

UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

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		
		2Q2018 S\$'000	2Q2017 S\$'000	Increase (Decrease) %	1H2018 S\$'000	1H2017 S\$'000	Increase (Decrease) %
Revenue		4,343	644	574%	5,693	5,637	1%
Cost of sales		(3,786)	(852)	344%	(4,852)	(4,702)	3%
Gross profit		557	(208)	368%	841	935	-10%
Other income	1(a)(ii)	86	139	-38%	193	182	6%
Other gains/(losses)	1(a)(ii)	754	(808)	193%	180	(665)	127%
Expenses							
-General and administrative expenses		(1,477)	(1,224)	21%	(2,656)	(2,443)	9%
-Finance expenses		(4)	(161)	-98%	(11)	(387)	-97%
Loss before income tax	1(a)(ii)	(84)	(2,262)		(1,453)	(2,378)	
Income tax expense		(155)	(1)	n.m.	(184)	(8)	n.m.
Loss after tax		(239)	(2,263)		(1,637)	(2,386)	
Other comprehensive profit/(loss):							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation		14	319	-96%	134	(35)	483%
Total comprehensive loss for the financial period		(225)	(1,944)	-88%	(1,503)	(2,421)	-38%
Loss attributable to:							
Equity holders of the Company		(213)	(1,955)	-89%	(1,537)	(2,282)	-33%
Non-controlling interests		(26)	(308)	-92%	(100)	(104)	-4%
		(239)	(2,263)		(1,637)	(2,386)	
Total comprehensive loss attributable to:							
Equity holders of the Company		(193)	(1,737)	-89%	(1,405)	(2,317)	-39%
Non-controlling interests		(32)	(207)	-85%	(98)	(104)	-6%
		(225)	(1,944)	-88%	(1,503)	(2,421)	-38%

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.

	3 Months Ended 30 June			6 Months Ended 30 June		
	2Q2018	2Q2017	Increase	1H2018	1H2017	Increase
Note	S\$'000	S\$'000	(Decrease) %	S\$'000	S\$'000	(Decrease) %
Other income:						
Interest income from loans to investee	73	119	-39%	137	119	15%
Interest income from banks	8	8	0%	21	19	11%
Government grants	3	6	-50%	33	27	22%
Sundry income	2	6	-67%	2	17	-88%
	<u>86</u>	<u>139</u>		<u>193</u>	<u>182</u>	
Other gains/(losses):						
Currency exchange gains/(losses)	683	(810)	184%	96	(664)	114%
Gain/(loss) from disposal of property, plant and equipment	70	-	n.m	86	(4)	n.m
Bad debt w ritten back	1	2	-50%	1	3	-67%
Impairment loss on investment in available-for-sale financial assets	-	-	n.m	(3)	-	n.m
	<u>754</u>	<u>(808)</u>		<u>180</u>	<u>(665)</u>	
Depreciation included in:						
- cost of sales	(42)	(42)	0%	(103)	(514)	-80%
- general and administrative expenses	(76)	(61)	25%	(153)	(105)	46%
Interest expense	(4)	(161)	-98%	(11)	(387)	-97%
Property, plant and equipment w ritten off	-	-	n.m	-	(28)	-100%
Impairment loss on investment in available-for-sale financial assets	-	(1)	-100%	-	(4)	-100%
Employee compensation	(623)	(513)	21%	(1,313)	(1,296)	1%

n.m = Not meaningful

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.

		Group		Company	
		As at 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
Note		S\$'000	S\$'000 (Audited)	S\$'000	S\$'000 (Audited)
ASSETS					
Current assets					
Trade and other receivables	1(b)(ii)	13,102	12,228	6,552	6,077
Inventories		3,072	1,158	-	-
Amounts due from subsidiaries		-	-	8,029	5,635
Cash and cash equivalents		5,596	10,978	2,914	7,659
Loans due from an investee		13,640	13,187	13,640	13,187
Total current assets		35,410	37,551	31,135	32,558
Non-current assets					
Property, plant and equipment		1,309	1,785	286	395
Intangible assets		101	101	-	-
Investment in subsidiaries		-	-	4,869	4,869
Available-for-sale financial assets		2	5	-	-
Deferred tax asset		13	13	-	-
Club membership		6	6	6	6
Total non-current assets		1,431	1,910	5,161	5,270
Total assets		36,841	39,461	36,296	37,828
LIABILITIES					
Current liabilities					
Trade and other payables	1(b)(iii)	5,371	6,349	580	1,083
Amounts due to subsidiaries		-	-	5,821	5,816
Finance lease liabilities	1(b)(iv)	41	158	-	-
Current income tax liabilities		-	13	-	-
Total current liabilities		5,412	6,520	6,401	6,899
Non-current liabilities					
Finance lease liabilities	1(b)(iv)	79	88	-	-
Total non-current liabilities		79	88	-	-
Total liabilities		5,491	6,608	6,401	6,899
NET ASSETS		31,350	32,853	29,895	30,929
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		35,763	35,763	35,763	35,763
Currency translation reserve		7	(125)	-	-
Accumulated losses		(4,999)	(3,462)	(5,868)	(4,834)
Capital reserve		507	507	-	-
		31,278	32,683	29,895	30,929
Non-controlling interests		72	170	-	-
Total equity		31,350	32,853	29,895	30,929

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

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		June 2018	December 2017	June 2018	December 2017
		S\$'000	S\$'000	S\$'000	S\$'000
Current assets					
Trade receivables (net)		4,374	2,398	-	-
Accrued service revenue		-	2,712	-	-
		4,374	5,110	-	-
Advance payment to suppliers		586	269	-	-
Tax recoverable		104	64	17	13
Contingent consideration on acquisition of PTMII		6,131	6,012	6,131	6,012
Sundry receivables (net)		1,227	250	-	-
		12,422	11,705	6,148	6,025
Deposits		48	274	1	4
Prepayments		632	249	403	48
		13,102	12,228	6,552	6,077

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

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		June 2018	December 2017	June 2018	December 2017
		S\$'000	S\$'000	S\$'000	S\$'000
Current liabilities					
Trade payables		2,163	2,023	-	-
Accruals		927	1,470	454	863
Shareholder's loan		2,078	2,494	-	-
GST payable		-	55	-	7
Other payables		203	307	126	213
		5,371	6,349	580	1,083

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

	Note	Group			
		As at 30 June 2018		As at 31 December 2017	
		Secured	Unsecured	Secured	Unsecured
		S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand		41	-	158	-
Amount repayable after one year		79	-	88	-

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		Group 6 Months Ended 30	
	2018	2017	2018	2017
Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Loss after tax	(239)	(2,263)	(1,637)	(2,386)
Adjustments for:				
Income tax expense	155	1	184	8
Depreciation of property, plant and equipment	118	103	256	619
(Gain)/loss from disposal of property, plant and equipment	(70)	-	(86)	4
Impairment loss on investment in available-for-sale financial assets	-	1	3	4
Property, plant and equipment written off	-	-	-	28
Unrealised currency translation (gains)/losses	(639)	973	(67)	2,271
Effect of deconsolidation of subsidiary	-	2,536	-	2,536
Interest income	(81)	(127)	(158)	(138)
Interest expense	4	161	11	387
Change in working capital, net of effects from acquisition of subsidiaries	(752)	1,385	(1,494)	3,333
Trade receivables and other receivables	(2,607)	(740)	(957)	(1,242)
Inventories	(524)	-	(1,914)	(69)
Trade payables, other payables and accruals	1,317	(1,167)	(1,061)	(3,031)
Cash used in operations	(2,566)	(522)	(5,426)	(1,009)
Interest received	8	127	21	138
Interest paid	-	(161)	-	(387)
Income tax paid	(72)	-	(114)	-
Net cash used in operating activities	(2,630)	(556)	(5,519)	(1,258)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	392	-	408	-
Purchase of property, plant and equipment	(105)	(123)	(105)	(470)
Net cash generated from/(used in) investing activities	287	(123)	303	(470)
Cash flows from financing activities				
Repayment of borrowings	-	-	-	(1,227)
Repayment of finance lease liabilities	(92)	(77)	(126)	(180)
(Increase)/decrease in short-term deposits pledged	(3)	24	(10)	(887)
Interest paid	(4)	-	(11)	-
Dividend paid to non-controlling interest by a subsidiary	-	-	-	(50)
Net cash used in financing activities	(99)	(53)	(147)	(2,344)
Net decrease in cash and cash equivalents	(2,442)	(732)	(5,363)	(4,072)
Cash and cash equivalents at beginning of financial period	6,938	7,284	9,959	10,748
Effect of currency translation on cash and cash equivalents	71	4	(29)	(120)
Cash and cash equivalents at end of financial period	4,567	6,556	4,567	6,556
Cash and cash equivalents				
Cash and bank balances	5,596	10,858	5,596	10,858
Less: Fixed deposits pledged with financial institutions	(1,029)	(4,302)	(1,029)	(4,302)
Cash and cash equivalents at end of financial period	4,567	6,556	4,567	6,556

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	Retained earnings/ (accumulated losses)	Currency translation reserve	Capital reserve	Total	Non-controlling Interests	Total
	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 2018	35,763	(3,462)	(125)	507	32,683	170	32,853
Net loss for the period	-	(1,537)	-	-	(1,537)	(100)	(1,637)
Other comprehensive profit for the period	-	-	132	-	132	2	134
Balance as at 30 June 2018	35,763	(4,999)	7	507	31,278	72	31,350
Balance as at 1 January 2017	32,533	3,534	594	182	36,843	(3,312)	33,531
Net loss for the period	-	(2,282)	-	-	(2,282)	(104)	(2,386)
Other comprehensive loss for the period	-	-	(35)	-	(35)	-	(35)
Dividend paid to non-controlling interest by a subsidiary	-	-	-	-	-	(50)	(50)
Disposal of subsidiary	-	(1,912)	(706)	-	(2,618)	3,742	1,124
Balance as at 30 June 2017	32,533	(660)	(147)	182	31,908	276	32,184
COMPANY							
Balance as at 1 January 2018	35,763	(4,834)	-	-	30,929	-	30,929
Net loss for the period	-	(1,034)	-	-	(1,034)	-	(1,034)
Balance as at 30 June 2018	35,763	(5,868)	-	-	29,895	-	29,895
Balance as at 1 January 2017	32,533	(1,994)	-	-	30,539	-	30,539
Net loss for the period	-	(1,155)	-	-	(1,155)	-	(1,155)
Balance as at 30 June 2017	32,533	(3,149)	-	-	29,384	-	29,384
FOR 3 MONTHS ENDED 30 JUNE							
GROUP							
Balance as at 1 April 2018	35,763	(4,786)	(13)	507	31,471	104	31,575
Net loss for the period	-	(213)	-	-	(213)	(26)	(239)
Other comprehensive profit/(loss) for the period	-	-	20	-	20	(6)	14
Balance as at 30 June 2018	35,763	(4,999)	7	507	31,278	72	31,350
Balance as at 1 April 2017	32,533	3,207	341	182	36,263	(3,259)	33,004
Net loss for the period	-	(1,955)	-	-	(1,955)	(308)	(2,263)
Other comprehensive profit for the period	-	-	218	-	218	101	319
Disposal of subsidiary	-	(1,912)	(706)	-	(2,618)	3,742	1,124
Balance as at 30 June 2017	32,533	(660)	(147)	182	31,908	276	32,184
COMPANY							
Balance as at 1 April 2018	35,763	(5,784)	-	-	29,979	-	29,979
Net loss for the period	-	(84)	-	-	(84)	-	(84)
Balance as at 30 June 2018	35,763	(5,868)	-	-	29,895	-	29,895
Balance as at 1 April 2017	32,533	(2,787)	-	-	29,746	-	29,746
Net loss for the period	-	(362)	-	-	(362)	-	(362)
Balance as at 30 June 2017	32,533	(3,149)	-	-	29,384	-	29,384

- 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 2017.

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 2018	As at 31 December 2017
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.

- 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 2017, save for the adoption of the Financial Reporting Standards ("FRSs") and Interpretation of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2018. The adoption of these new FRS and INT FRS 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	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Loss per share				
(i) Based on weighted average number of ordinary shares on issue (cents)	(0.38)	(4.21)	(2.76)	(4.92)
(ii) On a fully diluted basis (cents) *	(0.38)	(4.21)	(2.76)	(4.92)
Number of weighted average ordinary shares used in the computation of (i) and (ii)	55,686,996	46,405,830	55,686,996	46,405,830

* 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 2018	As at 31 December 2017
GROUP		
Net asset value per ordinary share (dollars)	0.56	0.59
COMPANY		
Net asset value per ordinary share (dollars)	0.54	0.56

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 2018 and 31 December 2017 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.**

In relation to PSL's announcements dated 22 August 2016, 15 September 2016, 7 October 2016, 24 November 2016, 30 November 2016, 18 January 2017, 24 January 2017, 8 June 2017, 1 November 2017, 23 November 2017, 1 March 2018 and 23 March 2018 and the dispute between, among others, Mr. Sudirman Kurniawan and PSL arising out of the Conditional Sale and Purchase Agreement dated 17 March 2015 and the Supplemental Sale and Purchase Agreement dated 3 August 2015, the Company has fully deconsolidated PT Momentum Indonesia Investama ("PTMII") from its Marine Logistics segment and reclassified its investment in PT MII as an "available-for-sale" asset.

Separately in the Construction Logistics segment, the period under review comprises contribution from its 75%-owned subsidiary PT Indah Perkasa Abadi ("PT IPA"), which was acquired on 18 August 2017 through one of the Group's indirect subsidiaries, PT PSL Commodities Indonesia, which has ongoing projects within the civil construction industry for the supply of work and materials within Indonesia.

Financial Performance – 2Q2018 vs 2Q2017

Following the deconsolidation of PT MII and the acquisition of PT IPA in 3Q2017, revenue increased by S\$3.7 million or 574% from S\$0.6 million in 2Q2017 to S\$4.3 million in 2Q2018, mainly due to higher revenue from the Construction Logistics segment contributed by PT IPA. Gross profit consequently increased by S\$0.8 million or 368% from a gross loss of S\$0.2 million in 2Q2017 to a gross profit of S\$0.6 million in 2Q2018, with a higher gross margin of approximately 13% in 2Q2018 contributed by the Construction Logistics segment.

Other income decreased by 38% in 2Q2018 as compared to 2Q2017, with both remaining at S\$0.1 million, consisting mainly interest income from the loan to PTMII arising from deconsolidation of PTMII, previously eliminated in the earlier quarters.

Other gains/(losses) increased by S\$1.6 million or 193% from a loss of S\$0.8 million in 2Q2017 to a gain of S\$0.8 million in 2Q2018 mainly due to the foreign exchange gain arising from the revaluation of the USD loans extended to PTMII, partially offset by the foreign exchange loss from the revaluation of IDR intercompany loan.

General and administrative expenses increased by S\$0.3 million or 21% from S\$1.2 million in 2Q2017 to S\$1.5 million in 2Q2018 mainly due to the increase in operating costs from the newly acquired subsidiary PT IPA as well as professional fees incurred in relation to PTMII legal case and TSL Transport & Engineering Pte Ltd ("TSL") settlement.

Finance costs decreased by S\$0.2 million or 98% in 2Q2018 as compared to 2Q2017 mainly due to higher bank interest incurred by the Marine Logistics segment in 2Q2017.

The Group recorded a loss of S\$0.2 million after tax for 2Q2018 as compared to a loss of S\$2.3 million in 2Q2017. This was mainly due to the deconsolidation of PTMII, acquisition of PT IPA in 3Q2017 and unrealised foreign exchange gains.

Financial Performance – 1H2018 vs 1H2017

Following the deconsolidation of PT MII and the acquisition of PT IPA in 3Q2017, revenue increased by S\$0.1 million or 1% from S\$5.6 million in 1H2017 to S\$5.7 million in 1H2018, mainly due to higher revenue from the Construction Logistics segment contributed by PT IPA. Gross profit consequently decreased by S\$0.1 million or 10% from S\$0.9 million in 1H2017 to S\$0.8 million in 1H2018.

Other income increased by 6% in 1H2018 as compared to 1H2017, with both remaining at S\$0.2 million, consisting mainly interest income from the loan to PTMII arising from deconsolidation of PTMII, previously eliminated in the earlier quarters.

Other gains/(losses) increased by S\$0.9 million or 127% from a loss of S\$0.7 million in 1H2017 to a gain of S\$0.2 million in 1H2018 mainly due to the foreign exchange gain arising from the revaluation of the USD loans extended to PTMII, partially offset by the foreign exchange loss from the revaluation of IDR intercompany loan.

General and administrative expenses increased by S\$0.3 million or 9% from S\$2.4 million in 1H2017 to S\$2.7 million in 1H2018 mainly due to the increase in operating costs from the newly acquired subsidiary PT IPA as well as professional fees incurred in relation to PTMII legal case and TSL settlement. The increase is partially offset by the reduction in depreciation expenses from the Marine Logistics segment due to deconsolidation of PTMII.

Finance costs decreased by S\$0.4 million or 97% in 1H2018 as compared to 1H2017 mainly due to higher bank interest incurred by the Marine Logistics segment in 1H2017.

The Group recorded a loss of S\$1.6 million after tax for 1H2018 as compared to a loss of S\$2.4 million in 1H2017.

Cash flow – 2Q2018 vs 2Q2017

The Group's cash and cash equivalents was S\$5.6 million as at 30 June 2018. Net cash used in operating activities was S\$2.6 million in 2Q2018 compared to S\$0.6 million in 2Q2017 mainly due to (i) an increase in unrealised foreign exchange gains recorded in 2Q2018; (ii) reduction in both the gain on deconsolidation following the deconsolidation of PTMII and (iii) increase in inventories, trade and other receivables and trade and other payables due to acquisition of PT IPA, resulting in decreased losses for the Group.

Net cash generated from investing activities was S\$0.3 million in 2Q2018 compared to net cash used in investing activities of S\$0.1 million in 2Q2017 mainly due to proceeds from disposal of trucks and equipment following the scaling down of TSL operations as explained under Paragraph 10.

Net cash used in financing activities recorded marginal difference in 2Q2018 and 2Q2017.

Cash flow – 1H2018 vs 1H2017

The Group's cash and cash equivalents was S\$5.6 million as at 30 June 2018. Net cash used in operating activities was S\$5.6 million in 1H2018 compared to S\$1.3 million in 1H2017 mainly due to (i) an increase in unrealised foreign exchange gains recorded in 1H2018; (ii) reduction in both the gain on deconsolidation following the deconsolidation of PTMII and (iii) increase in inventories due to acquisition of PT IPA.

Net cash generated from investing activities was S\$0.3 million in 1H2018 compared to net cash used in investing activities of S\$0.5 million in 1H2017 mainly due to proceeds from disposal of trucks and equipment following the scaling down of TSL operations as explained under Paragraph 10 and a reduction in depreciation expenses from the Marine Logistics segment due to deconsolidation of PTMII.

Net cash used in financing activities was S\$0.1 million in 1H2018 compared to S\$2.3 million in 1H2017 mainly due to repayment of bank borrowings and increase in short-term deposits pledged to secure bank facilities in 1H2017.

Financial Position

Current assets decreased by S\$2.2 million or 6% from S\$37.6 million as at 31 December 2017 to S\$35.4 million as at 30 June 2018 mainly due to (i) a decrease in cash and cash equivalents as highlighted in the cash flow statement above, partially offset by (ii) an increase in inventories and additional trade and other receivables from the newly acquired subsidiary PT IPA and (iii) a foreign exchange gain arising from the revaluation of the USD loans extended to PTMII.

Non-current assets decreased by S\$0.5 million or 25% from S\$1.9 million as at 31 December 2017 to S\$1.4 million as at 30 June 2018 mainly due to depreciation charges recorded for the period.

Current liabilities decreased by S\$1.1 million or 17% from S\$6.5 million as at 31 December 2017 to S\$5.4 million as at 30 June 2018 mainly due to a decrease in accruals of liabilities following the deconsolidation of PTMII and revaluation of shareholders' loans. Non-current liabilities recorded marginal difference between 30 June 2018 and 31 December 2017.

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.

The broader economic growth in Indonesia, which is also one of the largest commodity exporters in Asia, is expected to underpin the country's demand for marine logistics services.

On 19 April 2018, the Group announced entering into a Binding Term Sheet as part of the global settlement to resolve all outstanding disputes with the Vendors of PTMII in consideration for the recovery of profit guarantee payment and vessels, subject to the approval by PSL's shareholders. It is PSL's view that the prolonged PTMII dispute is undesirable and the global settlement put an end to the disputes and will obviate the need to expend costly resources and enormous unproductive time on the resolution of the same. This will also augment PSL's ability to develop its business in its Marine Logistics segment due to the acquisition of vessels and effectively enable management to focus on and develop profitable business strategies to enhance values to the shareholders.

The Indonesian government's focus on enhancing the country's long term economic growth and connectivity through its pipeline of plans for various major infrastructure projects will continue to support the country's infrastructure sector. Despite the bullishness of the construction logistics sector in Indonesia, the sector remains highly competitive, due to intense competition in negotiating for new contracts. Therefore, the Group continues to be cautious and selective in the type of contracts that it pursues, focusing mainly on those with the potential to offer the Group's target margins.

On 4 July 2018, the Group entered into a Settlement Agreement, pursuant to which, amongst others, TSL Transport & Engineering Pte Ltd ("TSL") has become a wholly-owned subsidiary of the Group following a Share Transfer and Suit 734 has been discontinued and withdrawn. The principal business of TSL consists of excavation and earthmoving works as well as engineering design and consultancy activities in Singapore. Following the completion of the Settlement Agreement and taken into consideration the competitive business environment, the Group considered it expedient to dispose all its trucks and equipment in Singapore to be able to fully focus on similar construction logistics businesses in Indonesia.

On 5 July 2018, the Group announced entering into a MOU to acquire 80% shares in PT. Buana Perkasa Sukses, an Indonesian Company which principally carries on coal trading and related businesses. This is in line with the Group's business strategy to expand its operations and diversify its business through the acquisition of operating companies, mainly in Indonesia and Malaysia. The proposed acquisition will foster growth to the Group with increasing demands for coal in Southeast Asia¹ in the ensuing years.

The Group shall continue to explore opportunities in properties acquisition for development, rental, long-term investment and sale in Indonesia and Malaysia where the prospects arise. The Group's venture into the properties sector will support development into additional revenue sources with the desire to result in sustainable values for the shareholders.

¹<https://www.reuters.com/article/us-asia-coal/southeast-asia-india-turn-to-coal-for-power-imports-expected-to-jump-idUSKBN1CV1GP>

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared (recommended).

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. Use of proceeds from offerings pursuant to Chapter 8 of the Listing Manual

2016 Subscription

The Company had completed the allotment and issue of an aggregate of 7,734,000 new ordinary shares at S\$0.3825 for each subscription share in the capital of the Company (the "2016 Subscription Shares") on 31 October 2016 (the "2016 Subscription"). It had been stated in the Company's announcement dated 22 September 2016 (the "2016 Subscription Announcement") that 80% of the net proceeds of the 2016 Subscription will be used by the Company for funding growth and expansion (as and when opportunities arise) and 20% of the net proceeds of the 2016 Subscription will be used by the Company for working capital purposes.

The table below summarises the cumulative utilisation of the net proceeds of the 2016 Subscription as at the date of this announcement (the "2016 Use of Proceeds"):

Intended use of net proceeds	Amount Allocated (S\$'million) / with percentage allocation (%)	Amount utilised (S\$'million)	Balance (S\$'million)
Funding growth and expansion (as and when opportunities arise)	2.32 (80%)	2.32	-
Working capital purposes	0.58 (20%)	0.58 ¹	-
Total (approximately)	2.90 (100%)	2.90	-

¹ Out of the S\$0.58 million used for working capital purposes, approximately S\$0.47 million was used for employees' salaries and related costs and remainder was for repayment of creditors including professional fees.

The auditors of the Company have conducted an independent verification on the 2016 Use of Proceeds and have verified that the 2016 Use of Proceeds is as stated in the table above.

2017 Subscription

The Company had completed the allotment and issue of an aggregate of 9,281,166 new ordinary shares at S\$0.348 for each subscription share in the capital of the Company (the "2017 Subscription Shares") on 20 December 2017 (the "2017 Subscription"). It had been stated in the Company's announcement dated 20 June 2017 (the "2017 Subscription Announcement") that 80% of the net proceeds of the 2017 Subscription will be used by the Company for funding growth and expansion (as and when opportunities arise) and 20% of the net proceeds of the 2017 Subscription will be used by the Company for working capital purposes.

The table below summarises the cumulative utilisation of the net proceeds of the 2017 Subscription as at the date of this announcement (the "2017 Use of Proceeds"):

Intended use of net proceeds	Amount Allocated (\$'million) / with percentage allocation (%)	Amount utilised (\$'million)	Balance (\$'million)
Funding growth and expansion (as and when opportunities arise)	2.56 (80%)	1.45	1.11
Working capital purposes	0.64 (20%)	0.64 ²	-
Total (approximately)	3.20 (100%)	2.09	1.11

² Out of the S\$0.64 million used for working capital purposes, S\$0.64 million was used for employees' salaries and related costs.

The auditors of the Company have conducted an independent verification on the 2017 Use of Proceeds and have verified that the 2017 Use of Proceeds is as stated in the table above.

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

We, Mr Stephen Leong, BBM and Mr William Teo Choon Kow, BBM, 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 half year ended 30 June 2018 to be false or misleading in any material aspect.

16. 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

Tan Cheang Shiong
Chief Executive Officer

7 August 2018