PSL HOLDINGS LIMITED
Company Registration Number: 199707022K
(Incorporated in the Republic of Singapore)

MATTERS RELATING TO THE AUDIT AND THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Company through its 100% owned subsidiary, PSL Energy Resources Pte Ltd, has a 11.50% investment in unquoted equity shares in Sindo Resources Pte Ltd ("Sindo"). The carrying book value of Sindo is $821,000. There is also an amount due from Sindo amounting to $184,000 included in other receivables. The total of these amounts is $1,005,000. Following the recent change of management ("new management") with the change in substantial shareholdings, the new management while preparing for first quarter results, revisited the opening balances as at 1 January 2014. Based on the information available, impairment indicators already existed as at 31 December 2013 for Sindo and it appears that adequate impairment allowance was not made as at 31 December 2013. The management has now made an impairment allowance of $1,005,000.

This adjustment is due to reflect the new information obtained about the facts and circumstances that existed as of 31 December 2013 and, if known, would have affected the measurement of the amounts recognised as of that date. The information and facts available at that date included:

- Sindo decided to close down the operations in Jambi in early 2013 due to low demand of its poor quality coal of low caloric value and high moisture content.
- The coal index and hence the price of coal continue to decline since last year and it is not economical to extract the coal from the Jambi concession.
- Sindo has 5 other concessions. Two concessions had been explored. Of these, one has no coal presence and the other's quality of coal is not worth extracting. The remaining 3 were not explored as they are located too far away.

As a result of the above impairment allowance, other adjustments mainly relating to the reversal of provision of executive directors' performance bonus, offset by additional depreciation charge for renovation of the office for the subsidiary, PSL Energy Resources Pte Ltd, were made. The net increase of these amounts on net profit for the year is $18,000.

The above adjustments would decrease the profit for the year and net assets for 2013 of the Group as reported in the Company's Annual Report 2013 which was circulated to the shareholders by $987,000. The details of these effects on the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income items are presented below:

Consolidated Statement of Financial Position
31 December 2013

	Annual Report S$'000	Adjustments S$'000	Adjusted Balance S$'000
Assets			
Non-current assets			
Property, plant and equipment	2,699	(82)	2,617
Available-for-sale financial assets	821	(821)	-
Total non-current assets	**3,520**		**2,617**
Current assets			
Financial assets, at fair value through profit or loss	144		144
Trade receivables	4,027		4,027
Other receivables	7,542	(184)	7,358
Inventories	1,095		1,095
Cash and cash equivalents	42,850		42,850
Total current assets	**55,658**		**55,474**
TOTAL ASSETS	**59,178**		**58,091**
Equity and Liabilities			
Equity attributable to equity holdings of the Company			
Share capital	29,575		29,575
Retained earnings	23,916	(987)	22,929
Capital reserve	182		182
	53,673		52,686
Non-controlling interests	431		431
Total equity	**54,104**		**53,117**
Non-current liabilities			
Finance lease liabilities	1,087		1,087
Deferred income tax liabilities	45		45
Total non-current liabilities	**1,132**		**1,132**
Current liabilities			
Trade payables	603		603
Other payables and accruals	2,573	(100)	2,473
Finance lease liabilities	571		571
Current income tax liabilities	195		195
Total current liabilities	**3,942**		**3,842**
Total liabilities	**5,074**		**4,974**
TOTAL EQUITY AND LIABILITIES	**59,178**		**58,091**

Consolidated Statement of Comprehensive Income
31 December 2013

	Annual Report S$'000	Adjustment S$'000	Adjusted Balance S$'000
Revenue	13,748		13,748
Cost of sales	(6,489)		(6,489)
Gross profit	7,259		7,259
Other operating income	775		775
Selling and distribution expenses	(1,143)		(1,143)
General and administrative expenses	(5,194)	105	(5,089)
Other operating expenses	(224)	(1,005)	(1,229)
Finance costs	(93)		(93)
Profit before income tax from continuing operations	**1,380**		**480**
Income tax credit	63		63
Profit from continuing operations, net of income tax	**1,443**		**543**
Discontinued operations			
Profit from discontinued operations, net of income tax	1,717	(87)	1,630
Profit for the year / Total comprehensive income for the year	**3,160**		**2,173**
Profit attributable to:			
- equity holders of the Company	2,922	(987)	1,935
- non-controlling interests	238		238
	3,160		**2,173**
Total comprehensive income attributable to:			
- equity holders of the Company	2,922	(987)	1,935
- non-controlling interests	238		238
	3,160		**2,173**
Earnings per share for profit from continuing and profit from discontinued operations attributable to equity holders of the Company	**Cents**		**Cents**
Basic earning/(losses) per share			
- from continuing operations	0.31		0.08
- from discontinued operations	0.44		0.42

Our Auditors, RT LLP, have not audited these adjustments and they wrote to the Audit Committee on 25 April 2014 that their position is that they have not issued their audit report. The audit report dated 3 March 2014, contained in the Annual Report for 2013 that has been circulated to the shareholders has not been issued. They are not able to conclude on their audit in view of matters highlighted in their subsequent event assessment. They reserve all rights as to their audit opinion until they conclude their audit and issue their audit report.

The Company is working closely with the auditors and we would update the shareholders on the developments in this regard. In addition, the Audit Committee has undertaken an immediate review on how such judgemental risks could be mitigated in the future. In the interim, the Audit Committee would appoint relevant independent specialists such as valuation specialists for significant investments entered into by the Company.

In light of the Auditors' position, the Board of Directors has resolved to withdraw Resolutions 1 and 7 set out in the Notice of the Annual General Meeting ("AGM") dated 11 April 2014 from the forthcoming AGM on 28 April 2014 but proceed to have Shareholders vote on the other resolutions set out in the Notice of AGM. The withdrawn resolutions will be tabled at an adjourned shareholders' meeting on a date to be advised. The company will also be writing to the SGX and Accounting Corporate Regulatory Authority for an extension of time to lay the audited financial statements before the shareholders.

BY ORDER OF THE BOARD

Tang Yew Quan
Executive Director
27 April 2014