grant options in accordance with the provisions of the Portek Employees' Share Option Scheme 2002 (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of options under the Scheme, provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen percent (15%) of the total issued share capital of the Company from time to time. [See Explanatory Note 4]

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Transfer Book and the Register of Members of the Company will be closed on 11 November 2008 for the purpose of preparing dividend warrants. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services, at 8 Cross Street #11-00, PWC Building, Singapore 048424 up to 5.00 p.m. on 10 November 2008 will be registered to determine shareholders' entitlement to the proposed dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5 p.m. on 10 November 2008 will be entitled to the proposed dividends.

The final dividend of 0.807 cents per ordinary share, tax exempt under the Singapore one-tier corporate tax system, if approved at the Annual General Meeting, will be paid on 21 November 2008.

BY ORDER OF THE BOARD
ONG WEI JIN
COMPANY SECRETARY

14 October 2008

Singapore

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

ORDINARY BUSINESS

1. If re-elected under Resolution 4, Mr Ooi Boon Hoe will remain as an Executive Director of the Company.

2. If re-elected under Resolution 5, Mr Lee Chee Yeng will remain as a member of the Audit, Nominating and Remuneration Committees and will be considered as an Independent Director of the Company.

SPECIAL BUSINESS

3. Resolution 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50 per cent of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20 per cent of the total number of issued shares (excluding treasury shares) may be issued other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

4. Resolution 8 is to empower the Directors to issue shares pursuant to the Portek Employees' Share Option Scheme 2002 (the "Scheme"), which was approved at the Extraordinary General Meeting of the Company held on 12 November 2002 of up to an amount not exceeding in total of fifteen percent (15%) of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme.

Notes:

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

ii. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

iii. The instrument appointing a proxy must be deposited at the registered office of the Company at 20 Harbour Drive, #02-01 PSA Vista, Singapore 117612 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

GROUP DIRECTORY

Portek International Limited, its subsidiaries, joint ventures, associates and representative offices:

Singapore (Headquarters)
PORTEK INTERNATIONAL LIMITED
20 Harbour Drive #02-01 PSA Vista
Singapore 117612
Tel: (65) 6873 1114
Fax: (65) 6873 2224
E-mail: enquiry@portek.com

SUBSIDIARIES

SINGAPORE

PORTEK SYSTEMS AND EQUIPMENT PTE LTD
PORT TECHNOLOGY PTE LTD
PORTEK PORTS HOLDINGS PTE LTD
PORTEK TERMINALS PTE LTD
PETROSAHARA PTE LTD
EUROPORT INTERNATIONAL PTE LTD
20 Harbour Drive #02-01 PSA Vista
Singapore 117612
Tel: (65) 6873 1114
Fax: (65) 6873 2224
E-mail: enquiry@portek.com

Factory / Warehouse
12 Tuas South Street
Jurong Industrial Estate
Singapore 638052
Tel: (65) 6862 2690
Fax: (65) 6862 2847
E-mail: enquiry@portek.com

PJ MARINE SERVICES PTE LTD
No 8 Boon Lay Way
#06-01/02 TradeHub 21
Singapore 609964
Tel: (65) 6515 4475
Fax: (65) 6515 4365
E-mail: enquiry@portek.com

MALAYSIA

PORTEK (MALAYSIA) SDN BHD
3rd Floor, No 17 Jalan Ipoh Kecil
50350 Kuala Lumpur,
Malaysia
Tel: (603) 5621 4682
Fax: (603) 5621 4689
E-mail: enquiry@portek.com

HONG KONG SAR

PORTEK NORTH ASIA LIMITED
Unit C 15/F, Chinabest International Centre
No. 8 Kwai On Road, Kwai Chung, N. T.
Hong Kong SAR, P.R. China
Tel: (852) 2648 2113
Fax: (852) 2648 2162
E-mail: enquiry@portek.com

GROUP DIRECTORY

CHINA

JASON AUTOMATION (NORTH ASIA) CO., LTD
E-mail: enquiry@portek.com

Beijing
No.52 Yonghegong Street,
Dongcheng District,
Beijing, P.R. China
P.C. 100007
Tel: (86 21) 6346 0085/0086
Fax: (86 21) 6346 0087

Shanghai
Room 905, An Ji Plaza
No.760 South Xi Zang Road,
Shanghai, P.R. China
P.C. 200011
Tel: (86 21) 6346 0085/0086
Fax: (86 21) 6346 0087

Shenzhen
Rm. 301, Building 1,
No. 1111 Sha Tian Road, Yantian District
Shenzhen, P.R. China.
P.C. 518002
Tel: (86 755) 2520 9516/26/36
Fax: (86 755) 2520 9506

INDONESIA

PT. PORTEK INDONESIA
Jakarta (Main Office)
Jl. Griya Utama, Sunter Agung
Puri Mutiara Blok A/117
Jakarta Utara, 14350
Indonesia.
Tel: (62 21) 6531 0681/ 0682
Fax: (62 21) 6531 0683
E-mail: enquiry@portek.com

Banjarmasin (Branch)
Jl Cempaka 13
No. 11 Rt.1 92
Banjarmasin
Tel: (62 511) 3355480
Fax: (62 511) 3355480

Medan (Branch)
Jl Krakatau No. 251
Kel. Pulo Brayan Darat 1
Medan 20239, North Sumatera, Indonesia
Tel: (62 61) 663 0911
Fax: (62 61) 663 6235

Semarang (Branch)
Jalan Usman Janatin 18 / II – III,
Semarang Utara 50174, Indonesia
Tel: (62 24) 355 0728/9
Fax: (62 24) 355 0730

Surabaya (Branch)
Jalan Perak Timur, 512 – Block A9 and A10
Kelurahan Perak Utara, Kecamatanabean Cantikan,
Wilayah Surabaya Utara, Indonesia
Tel: (62 31) 328 3233
Fax: (62 31) 328 3234

Bitung (Branch)
Jl. Madidir Unet
Lingkungan 1 RT/RW 01
Madidir-Bitung
Sulawesi Utara, 95524
Tel : (62 438) 34537
Fax : (62 438) 34537

PT. PORTINDO DINAMIKA
Kawasa Pergudangan INKOPAU
JL.RE Martadinata 100 Blok A8 Tanjung Priok
Jakarta Utara-Indonesia
Tel : (62)21-65318326-27 ext 107
Fax : (62)21-65310684
E-mail: enquiry@portek.com

Multi-purpose Terminal Location
Cabang Banten Terminal
Jalan Raya Pelabuhan No. 1
Ciwandan, Banten , Indonesia
Tel: (62 254) 6000537
Fax: (62 254) 6000537

PT. SERBAGUNA TERMINAL
Jl. RE Martadinata 100
Tanjung Priok, Jakarta Utara
Indonesia
Tel/Fax: (62 21) 4390 3186
Email: enquiry@portek.com

PT. INDO LOG
Kawasan Pergudangan INKOPAU
Jl. RE Martadinata 100 Blok A8
Jakarta - Indonesia
Tel/Fax: (62-21) 43903187
E-mail: enquiry@portek.com

PT. SINAR PERKASA
Jl. Letjend S. Parman No 82C
Kel Kotabambu Selatan
Kec Palmerah, Kodya Jakarta Barat
Indonesia
E-mail: enquiry@portek.com

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

GROUP DIRECTORY

PHILIPPINES

PHILIPPINE PORT DEVELOPMENT INC.
C/o Unit 1710 Cityland 10
Tower 1 H.V. Dela Costa St.
Salcedo Village Makati City
Email: enquiry@portek.com

MALTA

VALLETTA GATEWAY TERMINALS LTD.
Maritime Trade Center
Xatt l-Ghassara ta' l-Gheneb
Marsa MRS1917
Malta
Tel : (356) 2205 7000
Fax : (356) 2205 7179
E-mail: enquiry@portek.com

SOUTH KOREA

HANGGU CRANETEK CO., LTD
Startowers Officetel #1221
76-1, Sangnam-Dong
Changwon, Kyongnam
641 – 831, Korea
Tel: (82 55) 281 6623
Fax: (82 55) 281 5108
E-mail: enquiry@portek.com

MAURITIUS

PORTEK MAURITIUS LTD
PORTEK SYSTEMS (MAURITIUS) LTD
PORTEK TERMINALS (MAURITIUS) LTD
PORTEK PORTS (MAURITIUS) LTD
PORT DEVELOPMENT CORPORATION LTD
C/o 4th Floor IBL House
Caudan , Port Louis
Republic of Mauritius
E-mail: enquiry@portek.com

LUXEMBOURG

PORTEK EUROPE S.A.
ENTAMI TECHNOLOGIES S.A.
16, Val Ste Croix, L -1370 Luxembourg
Tel: (352) 441640
Fax: (352) 457598
E-mail: enquiry@portek.com

REPUBLIC OF GABON

GABON PORTS MANAGEMENT S.A.
Zone Portuaire D'Owendo
BP 1051
Libreville, Gabon
Tel : (214) 703274
Fax: (214) 703140
E-mail: enquiry@portek.com

JOINT VENTURES/ASSOCIATES:

ALGERIA

BEJAIA MEDITERRANEAN TERMINALS
BMT Spa, Nouveau Quai, Port de Bejaia,
BP 549 RP 06000
BEJAIA – ALGERIE
Tel : (213) 34 229 665
Fax: (214) 34 227 151
E-mail: enquiry@portek.com

MALAYSIA

PENINSULAR PORTS SDN BHD
PORTEK ENGINEERING SDN BHD
3rd Floor, No 17 Jalan Ipoh Kecil
50350 Kuala Lumpur,
Malaysia
E-mail: enquiry@portek.com

PHILIPPINES

ASIAPORT EQUIPMENT & LOGISTICS CORPORATION
Terminal 16, North Harbour
Manila, Philippines
E-mail: enquiry@portek.com

PORTEK INTERNATIONAL LIMITED ANNUAL REPORT 2008

GROUP DIRECTORY

BUSINESS ASSOCIATES:

INDIA

KHEMKA INSTRUMENTS (PVT.) LTD
21 A Shakespeare Sarani
Calcutta, 700017 India
Tel: (91 33) 247 9751/52/53
Fax: (91 33) 240 1934
E-mail: kmkacal@vsnl.com
Contact person: Pradeep Khemka

PAKISTAN

KARSAZ TRADING (PVT.) LTD
820 – 825 Regal Trade Square, Saddar,
Karachi, Pakistan
Tel: (92 21) 776 5527 / 776 6080
Fax: (92 21) 772 2051
E-mail: karsaz@cyber.net.pk
Contact person: Syed Mujahid Rasool

TAIWAN

GADELIUS TAIWAN LTD
No. 22 – 1, Lane 886
Min Tsu 1st Rd,
Kaohsiung, Taiwan, R.O.C.
Tel: (88 67) 342 7872
Fax: (88 67) 342 5427
E-mail: rogermo@ms87.url.com.tw
Contact person: Roger Mo

PERU

INVERSIONES VELAOCHAGA S.A.C
Av. 2 de Mayo No. 1409
San Isidro, Lima 27, Peru
Tel: (51) 222 3310
Fax: (51) 368 2080
E-mail: ivsac@ivsac.com
Contact person: Carlos Reategui Rosello

AMERICA

ENTAMI TECHNOLOGIES INC.
3445 Seminole Trail, Suite 247
Charlottesville, Virginia 22911, USA
Tel : (1 434) 973 0486
Fax : (1 434) 973 0786
E-mail: adam@portek.com
Contact person: Adam Iskounen

PROXY FORM

IMPORTANT:
1. For investors who have used their CPF monies to buy Portek International Limited's shares, this Annual Report is forwarded to them at their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

(Please see notes overleaf before completing this Form)

PORTEK INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)

I/We ______________________________ (Name) NRIC/Passport No. ________________

of____ (Address)

being a member/members of the above-mentioned Company, hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Coleman Room, Level 1, Grand Plaza Park Hotel, 10 Coleman Street, Singapore 179809 on the 31st day of October 2008 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [X] within the box provided)

No.	Resolutions relating to:	For	Against
	Ordinary Business		
1.	Audited Accounts, Directors' Report and Auditors' Report for the financial year ended 30 June 2008		
2.	Declaration of Final Dividend of 0.807 cents per share		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Ooi Boon Hoe as a director under Article 107		
5.	Re-election of Mr Lee Chee Yeng as a director under Article 107		
6.	Re-appointment of Deloitte & Touche LLP as Auditors		
	Special Business		
7.	Authority to allot and issue shares up to 50 per cent of issued shares in the capital of the Company		
8.	Authority to allot and issue shares pursuant to the Portek Employees' Share Option Scheme 2002		

Dated this .... day of .... 2008.

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

....
Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

NOTES TO THE PROXY FORM

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

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

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first-named proxy shall be deemed to represent 100 per cent of his/her shareholding and the second named proxy shall be deemed to be an alternate to the first-named.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the registered office of the Company at 20 Harbour Drive, #02-01 PSA Vista, Singapore 117612, not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be for or against the Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the Meeting.

GENERAL:

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

www.portek.com

PORTEK INTERNATIONAL LIMITED
20 Harbour Drive #02-01
PSA Vista Singapore 117612
Tel: (65) 6873 1114   Fax: (65) 6873 2224

www.portek.com

Co.Reg. No. 199607287G