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

ANNOUNCEMENT PURSUANT TO RULES 704(5) AND 704(6) OF THE LISTING MANUAL IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

Rule 704(5) Emphasis of Matter Issued On Financial Statements For The Reporting Year Ended 31 December 2013

Pursuant to Rule 704(5) of the Listing Manual of the SGX-ST (the "Listing Manual"), the Board of Directors (the "Board") of PSL Holdings Limited (the "Company") wishes to announce that the Company's auditors, Messrs RT LLP (the "Auditors"), included an emphasis of matter in their Independent Auditor's Report dated 27 May 2014 for the financial statements of the Company and its subsidiaries (the "Group") for the reporting year ended 31 December 2013 ("FY2013")

The opinion of the Auditors remains unqualified.

A copy of the Independent Auditor's Report, together with an extract of the relevant notes to the Group's financial statements for FY2013 is annexed to this announcement. Shareholders of the Company are advised to read the Group's financial statements for FY2013 which will be despatched to all the shareholders in due course.

Rule 704(6) Material Difference Between Unaudited Financial Statements And Audited Financial Statements

The Board refers to the announcements released by the Company via the SGXNet on 19 February 2014 (the "Preliminary Announcement") and 27 April 2014 (the "Subsequent Announcement") in relation to the unaudited Financial Statement for FY2013. Further reference is made to the Audited Financial Statements of the Company for FY2013 (the "Audited Financial Statements") which will be provided to shareholders and the SGX-ST in due course.

Pursuant to Rule 704(6) of the Listing Manual, the Board wishes to announce that subsequent to the release of the Preliminary Results, there are material adjustments made by the Company to the Statements of Financial Position and Consolidated Statement of Profit or Loss in the Audited Financial Statements compared to what was disclosed in the Preliminary Results. The adjustments were made following the finalisation of the audit and a summary of the adjustments is set out below.

	Audited Financial Statement	Preliminary Announcement	Difference	Notes
	S'000	S'000	S'000	
Statement of Financial Position – Group				
Property, plant and equipment	2,617	2,699	(82)	A
Available-for-sale financial assets	-	821	(821)	B
Other receivables	7,358	7,542	(184)	B
Other payables and accruals	2,473	2,573	100	C
Retained earnings/net profit for the reporting year	22,929	23,916	987	Net effect from various adjustments
Consolidated Statement of Profit or Loss				
General and administrative expenses	5,089	5,194	(105)	A,C
Other operating expenses	1,229	224	1,005	B
Profit from discontinued operations, net of income tax	1,630	1,717	87	C
Statement of Financial Position – Company				
Investment in subsidiaries	3,891	4,103	(212)	D
Amounts due from subsidiaries	6,605	8,980	(2,375)	D
Other payables and accruals	798	711	(87)	C
Retained earnings/net profit for the reporting year	15,436	18,110	2,674	Net effect from various adjustments

Notes:

A – Due to change in estimated useful lives from 5 years to 2 years for office and other equipment for a subsidiary, PSL Energy Resources Pte Ltd

B – Due to full impairment of its unquoted equity investment in Sindo Resources Pte Ltd ("Sindo") and a loan receivable from Sindo

C – Due to reversal of provision of ex-executive directors' performance bonus of $184,000, overprovision of bonus of employees of $80,000, underprovision of unutilised leave of $77,000 and provision of ex-gratia payment for certain employees of the disposed subsdiaries, PSL Engineering Pte Ltd and Rotary Piling Pte Ltd of $87,000

D – Impairment of cost of investment in PSL Energy Resources Pte Ltd and other receivables due from PSL Energy Resources Pte Ltd

There is no difference between the Audited Financial Statements and the Subsequent Announcement.

BY ORDER OF THE BOARD

Tang Yew Quan
Executive Director
27 May 2014

Extracts from notes to the financial statements (audited)

3. Critical accounting estimates, assumptions and judgements

(e) Impairment of available-for-sale financial asset

An available-for-sale financial asset is regarded as impaired when there is an objective evidence of a significant or prolonged decline in the recoverable amount. The determination of what is "significant" or "prolonged" requires significant judgement and the quantum of the impairment involves key assumptions and estimates. In making these significant judgements, key assumptions and estimates, the directors have considered the future viability and financial health of the investee, as well as both the future and near-term business outlook for the investee, including factors such as industry performance and operational and financing cash flows.

The basis of these judgements, assumptions and estimates, including the quantum of the impairment loss and the carrying amount of the available-for-sale financial assets, are described in more details in Note 9.

9. Available-for-sale financial assets

	Group	
	2013	**2012**
	$'000	**$'000**
Unquoted equity investment, at cost		
Balance at beginning of reporting year	1,321	-
Reclassification from investment in associate (Note 6)		1
Reclassification from other receivables (Note 12)	-	1,320
	-	1,321
Allowance for impairment loss	(1,321)	(500)
Balance at end of the reporting year	-	821
Movement in allowance for impairment of available-for-sale financial assets is as follows:		
Balance at beginning of reporting year	500	-
Allowance made during the year (Note 25)	821	500
Balance at end of the reporting year	1,321	500

The fair value of the unquoted investments as available-for-sale financial assets is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently the investment is carried at cost less allowance for impairment.

9. Available-for-sale financial assets (cont'd)

As at the end of the reporting year 2013, internal and external indicators of impairment of Sindo were as follows:

- Sindo obtained additional loan of $1.6 million from its shareholders (of which the company contributed $184,000 (Note 12)) for its retrenchment exercise in August 2012. 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.

Subsequent to the reporting year, a group of shareholders disposed of their shares in Sindo. Prior thereto in August 2013, the company's wholly-owned subsidiary, PSL Energy Resources Pte. Ltd. ("PSLER"), was a party to a sale and purchase agreement dated 2 August 2013 pursuant to which PSLER waived its pre-emption rights in respect of the proposed transfers of shares in Sindo at a certain consideration by another group of shareholders. The management noted that no share transfer registrations have been effected with Accounting and Corporate Regulatory Authority for the second group of shareholders and is unable to determine if these transfers of shares have in fact taken place.

Notwithstanding that certain shareholders have disposed of their shares in Sindo, the directors are of the view that the prospect of realizing the group's investment in Sindo is remote. Based on the above indicators, the directors have assumed and concluded that the near-term business outlook and future viability for Sindo is bleak. Accordingly, full impairment losses of $821,000 and $184,000 (Note 12) were made for the investment in Sindo and loan receivable from Sindo, respectively. In the event that the company is able to dispose its shareholdings in Sindo in the future, the entire proceeds would be recognized as a gain in the profit or loss without any cost.

In connection with the group's investment in Sindo, PSLER entered into an exchangeable loan agreement and a fee agreement, each dated 26 April 2011, with Charles Antonny Melati. These two agreements were replaced by a restated takeover agreement and restated fee agreement, each dated 3 April 2012. Details of these agreements can be found in the company's announcements dated 26 April 2011, 6 July 2011, 19 July 2011, 15 March 2012 and 21 May 2012. The restated takeover agreement was terminated by a deed of termination dated 2 August 2013. The restated fee agreement was terminated upon the termination of the restated takeover agreement. With the termination of the restated takeover agreement and the restated fee agreement, the group's balance commitments of US$2.4 million (approximately S$3.0 million) and US$2.0 million (approximately S$2.5 million) in the restated takeover agreement and restated fee agreement were extinguished as at 2 August 2013.

PSLER also entered into a shareholders agreement dated 18 May 2012 with Sindo and the then other shareholders of Sindo. The shareholders agreement and all rights and obligations thereunder had also been terminated by a deed of termination dated 2 August 2013.

12. Other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	$'000	$'000	$'000
Advance payment to supplier	1,000	-	-	-
Deposits	386	267	62	67
Prepayments	105	90	9	3
Staff advances	11	38	2	3
GST recoverable	47	6	47	5
Sundry receivables	5,993	2,420	5,757	590
Receivable from jointly-controlled entity (Note 7)	-	200	-	-
Deposit for the purchase of shares in PT Sinar Wijaya Pratama	-	5,000	-	-
	7,542	8,021	5,877	668
Less: Reclassification to available-for-sale financial assets (Note 9)	-	(1,320)	-	-
Less: Allowance for impairment of receivables	(184)	-	-	-
	7,358	6,701	5,877	668

	Group	
	2013	**2012**
	$'000	$'000
Movement in allowance for impairment of loan/other receivables is as follows:		
Balance at beginning of reporting year	-	(113)
Allowance made during the reporting year (Note 25)	184	-
Amount written-off	-	113
Balance at end of reporting year	184	-

Staff advances are unsecured, interest-free and repayable on demand.

Included in sundry receivables is a remaining balance of consideration of the divestment of subsidiaries amounting to $4,601,000 (Note 16) pursuant to a Sale & Purchase Agreement and a loan receivable of $184,000 from the available-for-sale financial asset. Allowance for impairment loss in respect of the available-for-sale financial asset of $184,000 was made (Note 9).