

UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

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

	Note	3 Months Ended 30 June			6 Months Ended 30 June		
		2Q2020 S\$'000	2Q2019 S\$'000	Increase (Decrease) %	1H2020 S\$'000	1H2019 S\$'000	Increase (Decrease) %
Revenue		1,751	20	n.m	2,983	86	n.m
Cost of sales		(541)	(6)	n.m	(954)	(49)	n.m
Gross profit		1,210	14	n.m	2,029	37	n.m
Other operating income	1(a)(ii)	383	130	195%	361	227	59%
Other gains - net	1(a)(ii)	272	34	700%	494	44	n.m
Expenses							
- General and administrative expenses		(592)	(466)	27%	(1,120)	(1,080)	4%
- Other operating expenses		(1)	-	n.m	(1)	-	n.m
- Finance costs		(246)	(18)	n.m	(472)	(31)	n.m
Profit/(loss) before income tax	1(a)(ii)	1,026	(306)		1,291	(803)	
Income tax expense		(368)	-	n.m	(368)	-	n.m
Profit/(loss) after tax		658	(306)		923	(803)	
Other comprehensive income/(loss):							
Items that will not be reclassified subsequently to profit or loss:							
Equity investments at FVOCI - net change in fair value		-	(1)	100%	-	(1)	100%
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation		(462)	(40)	n.m	29	(80)	136%
Total comprehensive income/(loss) for the financial period		196	(347)	156%	952	(884)	208%
Profit/(loss) attributable to:							
Equity holders of the Company		523	(310)	269%	647	(783)	183%
Non-controlling interests		135	4	n.m	276	(20)	n.m
		658	(306)	315%	923	(803)	215%
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		75	(349)	121%	671	(859)	178%
Non-controlling interests		121	2	n.m	281	(25)	n.m
		196	(347)	156%	952	(884)	208%

n.m = Not meaningful

1(a)(ii) Additional notes to the statement of comprehensive income for the group for the corresponding period of the immediate preceding financial year.

Note	3 Months Ended 30 June			6 Months Ended 30 June		
	2Q2020	2Q2019	Increase	1H2020	1H2019	Increase
	S\$'000	S\$'000	(Decrease) %	S\$'000	S\$'000	(Decrease) %

Other operating income/(losses):

Interest income from PTMII	32	78	-59%	93	157	-41%
Interest income from banks	26	59	-56%	45	102	-56%
Government grants	1	-	n.m	2	7	-71%
Fair value changes on profit guarantee due from Vendors [#]	323	(16)	n.m	220	(50)	540%
Sundry income	1	9	-89%	1	11	-91%
	<u>383</u>	<u>130</u>	195%	<u>361</u>	<u>227</u>	59%

Other gains/(losses) - net:

Currency exchange gains	272	37	635%	494	33	n.m
Loss on disposal of plant and equipment	-	(3)	-100%	-	(9)	-100%
Bad debt reversed	-	-	n.m	-	20	-100%
	<u>272</u>	<u>34</u>	n.m	<u>494</u>	<u>44</u>	n.m

Depreciation included in:

- cost of sales	(227)	(5)	n.m	(428)	(11)	n.m
- general and administrative expenses	(36)	(22)	64%	(73)	(53)	38%
Interest expense	(246)	(18)	n.m	(472)	(31)	n.m
Allowance for impairment of trade and other receivables	(1)	-	n.m	(1)	-	n.m
Employee compensation	<u>(403)</u>	<u>(293)</u>	38%	<u>(719)</u>	<u>(707)</u>	2%

n.m = Not meaningful

[#]Movement in contingent consideration on acquisition of PTMII in Note 1(b)(ii) are as follows:

Note	Group		Company	
	As at 30	As at 31	As at 30	As at 31
	June 2020	December 2019	June 2020	December 2019
	S\$'000	S\$'000	S\$'000	S\$'000
		(Audited)		(Audited)
Balance at beginning of year	6,056	6,134	6,056	6,134
Less: Payments received	(1,110)	-	(1,110)	-
Fair value changes on profit guarantee due from Vendors	220	(78)	220	(78)
Balance at end of year	<u>5,166</u>	<u>6,056</u>	<u>5,166</u>	<u>6,056</u>

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

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		June 2020	December 2019	June 2020	December 2019
		S\$'000	S\$'000	S\$'000	S\$'000
			(Audited)		(Audited)
ASSETS					
Current assets					
Trade and other receivables	1(b)(ii)	6,652	6,914	2,694	2,391
Inventories		30	21	-	-
Amounts due from subsidiaries		-	-	4,205	4,369
Cash and cash equivalents		8,385	2,552	6,043	1,019
Loans due from PTMII		9,935	14,013	9,935	14,013
Total current assets		25,002	23,500	22,877	21,792
Non-current assets					
Property, plant and equipment		567	617	315	352
Right-of-use assets		10,852	7,299	56	85
Investment in subsidiaries		-	-	200	200
Deferred tax asset		16	16	-	-
Trade and other receivables	1(b)(ii)	2,532	3,699	2,532	3,699
Club membership		6	6	6	6
Total non-current assets		13,973	11,637	3,109	4,342
Total assets		38,975	35,137	25,986	26,134
LIABILITIES					
Current liabilities					
Trade and other payables	1(b)(iii)	3,073	2,894	351	316
Amounts due to subsidiaries		-	-	150	150
Lease liabilities		2,119	1,374	34	57
Current income tax liabilities		370	12	-	-
Total current liabilities		5,562	4,280	535	523
Non-current liabilities					
Lease liabilities		6,402	4,798	24	29
Total non-current liabilities		6,402	4,798	24	29
Total liabilities		11,964	9,078	559	552
NET ASSETS		27,011	26,059	25,427	25,582
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		35,763	35,763	35,763	35,763
Currency translation reserve		(92)	(116)	-	-
Accumulated losses		(8,767)	(9,414)	(10,336)	(10,181)
Capital reserve		146	146	-	-
		27,050	26,379	25,427	25,582
Non-controlling interests		(39)	(320)	-	-
Total equity		27,011	26,059	25,427	25,582

1(b)(ii) Trade and other receivables comprises:

	Note	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
		S\$'000	S\$'000 (Audited)	S\$'000	S\$'000 (Audited)
Current assets					
Trade receivables - non-related parties		1,449	735	-	-
Allowance for impairment losses		(1)	(1)	-	-
		1,448	734	-	-
Advance payment to suppliers		-	1,304	-	-
Value-added tax (VAT) recoverable		1,059	889	4	1
Contingent consideration on acquisition of PTMII		2,634	2,357	2,634	2,357
Sundry receivables (net)		1,363	1,456	-	-
		6,504	6,740	2,638	2,358
Deposits		19	19	14	14
Prepayments		129	155	42	19
		6,652	6,914	2,694	2,391
Non-current assets					
Contingent consideration on acquisition of PTMII		2,532	3,699	2,532	3,699
		2,532	3,699	2,532	3,699

1(b)(iii) Trade and other payables comprises:

	Note	Group		Company	
		As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
		S\$'000	S\$'000 (Audited)	S\$'000	S\$'000 (Audited)
Current liabilities					
Trade payables - non-related parties		154	122	-	-
Accruals		244	396	232	307
Loan from third party (former non-controlling interest of a subsidiary) [Note 1]		2,114	2,119	-	-
Other payables		561	257	119	9
		3,073	2,894	351	316

Note 1

Refers to the former shareholder, Mr William Jackson's loan on 7 August 2017 to fund the working capital of PT IPA. This was prior to PSL's acquisition on 18 August 2017 of 75% shares in the subsidiary. The loan which bears interest at 11% per annum has no fixed repayment term, can be repaid either in part or in its entirety. For FY2017 to FY2019, Mr William Jackson has accepted to waive the interest on the loan. At Mr William Jackson's request, he was repaid S\$433,000, leaving balance of his loan of S\$2,114,000 to PT IPA as at 30 June 2020.

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

	Note	As at 30 June 2020		As at 31 December 2019	
		Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand		2,119	-	1,374	-
Amount repayable after one year		6,402	-	4,798	-

Details of collateral

The Group's finance lease liabilities are secured by the leased assets.

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

	Group 3 Months Ended 30 June		Group 6 Months Ended 30 June	
Note	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Cash flows from operating activities				
Profit/(loss) before taxation	1,026	(306)	1,291	(803)
Adjustments for:				
Depreciation of plant and equipment	263	27	501	64
Loss on disposal of plant and equipment	-	3	-	9
Fair value changes on profit guarantee due from vendors	(323)	16	(220)	50
Interest income	(58)	(137)	(138)	(259)
Interest expense	246	18	472	31
Operating profit/(loss) before working capital changes	1,154	(379)	1,906	(908)
Changes in inventories	1	-	(9)	36
Changes in trade and other receivables	2,954	(793)	637	(931)
Changes in trade payables, other payables and accruals	(2,774)	(343)	184	(1,191)
Cash generated from/(used in) operations	1,335	(1,515)	2,718	(2,994)
Income tax paid	(8)	(1)	(10)	(9)
Net cash generated from/(used in) operating activities	1,327	(1,516)	2,708	(3,003)
Cash flows from investing activities				
Interest received	26	59	45	102
Acquisition of plant and equipment	(3)	(59)	(20)	(289)
Proceeds from disposal of plant and equipment	-	18	-	177
Net cash generated from/(used in) investing activities	23	18	25	(10)
Cash flows from financing activities				
Repayment of loans and accrued interest due from PTMII	-	-	4,569	-
Repayment of obligations under finance lease	-	-	-	(61)
Repayment of lease liabilities	(690)	-	(1,190)	-
Increase/(decrease) of loan due to third party (former non-controlling interest of a subsidiary)	212	15	(5)	31
Decrease in short-term deposits pledged	-	1,015	-	656
Interest paid	(246)	(18)	(472)	(31)
Net cash (used in)/generated from financing activities	(724)	1,012	2,902	595
Net increase/(decrease) in cash and cash equivalents	626	(486)	5,635	(2,418)
Cash and cash equivalents at beginning of financial period	7,650	2,635	2,552	4,546
Effect of currency translation	109	9	198	30
Cash and cash equivalents at end of financial period	8,385	2,158	8,385	2,158
Cash and cash equivalents				
Cash and bank balances	8,385	4,142	8,385	4,142
Less: Fixed deposits pledged with financial institutions	-	(1,984)	-	(1,984)
Cash and cash equivalents at end of financial period	8,385	2,158	8,385	2,158

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

	Share capital	Accumulated losses	Currency translation reserve	Fair value reserve	Capital reserve	Total	Non-controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

FOR 6 MONTHS ENDED 30 JUNE

GROUP

Balance as at 1 January 2020	35,763	(9,414)	(116)	-	146	26,379	(320)	26,059
Net profit for the period	-	647	-	-	-	647	276	923
Other comprehensive income for the period	-	-	24	-	-	24	5	29
Balance as at 30 June 2020	35,763	(8,767)	(92)	-	146	27,050	(39)	27,011
Balance as at 1 January 2019	35,763	(8,082)	24	(3)	146	27,848	(359)	27,489
Net loss for the period	-	(783)	-	-	-	(783)	(20)	(803)
Other comprehensive loss for the period	-	-	(75)	(1)	-	(76)	(5)	(81)
Balance as at 30 June 2019	35,763	(8,865)	(51)	(4)	146	26,989	(384)	26,605

COMPANY

Balance as at 1 January 2020	35,763	(10,181)	-	-	-	25,582	-	25,582
Net loss for the period	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	35,763	(10,181)	-	-	-	25,582	-	25,582
Balance as at 1 January 2019	35,763	(9,384)	-	-	-	26,379	-	26,379
Net loss for the period	-	(771)	-	-	-	(771)	-	(771)
Balance as at 30 June 2019	35,763	(10,155)	-	-	-	25,608	-	25,608

FOR 3 MONTHS ENDED 30 JUNE

GROUP

Balance as at 1 April 2020	35,763	(9,290)	356	-	146	26,975	(160)	26,815
Net profit for the period	-	523	-	-	-	523	135	658
Other comprehensive loss for the period	-	-	(448)	-	-	(448)	(14)	(462)
Balance as at 30 June 2020	35,763	(8,767)	(92)	-	146	27,050	(39)	27,011
Balance as at 1 April 2019	35,763	(8,555)	(13)	(3)	146	27,338	(386)	26,952
Net (loss)/profit for the period	-	(310)	-	-	-	(310)	4	(306)
Other comprehensive loss for the period	-	-	(38)	(1)	-	(39)	(2)	(41)
Balance as at 30 June 2019	35,763	(8,865)	(51)	(4)	146	26,989	(384)	26,605

COMPANY

Balance as at 1 April 2020	35,763	(10,058)	-	-	-	25,705	-	25,705
Net loss for the period	-	(278)	-	-	-	(278)	-	(278)
Balance as at 30 June 2020	35,763	(10,336)	-	-	-	25,427	-	25,427
Balance as at 1 April 2019	35,763	(9,812)	-	-	-	25,951	-	25,951
Net loss for the period	-	(343)	-	-	-	(343)	-	(343)
Balance as at 30 June 2019	35,763	(10,155)	-	-	-	25,608	-	25,608

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

Share Capital

There was no change in the company's share capital since 31 December 2019.

Convertible Securities

There are no outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Treasury Shares and Subsidiary Holdings

The Company did not have any treasury shares and subsidiary holdings as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

Number of shares	As at 30 June 2020	As at 31 December 2019
Total number of issued shares (excluding treasury shares)	55,686,996	55,686,996

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest audited financial statements for the financial year ended 31 December 2019 was subject to a disclaimer of opinion on the recoverability of loans due from PT. Momentum Indonesia Investama ("PTMII") and contingent consideration receivable by the Company.

Where it relates to the contingent consideration (profit guarantee) receivable by the Company, Mr Sudirman Kurniawan, Mr Angelo Fernandus, PT. Triputra Senamustika (collectively, the "**Sudirman Group**") have made timely repayments for the 6 instalments in accordance to the Repayment Schedule stated in Schedule 2 of the Announcement dated 21 February 2020.

As stated in Paragraph 8.5 on Page 6 of the Company's announcement dated 21 February 2020, the Sudirman Group's repayment of the contingent consideration are secured by a pledge from the Sudirman Group in favour of the Company over the original unencumbered title deeds of the Sudirman Group Vessels (collectively, the "**Collateral**"). Further, if there is a default in timely payment of any of the instalments, the Company is entitled to sell all of the Sudirman Group Vessels which are secured by the Collateral.

Payment Date	Amount Received	Purpose of Transfer
10 and 13 February 2020	US\$0.16 million	First instalment payment of Profit Guarantee
27 March 2020	US\$0.16 million	Second instalment payment of Profit Guarantee
24 April 2020	US\$0.16 million	Third instalment payment of Profit Guarantee
28 May 2020	US\$0.16 million	Fourth instalment payment of Profit Guarantee
30 June 2020	US\$0.16 million	Fifth instalment payment of Profit Guarantee
30 July 2020	US\$0.16 million	Sixth instalment payment of Profit Guarantee

On PTMII's inability to settle balance of its indebtedness of US\$8.5 million, the Company, as disclosed in the Announcement dated 24 June 2020, has entered into a Variation Agreement with the Sudirman Group on 24 June 2020 to vary and amend the New Term Sheet and the New Settlement Agreement on the terms and conditions of the Variation Agreement with regards to the Extensions of time, the distribution of remaining cash balance in PT MII and the Share Transfer.

On 7 August 2020, the Company further released a Holding Announcement to update shareholders on the key matters in relation to the Variation Agreement.

Subsequent announcements will be made by the Company to keep its shareholders updated on any further material developments as and when appropriate.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

The Board confirms that the impact of the recoverability of loans due from PT. Momentum Indonesia Investama ("PTMII") and contingent consideration receivable by the Company has been adequately disclosed.

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

Save as disclosed in paragraph 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period reported on as those used in the most recent audited annual financial statements.

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period reported on as those used in the most recently audited financial statements for the financial year ended 31 December 2019, save for the adoption of the Singapore Financial Reporting Standard (International) ("SFRS(I)") and Interpretation of SFRS(I) ("INT FRS(I)") that are mandatory for financial years beginning on or after 1 January 2020. The adoption of these new SFRS(I) and INT FRS(I) have no material impact to the results of the Group and of the Company for the current financial period reported on.

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

	Group 3 Months Ended 30 June		Group 6 Months Ended 30 June	
	2020	2019	2020	2019
Profit/(loss) per share				
(i) Based on weighted average number of ordinary shares on issue (cents)	0.94	(0.56)	1.16	(1.41)
(ii) On a fully diluted basis (cents) *	0.94	(0.56)	1.16	(1.41)
Number of weighted average ordinary shares used in the computation of (i) and (ii)	55,686,996	55,686,996	55,686,996	55,686,996

* There are no diluted ordinary shares.

7. **Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current period reported on; and
(b) immediately preceding financial year.

	As at 30 June 2020	As at 31 December 2019
GROUP		
Net asset value per ordinary share (dollars)	0.49	0.47
COMPANY		
Net asset value per ordinary share (dollars)	0.46	0.46

The net asset value per ordinary share is calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings as at 30 June 2020 and 31 December 2019 of 55,686,996.

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

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

As disclosed in the Company's Results Announcement for the financial period ended 30 June 2019, the Group's construction logistics business is fully focused on opportunities in Indonesia. As part of the management's efforts to generate revenue and improve the financial performance of the Group, PT Indah Perkasa Abadi ("PT IPA") began sourcing for other projects in its ordinary course of business and which are more commercially viable. In May 2019, it successfully secured an agreement with PT. Cahaya Riau Mandiri ("PT CRM") to lease and operate heavy equipment. PT CRM carries on the business of mining activities, ranging from removal of overburden, coal mining and heavy equipment rental. PT CRM is an independent third party unrelated to any of PSL's Directors, controlling shareholders and each of their associates. Mr Edison, who is a 7.17% shareholder in PSL also owns 25% shares in PT CRM. He is not a director of PT CRM nor have any nominee(s) on the PT CRM board.

Arising from this project, PT IPA resumed its heavy equipment purchase plan which is at a cost of approximately S\$8.6 million. Approximately 80% of the said cost was financed by finance leases and the remaining by internal working capital.

In 1Q2020, PT IPA further purchased an additional 5 units of heavy equipment at a cost of approximately S\$3.6 million. Approximately 70% of the said cost was financed by finance leases and the remaining by internal working capital.

Financial Performance – 2Q2020 vs 2Q2019

Revenue increased from S\$20,000 in 2Q2019 to S\$1.75 million in 2Q2020 due to higher revenue from the Construction Logistics segment contributed by PT IPA from lease of heavy equipment to PT CRM which commenced from mid-August 2019. In tandem with the higher revenue, cost of sales increased from S\$6,000 in 2Q2019 to S\$0.5 million in 2Q2020, resulting in an increase in gross profit from S\$14,000 for 2Q2019 to S\$1.2 million for 2Q2020.

Other operating income increased from S\$0.1 million in 2Q2019 to S\$0.4 million in 2Q2020 mainly due to fair value changes on profit guarantee due from the Vendors of PTMII as well as a decrease in interest income from the loan to PTMII as a result of a reduction in the 6-month SIBOR rates during the period.

Other gains increased from S\$34,000 in 2Q2019 to S\$0.3 million in 2Q2020 mainly due to an increase in foreign exchange gains arising from the appreciation of IDR on the IDR denominated loan extended to PT IPA.

General and administrative expenses increased from S\$0.5 million in 2Q2019 to S\$0.6 million in 2Q2020 mainly due to a one-off increase in employee compensation.

Finance costs increased from S\$18,000 in 2Q2019 to S\$0.2 million in 2Q2020 mainly due to interest incurred on loans obtained by PT IPA to finance the purchase of heavy equipment.

Income tax expense of S\$0.4 million recorded in 2Q2020 is mainly due to higher net profit before tax recorded by the Group in 2Q2020 as compared to 2Q2019.

In respect of the above, the Group recorded a profit after tax of S\$0.7 million for 2Q2020 as compared to a loss of S\$0.3 million for 2Q2019, mainly due to a significant increase in gross profit contributed by PT IPA from lease of heavy equipment to PT CRM, increase in other gains arising from revaluation of profit guarantee denominated in USD due from the Vendors of PTMII as well as an increase in other gains arising from an increase in foreign exchange gains. This was partially offset by an increase in general and administrative expenses and higher finance costs incurred.

Financial Performance – 1H2020 vs 1H2019

Revenue increased from S\$86,000 in 1H2019 to S\$3.0 million in 1H2020 due to higher revenue from the Construction Logistics segment contributed by PT IPA from lease of heavy equipment to PT CRM which commenced from mid-August 2019. In tandem with the higher revenue, cost of sales increased from S\$49,000 in 1H2019 to S\$1.0 million in 1H2020, resulting in an increase in gross profit from S\$37,000 for 1H2019 to S\$2.0 million for 1H2020.

Other operating income increased from S\$0.2 million in 1H2019 to S\$0.4 million in 1H2020 mainly due to fair value changes on profit guarantee due from the Vendors of PTMII as well as a decrease in interest income from the loan to PTMII as a result of partial loan repayment made during the period.

Other gains increased from S\$44,000 in 1H2019 to S\$0.5 million in 1H2020 mainly due to an increase in foreign exchange gains arising from the appreciation of USD on the USD denominated loan due from PTMII.

General and administrative expenses recorded marginal difference in 1H2020 and 1H2019.

Finance costs increased from S\$31,000 in 1H2019 to S\$0.5 million in 1H2020 mainly due to interest incurred on loans obtained by PT IPA to finance the purchase of heavy equipment.

Income tax expense of S\$0.4 million recorded in 1H2020 is mainly due to higher net profit before tax recorded by the Group in 1H2020 as compared to 1H2019.

In respect of the above, the Group recorded a profit after tax of S\$0.9 million for 1H2020 as compared to a loss of S\$0.8 million for 1H2019, mainly due to a significant increase in gross profit contributed by PT IPA from lease of heavy equipment to PT CRM, increase in other gains arising from revaluation of profit guarantee denominated in USD due from the Vendors of PTMII as well as an increase in other gains arising from an increase in foreign exchange gains. This was partially offset by higher finance costs incurred.

Cash flow – 2Q2020 vs 2Q2019

Net cash generated from operating activities was S\$1.3 million in 2Q2020 compared to net cash used in operating activities of S\$1.5 million in 2Q2019 mainly due to (i) an increase in profit before taxation, (ii) a decrease in trade and other receivables from the Construction Logistics segment, (iii) higher depreciation charges for 11 and 5 units of heavy equipment purchased in 2Q2019 and 1Q2020 respectively, (iv) higher interest charges incurred by PT IPA to finance the purchase of heavy equipment, partially offset by (v) a decrease in trade and other payables from the Construction Logistics segment arising from loans obtained to finance the acquisition of another 5 units of heavy equipment in May 2020, evident from the increase in non-current lease liabilities explained below.

Net cash generated from investing activities recorded marginal difference in 2Q2020 and 2Q2019.

Net cash used in financing activities was S\$0.7 million in 2Q2020 compared to net cash generated from financing activities of S\$1.0 million in 2Q2019 mainly due to repayment of finance lease liabilities, changes in short-term deposits pledged to secure bank facilities and higher interest charges incurred by PT IPA to finance the purchase of heavy equipment. This was partially offset by an increase in loan due to third party (former non-controlling interest of a subsidiary) denominated in IDR arising from the appreciation of IDR from 1 April 2020 to 30 June 2020.

As a result of the above, the Group's cash and cash equivalents increased from S\$7.7 million as at 31 March 2020 to S\$8.4 million as at 30 June 2020.

Cash flow – 1H2020 vs 1H2019

Net cash generated from operating activities was S\$2.7 million in 1H2020 compared to net cash used in operating activities of S\$3.0 million in 1H2019 mainly due to (i) an increase in profit before taxation, (ii) a decrease in trade and other receivables from the Construction Logistics segment, (iii) an increase in trade and other payables from the Construction Logistics and Corporate segments, (iv) higher depreciation charges for 11 and 5 units of heavy equipment purchased in 2Q2019 and 1Q2020 respectively and (v) higher interest charges incurred by PT IPA to finance the purchase of heavy equipment.

Net cash generated from investing activities was S\$25,000 in 1H2020 compared to net cash used in investing activities of S\$10,000 in 1H2019 mainly due to a decrease in the acquisition of plant and equipment, coupled with a reduction in proceeds from the disposal of plant and equipment.

Net cash generated from financing activities was S\$2.9 million in 1H2020 compared to S\$0.6 million in 1H2019 mainly due to partial repayment of loan and accrued interest of US\$3.35 million (S\$4.57 million). This was partially offset by repayment of finance lease liabilities, changes in short-term deposits pledged to secure bank facilities and higher interest charges incurred by PT IPA to finance the purchase of heavy equipment.

As a result of the above, the Group's cash and cash equivalents increased from S\$2.6 million as at 31 December 2019 to S\$8.4 million as at 30 June 2020.

Financial Position

Current assets increased by S\$1.5 million from S\$23.5 million as at 31 December 2019 to S\$25.0 million as at 30 June 2020 mainly due to an increase in cash and cash equivalents as highlighted in the cash flow statement above, partially offset by a decrease in trade and other receivables arising from subsequent receipts from debtors after year end as well as a decrease in loans due from PTMII due to partial repayment of loan and accrued interest of US\$3.35 million (S\$4.57 million) subsequent to year end.

Non-current assets increased by S\$2.4 million from S\$11.6 million as at 31 December 2019 to S\$14.0 million as at 30 June 2020 mainly due to an increase in right-of-use assets (additional 5 units of heavy equipment) partially offset by a decrease in trade and other receivables arising from a decrease in profit guarantee due from the Vendors of PTMII arising from the reclassification from non-current to current.

Current liabilities increased by S\$1.3 million from S\$4.3 million as at 31 December 2019 to S\$5.6 million as at 30 June 2020 mainly due to (i) an increase in trade and other payables from the Construction Logistics and Corporate segments, (ii) an increase in loans obtained to finance the purchase of an additional 5 units of heavy equipment in May 2020 as well as (iii) an increase in income tax liabilities as a result of higher net profit before tax recorded by the Group subsequent to year end.

Non-current liabilities increased by S\$1.6 million from S\$4.8 million as at 31 December 2019 to S\$6.4 million as at 30 June 2020 due to an increase in loans obtained to finance the purchase of an additional 5 units of heavy equipment in May 2020, partially offset by the reclassification from non-current to current lease liabilities.

As a result of the above, the Group's net assets increased by S\$0.9 million from S\$26.1 million as at 31 December 2019 to S\$27.0 million as at 30 June 2020.

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

There was no forecast, or prospect statement, previously disclosed to shareholders.

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

On 24 June 2020, the Company announced that it has entered into a Variation Agreement with the Sudirman Group to vary and amend the New Term Sheet and the New Settlement Agreement on the terms and conditions of the Variation Agreement with regards to the Extensions of time, the distribution of remaining cash balance in PT MII and the Share Transfer.

On 22 June 2020, the Company announced that it has received a notification from the SGX-ST on 19 June 2020 that the SGX-ST is unable to grant an extension of time for the Company to satisfy the requirements for removal from the Watchlist. Accordingly, the Company will be delisted as the Company is unable to exit the financial watchlist by the end-date of the cure period of 4 June 2020.

On 4 August 2020, the Company announced that the Board of Directors have carefully considered the available exit strategies, and determined that it is in the best interests of the shareholders that the Company be voluntarily liquidated by way of a members' voluntary liquidation, and the proceeds raised from the liquidation distributed to Shareholders. The Company is in the process of appointing the liquidators. The Company will be convening an Extraordinary General Meeting to seek the approval of shareholders and a Circular to shareholders will be despatched in due course.

On 7 August 2020, the Company further released a Holding Announcement to update shareholders on the key matters in relation to the Variation Agreement.

The Covid-19 pandemic has shown no sign of abating; a gloomy economy outlook looks set to prolong. Lockdowns or movement controls, partial or full, in countries around the world have disrupted supply chains, affected production and decreased consumption thereby reducing the demand for most commodities.

The Group's Indonesian subsidiary PT Indah Perkasa Abadi ("PT IPA") achieved another profitable quarter. The Group will strive to maintain this momentum to continue to grow its business. The Group is wary of the growing challenging business environment and will exercise greater prudence in financial management.

The Company will continue to closely monitor the financial and economical impact of the Covid-19 pandemic on the business operations of the Group and keep shareholders updated as and when appropriate.

11. If a decision regarding dividend has been made: -

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Any dividend declared for the current financial period reported on?

No.

(b)(i) Amount per share cents

Not applicable.

(b)(ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared (recommended).

No profits were derived by PSL for FY2019 and with the accumulated losses to date, there were no retained earnings for any dividend appropriation.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders. There was no IPT during the current financial period reported on.

14. Negative confirmation by the Board pursuant to Rule 705(5)

We, Mr Fhifi Alfian Ronie SH and Mr Kee Siang Hui, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2020 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Kee Siang Hui
Executive Director

11 August 2020