PSL HOLDINGS LIMITED
Annual Report 2014

Embracing A New Dawn



"EMBRACING A NEW DAWN" MARKS THE BEGINNING OF THE GROUP'S PROPOSED FORAY INTO THE MARINE LOGISTICS SERVICES INDUSTRY IN INDONESIA AS A POTENTIAL SOURCE OF REVENUE.

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WE REMAIN VIGILANT FOR NEW OPPORTUNITIES TO CHART FUTURE GROWTH.

OUR VISION

We aim to achieve excellence in our provision of logistics and support services to the construction industry, and to extend our expertise in this area to the marine industry and beyond.

OUR PROFILE

PSL Holdings Limited is an investment holding company. It was incorporated in Singapore as a private company limited by shares on 9 October 1997 and changed its name to PSL Holdings Limited ("PSL") on 5 August 1998. This was in line with the change of its status to a public limited company as admitted to the official list of the Stock Exchange of Singapore Dealing and Automated Quotation System on 9 October 1998. On 12 May 2009, PSL Holdings Limited effected the transfer of the listing to the Singapore Exchange Securities Trading Limited Mainboard.

Through its operating subsidiaries, it is principally engaged in the provision of logistics and support services to the construction industry with the rental of construction equipment and transportation supply of dump trucks. The Group is also involved in the trading and supply of construction hardware and accessories.

With the execution of a conditional sale and purchase agreement on 17 March 2015 to acquire a 49% interest in PT Momentum Indonesia Investama, the Group will be looking to extend its expertise in the provision of logistics services to the marine and offshore industry.

Letter to Shareholders

Dear Valued Shareholders,

Following the last two years of divestments and diversification efforts, 2014 continued to be a year of business venturing, consolidating and streamlining for the Group.

Operationally, during the year under review, we focused our efforts on building our expertise and experience in the logistics and support services for the construction sector, with an eye on extending it to the marine sector. Financially, 2014 was also a year of consolidating and streamlining to lower overheads and administration costs.

Strategy-wise, it was the second year of the Group's foray into the resource industry as we searched relentlessly for new but related business investments that can yield sustainable returns. With the recent decline in prices of commodities and resources, it was a blessing in disguise that the Group did not make significant commitments to the resource industry.

Financial Performance

For the financial year ended 31 December 2014 ("FY2014"), Group revenue decreased by 29.6% to $9.68 million from $13.75 million for the preceding financial year ended 31 December 2013 ("FY2013"), due to lower revenue from Trading & Engineering business partially offset by higher revenue generated from Excavation & Transportation business.

Trading & Engineering recorded revenue of $3.47 million, down 60.8% from $8.85 million for FY2013. The decline is due to the keen competition experienced during the year and the weak 4th Quarter 2014 performance resulting from the departure of the General Manager, technical and support staff.

Gross profit dipped by 70.8% to $2.12 million for FY2014 from $7.26 million for FY2013, with gross profit margin decreasing to 21.9% from 52.8%. The decrease is due to the reduced margin experienced by both businesses throughout the year, and the loss incurred in the 4th Quarter of FY2014.

Due to the difficult business conditions and impairments and write offs incurred, the Group recorded a loss after tax of $4.06 million for FY2014 as compared to a profit after tax of $2.17 million for FY2013, which included a profit of $1.63 million from sale of discontinued operation.

For FY2014, out of prudence, the Company will not be paying dividends to shareholders due to the financial performance of the Group and the uncertain economic and business conditions, which will require the retention of earnings to build up reserves to absorb future shocks and preserve the Company's liquidity position.

Key Developments

Diversification venture: Longmen Investment

In May 2014, the Company entered into a non-binding memorandum of understanding with Longmen Group Limited ("Longmen") in relation to a proposed investment by the Company in Longmen. The proposed transaction was intended to present the Group with an opportunity to enter into the resources industry of the People's Republic of China. However, the transaction did not materialise and the Company recovered in full the refundable deposit of US$5 million (including interest of 5.33% p.a.) paid initially for the investment.

Letter to Shareholders

Scaling down of Trading & Engineering business

The departure of the key management people led to the scaling down of the Trading & Engineering business. Attempts were made to recruit suitable operations management for this business. We also wrote down old inventory carried by this business to enable the business to move forward.

On the Horizon….

The Excavation & Transportation business continues to wrestle with stiff competition, resulting in intense pressure on price and margins. The business also has to contend with increased manpower costs arising from labour constraints. Although the outlook for this segment is challenging, we will be vigilant and navigate our way cautiously to stay ahead.

The Group is reviewing the viability of the Trading & Engineering business which has been scaled down due to the staffing issues. At the same time, we are seeking to invest in higher value business in the Construction, Marine or Oil & Gas industries both locally and overseas.

Diversifying into Marine Logistics

The Group has also announced its intention to diversify its current expertise as a logistics provider in the construction industry into the new business of providing marine logistics services. On 17 March 2015, we entered into a conditional sale and purchase agreement to acquire a 49% stake of PT Momentum Indonesia Investama for a consideration of US$11.5 million. PT Momenmtum Indonesia Investama is an Indonesian shipping company which owns a young fleet of vessels comprising 12 Tugs & Barges and 3 Self-Unloading vessels.

Estimated to be completed in the second half of 2015, we believe this acquisition will diversify our Group's revenue stream in the logistics industry and benefit the Group in terms of financial performance. Subject to satisfactory due diligence and shareholders' approval, the acquisition of PT Momentum Indonesia Investama will be the first step in revitalising the Group's revenue growth.

Although the Group made a net loss in FY2014, the Company has a fairly robust balance sheet and is in a healthy cash position. The Management will continue to exercise prudence in managing the Company's existing resources, and apart from the aforementioned acquisition, will continue to look out for quality investments to enhance shareholders' value.

Moving forward, we will intensify our efforts to diversify the Group's earnings base, so that we will develop a solid business model that will keep the Company resilient through the trying years and yet deliver consistent returns to our shareholders.

Corporate Social Responsibility

On the corporate social responsibility front, we believe in making a difference by giving back to society where it matters. The Group continues in its efforts to support and play a part in helping the needy and underprivileged. This was done through various donations made to organisations such as the Movement for the Intellectually Disabled of Singapore (MINDS), Singapore Red Cross Society and Cerebral Palsy Alliance Singapore. It is our hope that these organisations will continue their good work towards making a positive impact to our society.

A Word of Appreciation

On behalf of the Board, we wish to acknowledge the contribution of our former Board members who were with us for a short stint during FY2014. Our heartfelt gratitude also goes to all our stakeholders – our shareholders, customers, suppliers, business associates, our staff and management for their steadfast faith, unceasing support and hard work during the year.

With our combined efforts and strengths, we are confident of expanding the Group's business horizons into a sustainable sector, and bring the business back to profitability.

Mark Zhou You Chuan
Executive Director

Review of Financial Performance

Financial Performance

For the financial year ended 31 December 2014 ("FY2014"), the Group's revenue decreased by 29.6% to $9.68 million, from $13.75 million in the corresponding financial year ended 31 December 2013 ("FY2013"). The decline in revenue was mainly attributed to the lower revenue from Trading & Engineering business which was partially offset by higher revenue generated from the Excavation & Transportation business.

Revenue for the Trading & Engineering segment decreased by 60.8% to $3.47 million for FY2014 from $8.85 million for FY2013. This is due to the keen competition experienced during the year and the weak 4th Quarter 2014 performance resulting from the departure of the General Manager, technical and support staff. Excavation & Transportation revenue increased by 26.7% to $6.21 million for FY2014 from $4.90 million for FY2013 as more projects were won in the year.

Gross Profit decreased by 70.8% to $2.12 million for FY2014 from $7.26 million for FY2013 while gross profit margin decreased to 21.9% from 52.8%. The dip is due to the reduced margins experienced by both businesses throughout the year and especially the loss incurred in 4th Quarter 2014 owing to write-down of inventory in Trading & Engineering business, and losses incurred in some jobs in Excavation & Transportation business due to price competition.

Selling and distribution expenses decreased by 43.2% to $649,000 for FY2014 from $1.14 million for FY2013, due mainly to lower manpower cost as a result of reduced headcount in Trading & Engineering business.

General and administrative expenses decreased by 4.9% to $4.84 million for FY2014 from $5.09 million for FY2013 due mainly to decrease in manpower related cost resulting from drop in headcount in Trading & Engineering business. This was offset by the professional fees incurred for the proposed investment in Longmen amounting to $0.7 million.

To bring closure to the Sale and Purchase agreement with KH Foges in 2013, an agreement was reached to settle the remaining balance of $4.60 million for $4.37 million in January 2015. This resulted in a write down of $231,000 to other receivables and another $700,000 impairment to outstanding debts due to divested subsidiaries assigned to the Company. Efforts continue to be made to collect the remaining outstanding debts. $254,000 was written off as a deposit made in 2013 for a proposed investment in PT Wahyu Eka Perkasa for mining project did not materialise. As a matter of prudence, impairment provision amounting to $189,000 was made on trade debts outstanding in excess of one year or when collection is known to be at risk. Due mainly to the write offs and impairments made in 4th Quarter 2014 amounting to $1.37 million, other operating expenses increased by 24.7% to $1.53 million for FY2014 from $1.23 million for FY2013.

Finance costs decreased by 23.7% to $71,000 for FY2014 from $93,000 for FY2013 mainly due to repayment of borrowings. Due to the difficult business conditions and the write offs incurred, the Group recorded a loss after tax of $4.06 million for FY2014 as compared to a profit after tax of $2.17 million for FY2013 which included a profit of $1.63 million from divestment of two subsidiaries.

Review of Financial Performance

Cash Flow

The Group's cash and cash equivalents was $32.7 million as at 31 December 2014. Net cash used in operating activities was $0.9 million for FY2014 compared to $0.7 million for FY2013. The cash used in operating activities in FY2014 was due mainly to the loss incurred for FY2014.

Net cash used in investing activities was $4.9 million for FY2014 compared to net cash generated of $16.7 million for FY2013. This was due mainly to proceeds of $11.4 million received from disposal of subsidiaries in FY2013 together with another $5 million refund received from PT Sinar Wijaya Pratama for FY2013. For FY2014, $6.26 million (US$5 million) deposit for proposed investment in Longmen was made for which a partial refund of $1.31 million (US$1 million) was received. The balance of US$4 million has since been received together with interest charged at 5.33%.

Net cash used in financing activities was $2.7 million for FY2014 compared to $1.8 million for FY2013. This was due mainly to dividend paid to shareholders and repayment of finance lease liabilities.

Financial Position

Non-current assets decreased by $0.1 million or 4.4% from $2.6 million as at 31 December 2013 to $2.5 million as at 31 December 2014. This was due mainly to depreciation and property, plant and equipment written off arising from office relocation and partially offset by purchase of property, plant and equipment and renovation of new office premises.

Current assets decreased by $8.0 million or 14.5% from $55.4 million as at 31 December 2013 to $47.4 million as at 31 December 2014, due mainly to the reduction in cash and cash equivalents. The net asset value per share as at 31 December 2014 decreased to 12.04 cents from 13.62 cents as at 31 December 2013.

Non-current liabilities decreased by $0.2 million or 23.3% from $1.1 million as at 31 December 2013 to $0.9 million as at 31 December 2014, due mainly to repayment of finance lease liabilities.

Current liabilities decreased by $1.8 million or 47.6% from $3.8 million as at 31 December 2013 to $2.0 million as at 31 December 2014 due mainly to repayment of other payables and staff related costs.

Other Development

At the time of preparing this annual report, the Company has announced its signing of a conditional sale and purchase agreement to acquire a 49% stake in PT Momentum Indonesia Investama for a consideration of US$11.5 million. PT Momentum Indonesia Investama is an Indonesian shipping company which owns a young fleet of vessels comprising 12 Tugs & Barges and 3 Self-Unloading vessels. The proposed acquisition signifies the Group's expansion into the marine logistics sector, an area which still holds lots of promising growth in Southeast Asia.

Financial Highlights

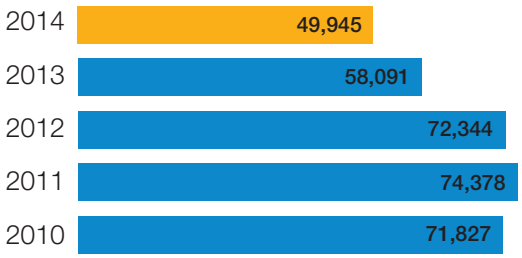
HIGHLIGHTS ON FINANCIAL POSITION

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Total Assets	49,945	58,091	72,344	74,378	71,827
Total Liabilities	(2,881)	(4,974)	(21,350)	(33,104)	(31,727)
Net Assets	47,064	53,117	50,994	41,274	40,100
Equity Attributable to Equity Holders of the Company	46,571	52,686	50,751	39,087	38,252
Non-Controlling Interest	493	431	243	2,187	1,848
Total Equity	47,064	53,117	50,994	41,274	40,100

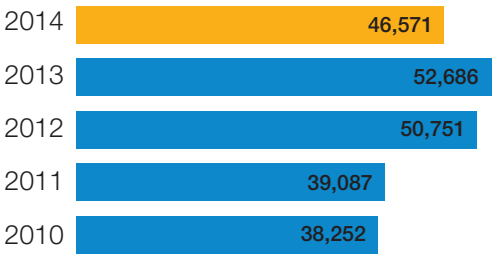
RESULTS OF OPERATIONS

Revenue	9,675	13,748	34,670	63,008	58,571
Cost of Sales	(7,553)	(6,489)	(25,297)	(54,739)	(47,700)
Gross Profit	2,122	7,259	9,373	8,269	10,871
(Loss)/Profit After Tax from Continuing Operations	(4,057)	543	5,216	2,102	4,768

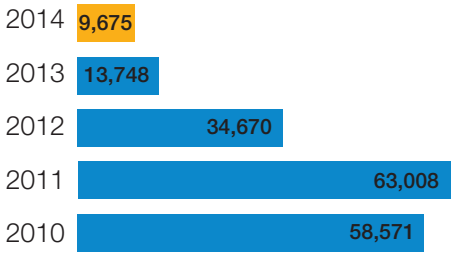
Total Assets ($'000)



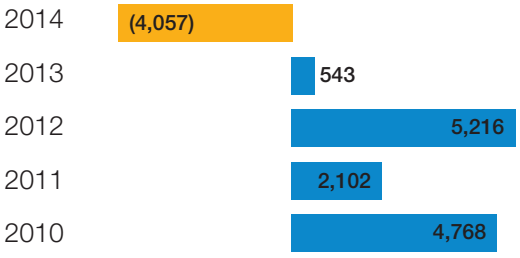
Equity Attributable to Equity Holders of the Company ($'000)



Revenue ($'000)



(Loss)/Profit After Tax from Continuing Operations ($'000)



Corporate Information

Board of Directors

Mark Zhou You Chuan
Executive Director
(Appointed on 5 December 2014)

Lye Soon Ngian
Executive Director
(Appointed on 1 January 2015)

William Teo Choon Kow
Independent Director

Jamshid K. Medora
Independent Director

Chan Yu Meng
Independent Director
(Appointed on 13 January 2015)

Audit Committee

William Teo Choon Kow
Chairman

Jamshid K. Medora
Chan Yu Meng
(Appointed on 13 January 2015)

Nominating Committee

Chan Yu Meng
Chairman
(Appointed on 13 January 2015)

William Teo Choon Kow
Jamshid K. Medora

Remuneration Committee

Jamshid K. Medora
Chairman

William Teo Choon Kow
Chan Yu Meng
(Appointed on 13 January 2015)

Company Secretary

Teo Meng Keong
(Appointed on 13 October 2014)

Registered Office

106 Tuas South Avenue 2
West Point Bizhub
Singapore 637158
Tel: (65) 6363 7622
Fax: (65) 6363 7522
Co. Reg. No. 199707022K

Auditors

RT LLP
Chartered Accountants
1 Raffles Place,
#17-02, One Raffles Place
Singapore 048616
Tel: (65) 6226 0080
Fax: (65) 6226 3345

Partner-in-charge: Ong Kian Meng
(Appointed with effect from financial year ended 31 December 2014)

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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Corporate Governance Report

The Board of Directors (the "Board") of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group") is committed to observing and maintaining good corporate governance in complying with the Code of Corporate Governance 2012 (the "Code") which form part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s listing rules.

This report outlines the corporate governance processes and procedures adopted by Group.

BOARD MATTERS

Principle 1: Board's Conduct of its Affairs

The Board provides effective leadership and direction to the Group by setting strategic direction and corporate policies and procedures. Each Director brings his/her abundant skills, expertise, experience and sound judgment to the Board, and individually and collectively, considers and acts in the best interest of the Group and its shareholders at all times.

As at the date of this report, the Board comprises the following members:

Mr Mark Zhou You Chuan	Executive Director (Note 1)
Mr Lye Soon Ngian	Executive Director (Appointed on 1 January 2015)
Mr William Teo Choon Kow	Independent Non-Executive Director
Mr Jamshid K. Medora	Independent Non-Executive Director
Mr Chan Yu Meng	Independent Non-Executive Director

Note:

(1) Mr Mark Zhou You Chuan was appointed as Non-Executive Director on 5 December 2014 and subsequently re-designated as Executive Director on 13 January 2015.

In addition to its statutory duties and responsibilities, the Board's roles include, *amongst other things,* the following:

(i) setting the policies, strategies and financial objectives of the Group;

(ii) overseeing the processes for evaluating the adequacy of internal controls, risk management systems, financial reporting systems and compliance;

(iii) approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;

(iv) approving nomination of the Board as recommended by the Nominating Committee;

(v) assuming responsibility for corporate governance;

Corporate Governance Report

(vi) monitoring the performance of the Management;

(vii) ensuring accurate, adequate and timely reporting to shareholders;

(viii) reviewing and approving Interested Person Transactions in accordance with guidelines; and

(ix) considering the sustainability issues, e.g. environmental and social factors.

The Board's approval is required on matters such as entering into new business ventures, major acquisitions and disposals, corporate or financial restructuring, share issuance and dividend recommendations.

The Board has established PSL Enterprise Risk Management Framework and a set of guidelines setting forth matters which require Board's approval. Matters which are specifically reserved to the Board for approval include, but not limited to, the following:

(a) any proposed material acquisition and disposal of assets;

(b) any transaction exceeding $2 million or capital expenditure commitment exceeding $1 million which are not in the ordinary course of the business; and

(c) banking facilities and operating mandates.

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

The Board has delegated certain functions to three committees namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") to assist in the execution of its responsibilities. Each Committee has its own written Terms of Reference, which clearly sets out the objectives, duties, powers, responsibilities as well as qualifications for the committee membership. The actions taken by the Board Committees are reported to and monitored by the Board.

The Board meets periodically and as when necessary with Management to get updates on new developments and financial performance of the Group to address any specific significant matters that may arise. Ad-hoc meetings are also convened to deliberate on urgent substantive matters.

Conference telephone attendance, audio visual or other means of similar communications equipment at Board and Board Committee meetings are provided under Article 97 of the Company's Articles of Association.

Corporate Governance Report

The number of Board meetings and Board Committee meetings held during the financial year ended 31 December 2014 ("FY2014") and the attendance of each Director where relevant is as follows:

	Board		Board committees					
			Audit		Nominating		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Board Members								
Lee Cheng Peck [1]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lim Bok Hoo [2]	2	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Liew Ham Chow [3]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Foo Kah Lee [4]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
William Teo Choon Kow	13	13	5	5	3	3	5	5
Jamshid K. Medora	13	13	5	5	3	3	5	5
Lee Kim Lian, Juliana [5]	13	13	5	5	3	3	5	5
Sudirman Kurniawan [6]	1	0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chang Yeh Hong [7]	3	3	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Tang Yew Quan [8]	11	10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Yip Kean Mun [9]	6	6	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mark Zhou You Chuan [10]	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lye Soon Ngian [11]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Chan Yu Meng [12]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not Applicable

Notes:

(1) Mr Lee Cheng Peck resigned from the Board on 10 March 2014 as Executive Director. With his resignation, Mr Lee stepped down as Chairman of the Board.

(2) Mr Lim Bok Hoo retired at the Annual General Meeting held on 28 April 2014.

(3) Mr Liew Ham Chow resigned from the Board on 4 March 2014 as Executive Director.

(4) Mr Foo Kah Lee resigned from the Board on 1 April 2014 as Executive Director.

(5) Ms Lee Kim Lian, Juliana resigned from the Board on 31 December 2014 as Independent Non-Executive Director. With her resignation, Ms Lee stepped down as Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee.

(6) Mr Sudirman Kurniawan was appointed as Non-Executive Director on 10 March 2014 and resigned from the Board on 21 April 2014.

(7) Mr Chang Yeh Hong was appointed as Non-Executive Director on 10 March 2014 and resigned from the Board on 27 June 2014.

Corporate Governance Report

(8) Mr Tang Yew Quan was appointed as Executive Director on 1 April 2014 and resigned from the Board on 15 December 2014.

(9) Mr Yip Kean Mun was appointed as Executive Director on 6 August 2014 and resigned from the Board on 15 January 2015.

(10) Mr Mark Zhou You Chuan was appointed as Non-Executive Director on 5 December 2014 and subsequently re-designated as Executive Director on 13 January 2015.

(11) Mr Lye Soon Ngian was appointed as Executive Director on 1 January 2015.

(12) Mr Chan Yu Meng was appointed as Independent Non-Executive Director, Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee on 13 January 2015.

Upon appointment, each Director will receive appropriate briefing to familiarise them with the Group's businesses, financial performance, corporate strategic direction, action plans, policies and governance practices. In addition, the Company will provide a formal appointment letter detailing the duties and obligations of the newly appointed Directors. To enable the Directors remain updated with the law and corporate governance practices, the Company continues providing training budget to the Directors for funding of their participation at industry conferences and seminars, and attendance at any training courses where required. The Directors are also encouraged to be members of the Singapore Institute of Directors ("SID") so that they could receive journal updates and training from SID in order to stay abreast with relevant developments in financial, legal and regulatory requirements, and the business environment and outlook.

On a quarterly basis, the Directors are briefed on recent changes to the accounting standards and regulatory updates. In addition, the Directors are also briefed and updated on the impending changes to the Companies Act (Chapter 50) of Singapore and Listing Manual.

Principle 2: Board Composition and Guidance

The Board comprises five Directors, two of whom are Executive Directors and the remaining three are Independent Non-Executive Directors. There is a strong and independent element on the Board, with Independent Directors making up more than half of the Board. There is adequate balance of power and safeguards in place against an uneven concentration of authority in a single or few individuals. The Board considers that the current composition and size of the Board is appropriate for the current scope and nature of the Group's operations and provides sufficient diversity without interfering with efficient decision-making.

Each Director is a professional in their respective field, namely in legal, corporate finance and accounting. Together they bring with them a wide range of expertise and relevant experiences to the Group. The independent element on the Board ensures that it is able to exercise objective, impartial and independent judgment on corporate affairs. The Board considers that its Directors possess the necessary competencies and knowledge to lead and govern the Group effectively. The Directors' academic and qualifications are presented in pages 26 to 27 of this Annual Report.

The Independent Non-Executive Directors provide constructive review and assist the Board to facilitate and develop proposals on strategy and monitor the performance of Management in meeting agreed objectives. They have full access to and co-operation from Management and officers and have the full discretion to have separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted.

Corporate Governance Report

The NC is tasked to determine on an annual basis and when circumstances require, the independence of a Director, bearing in mind the guidelines set out in the Code and any other salient factor. Each Director is required to declare his independence based on the guidelines set forth in Guideline 2.1 of the Code. The NC will review and deliberate the independence of each Independent Director before giving its recommendation to the Board for deliberation. The NC has reviewed and determined that all the Independent Directors are considered independent.

Presently, Mr Jamshid K. Medora has served as an Independent Director for more than 9 years since his initial appointment to the Board in 2003. The Board has subjected his independence to a particularly rigorous review. Taking into account the views from the NC, the Board concurs that Mr Medora has engaged the Board in constructive discussion; his contributions are relevant and reasoned and he has exercised independent judgement. The Board recognizes that Mr Medora has over time developed significant insights in the Group's businesses and operations and he can continue to provide significant and valuable contribution objectively to the Board as a whole. The Board considers Mr Medora independent notwithstanding he has served on the Board for more than 9 years from the date of his first appointment.

Principle 3: Chairman and Chief Executive Officer ("CEO")

Presently, there are two Executive Directors within the Company, namely Mr Mark Zhou You Chuan and Mr Lye Soon Ngian.

Each Executive Director bears different responsibilities and tasked to handle different scope of work. Mr Mark Zhou You Chuan bears the responsibility on strategic planning, corporate management, operations and business development of the Group while Mr Lye Soon Ngian is responsible for the Group's operations management, finance and accounting functions, management of corporate affairs and initiatives within the Group. The segregation of roles facilitates a healthy, open exchange of views and opinions between the Board and Management in their deliberation of the business, strategic aims and key activities of the Company.

Mr Mark Zhou You Chuan, the Executive Director of the Company performs the following responsibilities:

- Lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- Promote a culture of openness and debate at the Board;
- Ensure the Directors received accurate, timely and clear information;
- Ensure effective communication with shareholders;
- Encourage constructive relations between the Board and the Management; and
- Promote high standards of corporate governance by ensuring the Company's compliance with the Code and other applicable rules and regulations.

The former Executive Chairman, Vice Chairman and Chief Executive Officer and the current Executive Directors are not related to each other. Taking into account the current Board size and Independent Directors (forming more than half of the Board) being individually and collectively available to shareholders as a channel of communication between shareholders and the Board or Management, the Board is of the view that there is no need to appoint any Independent Director as Lead Independent Director.

Corporate Governance Report

Principle 4: Board Membership

The NC comprises the following three members, all of whom are Independent Directors:

- Mr Chan Yu Meng (Chairman)
- Mr William Teo Choon Kow
- Mr Jamshid K. Medora

The NC, regulated by written Terms of Reference, is responsible for making recommendations to the Board on all appointments and will use its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge to enable balanced and well-considered decisions to be made.

The key terms of reference of the NC include the following:

(a) Review and recommend the appointment of Directors;

(b) Nominating Directors who retire in accordance with the Company's Articles of Association at each annual general meeting ("AGM") for re-election taking into consideration such Directors' contribution and performance at board meetings, including their attendance, level of preparedness, degree of participation and candour;

(c) Reviewing the training programs for the Directors;

(d) Formal assessment of the effectiveness of the Board as a whole and individual Director; and

(e) Developing a process for evaluating the performance of the Board, its Board Committees and contributions of each Director.

The process for the selection and appointment of a new Board member is as follows:

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation and in consultation with the Board, the NC prepares a description of the roles and key attributes for the new appointment;

- The NC meets with the short-listed candidate(s) to assess their suitability and to ensure that the candidates are aware of the expectations; and

- The NC recommends the most suitable candidate to the Board for the appointment as Director.

The retirement of Directors is governed by the Company's Articles of Association which requires one-third of the directors for the time being to retire by rotation at each AGM and if eligible, offer themselves for re-election. Newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment during the year. Thereafter, he is subject to the one-third rotation rule. A retiring Director is eligible and may be nominated for re-election. Mr Lye Soon Ngian has notified the Company of his intention not to seek re-election at the forthcoming AGM. Accordingly, Mr Lye Soon Ngian will cease to be a Director of the Company at the conclusion of the forthcoming AGM.

Corporate Governance Report

The following Directors will be offering themselves for re-election/re-appointment at the forthcoming AGM:

1. Mr Mark Zhou You Chuan
2. Mr Chan Yu Meng
3. Mr Jamshid K. Medora

During the year, the NC evaluated the Board's performance as a whole and contributions made by each Director and the effectiveness of the Board. A formal process has been adopted by the NC to assess the effectiveness of the Board annually.

As at the date of this Report, there was no Independent Director being appointed as a Director to the Company's principal subsidiaries. The Board will assess from time to time the need for renewal of the Board structures of the principal subsidiaries and the appointment of Independent Director into the principal subsidiaries.

The Company does not have a practice of appointing an Alternate Director.

The date of Director's initial appointment, last re-election and their directorships are set out below:

Name of Director	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past directorships in listed companies *
William Teo Choon Kow	26 August 2011	29 April 2013	See Hup Seng Limited, Loyz Energy Limited, and Wee Hur Holdings Ltd	-
Jamshid K. Medora	26 February 2003	29 April 2014	-	-
Mark Zhou You Chuan	5 December 2014	-	-	-
Lye Soon Ngian	1 January 2015	-	-	-
Chan Yu Meng	13 January 2015	-	Singapore eDevelopment Limited	Creative Master Bermuda Limited

* Within the past three years

The NC has adopted the policy addressing competing time commitments that are faced when Directors serve on multiple boards. The policy provides that, as a general rule, each Director should not hold more than seven listed company board representations.

The NC will determine annually whether a Director with multiple board representations and/or other principal commitments is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of each individual Director, and the respective Directors' actual conduct on the Board, in making this determination.

The NC is satisfied that each Director's directorship was in line with the Company's policy and that sufficient time and attention have been being given by each Director to the affairs of the Group, notwithstanding that some of the Directors have multiple board representations.

Corporate Governance Report

Principle 5: Board Performance

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations made by the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole, effectiveness of its board committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Directors undertake an annual evaluation of the overall effectiveness of the Board. The performance criteria for the Board evaluation includes the size and composition of the Board, Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

Each Director also undertakes a self-assessment to evaluate their contribution to the Board. This self-assessment process takes into account, amongst other things, the board commitment, standard of conduct, competency, training & development and interaction with Directors, Management & stakeholders.

The results of the evaluation exercise will be considered by the NC, which will then make recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

Principle 6: Access to Information

Management acknowledges the importance of complete, adequate and timely supply of information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. To allow the Directors sufficient time to prepare beforehand for the meetings, the agendas, board papers and related materials, background or explanatory information relating to matters to be discussed are distributed to all Directors prior to each meeting to facilitate the effective discussion. Any additional materials or information requested by the Directors is promptly furnished. The Board is informed of all material events and transactions as and when they occur.

All Directors have unrestricted access to the Company's records and information. The Directors liaise with Management as required and may consult with other employees to seek additional information on request. Should the Directors, either individually or as a group, in the furtherance of their duties, require independent professional advice, such advice shall be sought at the Company's expense.

The Company Secretary is responsible for, among other things, attending and preparing minutes of all Board and Board Committees meetings, and ensuring Board procedures are observed and that the requirements of the Company's Memorandum & Articles of Association, Companies Act (Chapter 50) of Singapore, Listing Manual and other relevant rules and regulations are complied with. The Company Secretary works with Management to ensure that the Company complies with the relevant rules and regulations.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Corporate Governance Report

Principle 7: Remuneration Matters

The RC comprises the following three members, all of whom are Independent Non-Executive Directors:

- Mr Jamshid K. Medora (Chairman)
- Mr William Teo Choon Kow
- Mr Chan Yu Meng

The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and reviewing the remuneration packages of individual Directors, Key Management personnel and employees related to the Executive Directors and Controlling Shareholders of the Group.

The key terms of reference of the RC are as follows:

(a) Recommend to the Board a framework of remuneration for the Directors and Management. The framework covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowance, bonuses and benefits in kind;

(b) Determine specific remuneration packages for each Executive Director; and

(c) Review annually the remuneration of employees related to the Directors and Substantial Shareholders, if applicable, to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

The recommendations of the RC will be submitted to the Board for endorsement. Each RC member will abstain from voting on any resolution in respect of his own remuneration.

The RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of Executive Directors and Key Management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with the aim to be fair and not rewarding poor performance.

Principle 8: Level and Mix of Remuneration

Annually, the RC reviews the remuneration of the Executive Directors and Management to ensure that their remuneration commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group as well as market trend within the industry.

Executive Directors are remunerated as members of Management under their respective service contracts. Their remuneration package comprises a basic salary component and a variable component, the latter of which is in the form of bonus and profit sharing scheme link to the Group's performance as a whole and the performance for each individual. As for the Management, the Key Performance Indicator ("KPI") has been set for them to achieve which are linked to the performance to each business that are handled by them. No performance evaluation was done for the former Executive Directors during the year as they left the Company before their performance review.

Corporate Governance Report

The Company has entered into service contracts with the Executive Directors, namely Mr Mark Zhou You Chuan and Mr Lye Soon Ngian. Each service contract is for a period of three years, terminable with 3 months' notice. Upon the expiry of the period of three years, the employment of each Executive Director can be renewed for a further three years on such terms as may be agreed by the RC.

The Company does not have an employee share option scheme or any long-term scheme in place.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The Directors' fees payable to the Independent Directors are fixed in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as their responsibilities and obligations. The Directors' fees will be subject to the shareholders' approval at the AGM. Each member of the RC abstains from voting on any resolution, participating in any deliberations of the RC, and making any recommendation in respect of their remuneration.

Principle 9: Disclosure of Remuneration

The remuneration paid or proposed to be paid to the Directors for FY2014 is set out below:

Name of Director	Directors' Fee %	Salary %	Bonus %	Allowance %	Total %	Total remuneration $
Lee Cheng Peck [1]	-	60	40	-	100	200,000
Lim Bok Hoo [2]	100	-	-	-	100	10,000
Liew Ham Chow [3]	-	73	24	3	100	234,000
Foo Kah Lee [4]	-	76	21	3	100	281,000
William Teo Choon Kow	100	-	-	-	100	90,000
Jamshid K. Medora	100	-	-	-	100	90,000
Lee Kim Lian, Juliana [5]	100	-	-	-	100	90,000
Sudirman Kurniawan [6]	-	-	-	-	-	-
Chang Yeh Hong [7]	100	-	-	-	100	9,000
Tang Yew Quan [8]	-	90	-	10	100	97,000
Yip Kean Mun [9]	-	91	-	9	100	64,000
Mark Zhou You Chuan [10]	100	-	-	-	100	2,000

Notes:

(1) Mr Lee Cheng Peck resigned from the Board on 10 March 2014 as Executive Director and Chairman of the Board.

(2) Mr Lim Bok Hoo retired at the Annual General Meeting held on 28 April 2014.

(3) Mr Liew Ham Chow resigned from the Board on 4 March 2014 as Executive Director.

Corporate Governance Report

(4) Mr Foo Kah Lee resigned from the Board on 1 April 2014 as Executive Director and Chief Executive Officer.

(5) Ms Lee Kim Lian, Juliana resigned from the Board on 31 December 2014 as Independent Non-Executive Director.

(6) Mr Sudirman Kurniawan was appointed as Non-Executive Director on 10 March 2014 and resigned from the Board on 21 April 2014.

(7) Mr Chang Yeh Hong was appointed as Non-Executive Director on 10 March 2014 and resigned from the Board on 27 June 2014.

(8) Mr Tang Yew Quan was appointed as Executive Director on 1 April 2014 and resigned from the Board on 15 December 2014.

(9) Mr Yip Kean Mun was appointed as Executive Director on 6 August 2014 and resigned from the Board on 15 January 2015.

(10) Mr Mark Zhou You Chuan was appointed as Non-Executive Director on 5 December 2014 and subsequently re-designated as Executive Director on 13 January 2015.

The annual aggregate remuneration paid to the top five Key Management personnel of the Company (who are not Directors) for FY2014 is $724,000. For competitive reasons, the Company discloses only the band of remuneration of each Key Management personnel as follows:

Remuneration Band & Name of Key Management Personnel	**Salary**	**Bonus**	**Allowances**	**Total**
	%	%	%	%
Below $250,000				
Lee Ying Kiat [(1)]	95	-	5	100
Ross Y. Limjoco [(2)]	77	19	4	100
Koh Yew Ghee	82	10	8	100
Chia Meng Ru [(3)]	90	-	10	100
Lye Soon Ngian [(4)]	80	13	7	100

Notes:

(1) Mr Lee Ying Kiat resigned as the General Manager on 10 November 2014.

(2) Mr Ross Y. Limjoco was terminated as the Chief Financial Officer by notice pursuant to the terms of his service agreement following the change in substantial shareholder of the Company on 1 April 2014.

(3) Ms Chia Meng Ru was appointed as Group Financial Controller on 1 April 2014 and resigned on 10 November 2014.

(4) Mr Lye Soon Ngian was appointed as Chief Financial Officer on 1 September 2014.

Corporate Governance Report

Mr Liao Zheting, Jermaine, the son of Mr Liew Ham Chow, former Executive Director, was employed as Corporate Affairs Executive, earning remuneration comprising salaries and annual bonus of $35,000. He ceased to be Corporate Affairs Executive on 30 April 2014.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration package of the Executive Directors and Key Management personnel, excluding the Company's Chief Financial Officer ("CFO") and Group Financial Controller ("GFC"), include profit sharing based on the performance of the Company and its subsidiaries.

There are no termination, retirement and/or post-employment benefits granted to Directors or Key Management personnel during FY2014.

Principle 10: Accountability

The Board recognises the importance of providing accurate and relevant information on a timely basis. As such, the Management provides all members of the Board with Management Report and such explanation and information on a quarterly basis to enable the Board to make a balanced and understandable assessment of the Group's performance, position and prospects to its shareholders, public and regulators. The Board is mindful of its obligations to furnish timely information and ensure full disclosures of material corporate developments to its shareholders to comply with the statutory requirements and Listing Manual.

The Board reviews and approves the quarterly and full year financial results and other related material information before such information are disseminated to shareholders via announcements to SGXNET.

Principle 11: Risk Management and Internal Controls
Principle 13: Internal Audit

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of shareholders and the Group's assets. However, the Board recognises that no cost effective internal control system will preclude all errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objective and can provide only reasonable and not absolute assurance against the occurrence of material misstatements, errors, losses and/or any other situations not currently within the contemplation or beyond the control of the Board.

The Group employs the PSL Enterprise Risk Management Framework developed by RSM Ethos Pte Ltd, an independent professional firm, to perform risk assessment review on areas of significant business risks as well as the appropriate measures to control and mitigate these risks.

On an annual basis, the external auditors carry out, in the course of their statutory audit the review of the effectiveness of the Group's key internal controls including financial, operational, compliance, information technology controls as well as risk management systems to the extent of the scope of their audit plan. Any material weaknesses in internal controls together with recommendations will be reported to the AC.

Corporate Governance Report

In 2014, the Company outsourced its internal audit functions to JF Virtus Pte Ltd, an independent professional firm. The role of the internal auditors is to support the AC in ensuring that the Group maintains a sound system of internal controls by monitoring and assessing the effectiveness of key controls and procedures, conducting in depth audit of high risk areas and if necessary, undertaking special audit directed by the AC. Management has granted the Internal Auditors unrestricted access to the documents, records, properties and personnel of the Company and the Group.

The internal audit plan was submitted to the AC for review and approval prior to the commencement of the internal audit work. The internal auditors review the effectiveness of key internal controls in accordance with the internal audit plan. The internal auditors assist the AC in overseeing and monitoring the implementation and improvements required on internal control weaknesses identified.

All the audit findings and recommendations made by the internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The AC will review the findings and recommendations by the auditors and ensure that the Management follows up on the recommendations made by the auditors, if any, during the audit process.

Pursuant to Rule 1207(10) of the Listing Manual, based on the internal controls established and maintained by the Group and the work performed by the Group's external auditors, internal auditors and Management reviews, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group in its current business environment. The Board has received assurance from the Executive Director and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances and adequate and effective risk management and internal control systems have been put in place.

Principle 12: Audit Committee

The AC comprises the following three members, all of whom are Independent Non-Executive Directors:

- Mr William Teo Choon Kow (Chairman)
- Mr Jamshid K. Medora
- Mr Chan Yu Meng

The members of the AC possess many years of experience in accounting, legal, business and financial management. The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

The AC is regulated by its terms of reference which highlights its primarily responsibilities:

(a) to assist the Board in discharging its responsibilities to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that our Management creates and maintains an effective control environment in our Group.

(b) to provide a channel of communication between our Board, our Management team, our external audits on matters relating to audit.

(c) to monitor Management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit).

Corporate Governance Report

(d) to monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors.

The main functions of the AC are as follows:

(a) review the external auditors' audit plans, their evaluation of the system of internal controls, their management letter and Management's response thereto;

(b) review the internal auditors' internal audit plans and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval;

(c) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to our Group's financial performance before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant and statutory or regulatory requirements;

(d) review the internal control and procedures and ensure co-ordination between the external auditors and our Management, review the assistance given by our Management, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of our Management where necessary);

(e) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review our Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging polices approved by our Board;

(h) review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;

(i) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

(j) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response thereto;

(k) review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on our Group's operating results and/or financial position;

Corporate Governance Report

(l) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(m) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;

(n) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET; and

(o) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The AC has the explicit authority to investigate any matter within its scope of responsibilities, full access to and cooperation of the Management, external auditors and internal auditors. It also has full discretion to invite any Director or Executive Officer to attend its meetings. The AC has adequate resources to enable it to discharge its responsibilities properly.

The Group appointed RT LLP as its external auditors for the Company and its Singapore-incorporated subsidiaries, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number of and experience of supervisory and professional staff assigned to the particular audit. The auditing firm is registered with the Accounting and Corporate Regulatory Authority. There was no former partner or director of the Company's existing auditing firm or audit corporation acting as a member of the AC.

Accordingly, the Company complied with Rule 712 and Rule 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The external auditors have unrestricted access to the AC. Both the external auditors and internal auditors report directly to the AC in respect of their findings and recommendation. During FY2014, the AC met with the external auditors without the presence of the Management. The AC reviews the findings from the auditors and assistance given to the auditors by the Management.

During the financial year, the AC has:

(a) reviewed the scope of work of the external auditors;

(b) reviewed the scope of work of the internal auditors;

(c) reviewed the audit plans and discussed the results of the findings and evaluation of the Company's system of internal controls;

(d) reviewed interested party transactions of the Company;

Corporate Governance Report

(e) met with the Company's external auditors without the presence of Management;

(f) reviewed the independence of internal auditors;

(g) reviewed the independence of external auditors;

(h) reviewed the Company's procedures for detecting fraud and whistle-blowing matters; and

(i) reviewed the major acquisitions and disposals of the Company.

The AC also takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on the financial statements.

During the year under review, the aggregate amount of fees paid or payable to the external auditors for the audit services is $54,000. No non-audit services were performed by the independent auditors during FY2014. The AC recommends to the Board the re-appointment of RT LLP as the external auditors of the Company at the forthcoming AGM.

The Company has adopted a whistle-blowing policy which provides well-defined and accessible channels in the Group through which employees may raise concerns in the event that they may encounter any improper conduct within the Group.

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

The Group recognises the importance of maintaining transparency and accountability to its shareholders. As such, the Group has in place a communication framework that disseminates on a timely basis relevant financial data, price sensitive information and material developments to shareholders. Quarterly and full year financial results and all other material information are disseminated to the SGX-ST's website via SGXNET. There is no dedicated team within the Group, overseeing investor relations. Nevertheless, Mr Mark Zhou You Chuan, the Executive Director of the Company is available to respond to shareholders' enquiries, if any.

The Company encourages active shareholder participation at its general meetings. Notices of general meetings are published in the newspapers and reports or circulars are dispatched to all shareholders by post. The Board and Management, including the Chairman of the respective Board Committees, together with the Company Secretary and independent auditor, would be present at the general meetings to address queries from the shareholders. The resolutions are as far as possible, structured separately and be voted on independently.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Presently, the Company's Articles of Association do not allow a shareholder to vote in absentia by mail, email or fax.

The minutes of general meetings are prepared and made available to shareholders upon their request in accordance with applicable laws.

Corporate Governance Report

For greater transparency, the Company will put all resolutions to vote by poll at the AGMs and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

Presently, the Company does not have a dividend policy in place. The Board may consider adopting a dividend policy in the future. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

For FY2014, out of prudence, the Company will not be paying dividends to shareholders due to the financial performance of the Group and the uncertain economic and business conditions, which will require the retention of earnings to build up reserves to absorb future shocks and preserve the Company's liquidity position. This will also enable the Group to make investments for long term growth where needed.

Interested Persons Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC to ensure that those transactions are carried out on normal commercial terms and are not prejudicial to the interests of the shareholders.

There were interested person transactions for the financial year ended 31 December 2014 but these are below $100,000 in aggregate.

Internal Code of Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST on best practices in respect of dealing in securities, the Group has in place an internal code of conduct which prohibits the Directors, Key Management personnel of the Group and their connected persons from dealing in the Company's shares during the "black-out" period. The black-out period is two weeks and one month immediately preceding the announcement of the Company's quarterly and full year financial results respectively, or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors, Key Management personnel and connected persons are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term considerations.

Material Contracts

There is no material contract of the Company and its subsidiaries involving the interests of the chief executive officer, each Director or controlling shareholder for the financial year ended 31 December 2014.

Use of Proceeds

The remaining proceeds of $5.3 million from rights and warrants issue has yet to be utilised and is presently deposited in time deposits awaiting for deployment.

Board of Directors

The profile of our Board of Directors are as follows:

Mr Mark Zhou You Chuan

Mr Mark Zhou You Chuan is Executive Director of the Company. He was appointed to the Board as non-executive director on 5 December 2014 and re-designated as Executive Director of the Company on 13 January 2015. Mr Zhou will be retiring pursuant to Article 88 of the Articles of Association at the Company's coming AGM in April 2015 and is seeking re-election. He is responsible for strategic planning, corporate management, operations and business development of the Group. Prior to his appointment, he was Chief Investment Officer of Geo Energy Resources Limited, a resources company listed on the Singapore Exchange Mainboard, overseeing merger and acquisitions, fund raising activities and investor relations. Mr Mark Zhou also possesses investment banking experience having been involved in various capital markets activities such as initial public offerings, reverse takeovers, rights issues, placements and financial advisory transactions on the Singapore Exchange. He was also a registered professional with a full sponsor having supervised companies listed on the SGX-Catalist on their listing obligations as well as to oversee their compliance with the relevant Catalist regulations. Mr Mark Zhou graduated from Nanyang Technological University with a Bachelor of Business degree with a double specialisation in Banking and Finance and Business Law.

Mr Lye Soon Ngian

Mr Lye Soon Ngian is Executive Director and Chief Financial Officer of the Company. He was appointed as Chief Financial Officer on 1 September 2014 and appointed as Executive Director of the Company on 1 January 2015. Mr Lye will be retiring pursuant to Article 88 of the Articles of Association at the Company's coming AGM in April 2015 and is not seeking re-election. He is responsible for operations management, finance and accounting functions, management of corporate affairs and initiatives within the Group. He possesses more than thirty years of progressive and broad experience in financial, strategic and general management, including six years with Lee Metal Group Ltd and seven years with Sing Lun Holdings Ltd, both listed in SGX. His broad experience includes setting up and being a Board member in a joint venture company in China in 1984. He also held directorships of companies in India, South East Asia, Europe and the Middle East. Mr Lye holds a Bachelor of Accountancy degree from the University of Singapore and a Diploma in Management from the University of Hull. He is an ordinary member of the Singapore Institute of Directors.

Mr William Teo Choon Kow

Mr William Teo Choon Kow is an independent director of the Company. He was appointed to the Board on 26 August 2011 and was last re-elected at the Company's AGM on 29 April 2013. He is Chairman of the Audit Committee and member of Remuneration and Nominating Committees. He is currently a consultant providing corporate advisory work. The directorships of Mr William Teo Choon Kow present and for the preceding three years in listed companies are See Hup Seng Limited, Loyz Energy Limited, and Wee Hur Holdings Ltd. Prior to that, he was the vice-president of Walden International Investment Group from 1997 to 2004 where he was responsible for its investment function. From 1989 to 1997, he was a senior manager with Coopers & Lybrand Management Consultants Pte Ltd, involved in corporate finance work. He is a fellow of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants. He holds a Master in Management from Asian Institute of Management, Philippines.

Board of Directors

Mr Jamshid K. Medora

Jamshid K. Medora, JP, BBM, PBM, is an independent director of the Company. He was appointed to the Board since 26 February 2003 and was last re-elected at the Company's AGM on 28 April 2014. He will be retiring at the Company's coming AGM in April 2015 pursuant to Section 153(6) of the Companies Act, Cap. 50 and is seeking re-election. He is the Chairman of the Remuneration Committee and a member of the Nominating and Audit Committees. He is founder and Managing Partner of JK Medora & Co LLP, an audit and advisory firm in Singapore since 1974. A fellow of the Institute of Chartered Accountants in England and Wales (1966) and Institute of Singapore Chartered Accountants.

Mr Chan Yu Meng

Mr Chan Yu Meng is an Independent Director of the Company. He was appointed to the Board on 13 January 2015. Mr Chan will be retiring pursuant to Article 88 of the Articles of Association at the Company's coming AGM in April 2015 and is seeking re-election. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Chan is a Partner in the corporate department of Lee & Lee, a law firm in Singapore. He has more than 15 years of experience and currently practices in the areas of mergers and acquisitions, capital markets, corporate finance, corporate restructuring, securities law, stock exchange practice and corporate secretarial matters. He also has prior experience as a litigation counsel. He currently serves as an Independent Director of Singapore eDevelopment Limited, which is listed on the SGX-ST. Mr Chan holds a Bachelor of Laws (LLB) from the University of Durham and a Diploma in Singapore Law from the National University of Singapore. He is an ordinary member of the Singapore Institute of Directors.

Key Management

The profile of Key Management are as follows:

Mr Koh Yew Ghee

Mr Koh Yew Ghee is the General Manager and Director of TSL Transport & Engineering Pte. Ltd. He joined the Group in 2010 and his primary functions include overseeing the transport business.

Ms Natalie Koh Yen Yen

Ms Natalie Koh Yen Yen joined the Group as Group Financial Controller on 16 March 2015. She is responsible for financial and management reporting, accounting, taxation, internal controls and regulatory compliance and corporate secretarial matters of the Group. She has more than 6 years of experience as middle and senior management in listed entities and its subsidiaries in Finance Department. Ms Natalie holds a Bachelor of Science in Applied Accounting from Oxford Brookes University. She is a member of the Institute of Singapore Chartered Accountants and Association of Chartered Certified Accountants (ACCA).

Directors' Report

For the financial year ended 31 December 2014

The directors present their report to the members together with the audited financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

Directors

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

Mark Zhou You Chuan	(Appointed on 5 December 2014)
Lye Soon Ngian	(Appointed on 1 January 2015)
William Teo Choon Kow	
Jamshid K. Medora	
Chan Yu Meng	(Appointed on 13 January 2015)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of those objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of director's shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interest in the shares, debentures and warrants of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which the director is deemed to have an interest	
The Company (Number of ordinary shares)	**At beginning of financial year or date of appointment**	**At end of financial year**	**At beginning of financial year or date of appointment**	**At end of financial year**
Mark Zhou You Chuan (Appointed on 5 December 2014)	13,333,333	13,333,333	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

Directors' Report

For the financial year ended 31 December 2014

Directors' contractual benefits

Since the end of the previous 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 as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as director and/or executives of those related corporations.

Share options

Options granted

During the financial year, there were no options granted to any person to take up unissued shares of the Company or its subsidiaries.

Options exercised

During the financial year, there were no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

Options outstanding

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Warrants

The Company undertook a renounceable and non-underwritten rights issue of up to 77,343,707 new ordinary shares in the capital of the Company at an issue price of $0.10 for each rights share with up to 77,343,707 free detachable warrants, each warrant carrying the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of $0.34 for each new share, on the basis of 1 rights share with 1 warrant for every 4 existing ordinary shares held in the capital of the Company. The rights shares were listed for quotation on the Official List of SGX-ST and commenced trading on 24 April 2012. The warrants were listed for quotation on the Official List of SGX-ST and commenced trading on 25 April 2012. These warrants will expire on 24 April 2017.

To date, 2,500 warrants has been exercised and converted into ordinary shares in the capital of the Company. There were no warrants (2013: Nil) being exercised and converted into ordinary shares in the capital of the Company during the financial year.

Except as mentioned above, no shares have been issued during the financial year 2014 by virtue of the exercise of warrants to take up unissued shares of the Company.

The number of warrants of the Company outstanding at the end of the financial year was 77,341,207 (2013: 77,341,207).

The warrants are not dilutive as the exercise price of the warrant to convert into ordinary shares is more than the average share price as at the end of the financial year.

Directors' Report

For the financial year ended 31 December 2014

Audit Committee

The Audit Committee comprises three members who are independent non-executive directors. The members of the Audit Committee at the date of this report are:

William Teo Choon Kow	(Chairman)
Jamshid K. Medora	
Chan Yu Meng	(Appointed on 13 January 2015)

The members of the Audit Committee have many years of experience in accounting, legal, business and financial management. The Committee met five times in 2014 to discuss, review and perform the following:

(a) assist the Board in discharging its responsibilities to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that our Management creates and maintains an effective control environment in our Group.

(b) provide a channel of communication between our Board, our Management team, our external audits on matters relating to audit.

(c) monitor Management's commitment to the establishment and maintenance of a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit).

(d) monitor and review the scope and results of external audit and its cost effectiveness and the independence and objectivity of the external auditors.

The main functions of the AC are as follows:

(a) review the external auditors' audit plans, their evaluation of the system of internal controls, their management letter and Management's response thereto;

(b) review the internal auditors' internal audit plans and their evaluation of the adequacy of our internal control and accounting system before submission of the results of such review to our Board for approval;

(c) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to our Group's financial performance before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant and statutory or regulatory requirements;

(d) review the internal control and procedures and ensure co-ordination between the external auditors and our Management, review the assistance given by our Management, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of our Management where necessary);

(e) review and consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors;

Directors' Report

For the financial year ended 31 December 2014

Audit Committee (cont'd)

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review our Groups' hedging policies, procedures and activities (if any) and monitor the implementation of the hedging procedure/policies, including reviewing the instruments, processes and practices in accordance with any hedging polices approved by our Board;

(h) review potential conflicts of interest, if any, and to set out a framework to resolve or mitigate such potential conflicts of interests;

(i) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

(j) review and discuss with investigators, any suspected fraud, irregularity, or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position, and our Management's response thereto;

(k) review the findings of internal investigation into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have material impact on our Group's operating results and/or financial position;

(l) review arrangements by which our staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;

(m) review the effectiveness and adequacy of our administrative, operating, internal accounting and financial control procedures;

(n) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET; and

(o) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, including such amendments made thereto from time to time.

The Audit Committee has full access to and co-operation from management, external auditors and internal auditors and has been given adequate resources to enable it to discharge its responsibilities properly.

The Audit Committee has reviewed the non-audit services provided to the Company by the independent auditor as part of the Audit Committee's assessment of the independent auditor's independence. In 2014, the independent auditor did not provide any non-audit services to the Company and the Audit Committee is satisfied that the independent auditor's objectivity and independence have not been compromised. The Audit Committee would annually review the independence of the independent auditor.

The Audit Committee has recommended to the Board that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Directors' Report

For the financial year ended 31 December 2014

Independent Auditor

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mark Zhou You Chuan
Director

Lye Soon Ngian
Director

Singapore, 25 March 2015

Statement by Directors

For the financial year ended 31 December 2014

In the opinion of the directors,

(i) the statement of financial position of the Company and the consolidated financial statements of the Group together with the notes thereto 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 31 December 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(ii) 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

Mark Zhou You Chuan
Director

Lye Soon Ngian
Director

Singapore, 25 March 2015

Independent Auditor's Report

To the Members of PSL Holdings Limited
For the financial year ended 31 December 2014

Report on the Financial Statements

We have audited the accompanying financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for 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 accounts and balance sheets and to maintain accountability of assets.

Auditor's 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 about 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 of financial statements that give a true and fair view 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.

Independent Auditor's Report

To the Members of PSL Holdings Limited
For the financial year ended 31 December 2014

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, 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.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 25 March 2015

Statements of Financial Position

As at 31 December 2014

	Note	GROUP 2014 $'000	GROUP 2013 $'000 (Restated)	COMPANY 2014 $'000	COMPANY 2013 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	2,503	2,617	–	–
Investment in subsidiaries	5	–	–	3,891	3,891
Available-for-sale financial assets	6	–	–	–	–
Other receivables	9	31	33	–	–
Total non-current assets		2,534	2,650	3,891	3,891
Current assets					
Financial assets, at fair value through profit or loss	7	60	144	–	–
Trade receivables	8	2,075	4,027	–	–
Other receivables	9	10,889	7,325	10,159	5,877
Inventories	10	55	1,095	–	–
Amounts due from subsidiaries	11	–	–	2,591	6,605
Cash and cash equivalents	12	34,332	42,850	25,922	30,381
Total current assets		47,411	55,441	38,672	42,863
Total assets		49,945	58,091	42,563	46,754
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	13	29,575	29,575	29,575	29,575
Retained earnings		16,814	22,929	11,347	15,436
Capital reserve		182	182	–	–
		46,571	52,686	40,922	45,011
Non-controlling interests		493	431	–	–
Total equity		47,064	53,117	40,922	45,011
Non-current liabilities					
Finance lease liabilities	14	803	1,087	–	–
Deferred income tax liabilities	15	65	45	–	–
Total non-current liabilities		868	1,132	–	–
Current liabilities					
Trade payables	16	452	603	–	–
Other payables and accruals	17	1,076	2,473	718	798
Amounts due to subsidiaries	11	–	–	923	923
Finance lease liabilities	14	454	571	–	–
Current income tax liabilities		31	195	–	22
Total current liabilities		2,013	3,842	1,641	1,743
Total liabilities		2,881	4,974	1,641	1,743
Total equity and liabilities		49,945	58,091	42,563	46,754

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Continuing operations			
Revenue	18	9,675	13,748
Cost of sales		(7,553)	(6,489)
Gross profit		2,122	7,259
Other operating income	19	872	775
Selling and distribution expenses		(649)	(1,143)
General and administrative expenses		(4,838)	(5,089)
Other operating expenses	20	(1,533)	(1,229)
Finance costs	21	(71)	(93)
(Loss)/Profit before income tax from continuing operations	22	(4,097)	480
Income tax credit	23	40	63
(Loss)/Profit from continuing operations, net of income tax		(4,057)	543
Discontinued operations			
Profit from discontinued operations, net of income tax	24	–	1,630
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year		(4,057)	2,173
(Loss)/Profit for the financial year, representing total comprehensive income for the financial year attributable to:			
Equity holders of the Company		(4,181)	1,935
Non-controlling interests		124	238
		(4,057)	2,173
(Loss)/Profit for the financial year, representing total comprehensive income attributable to equity holders of the Company related to:			
Continuing operations		(4,181)	305
Discontinued operations		–	1,630
		(4,181)	1,935
(Loss)/Earnings per share for (loss)/profit from continuing and discontinued operations attributable to equity holders of the Company			
Basic (loss)/earnings per share	25	Cents	Cents
From continuing operations		(1.08)	0.08
From discontinued operations		–	0.42

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2014

	Attributable to Equity Holders of the Company					
	Share capital	Retained earnings	Capital reserve*	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
2014						
Balance as at 1 January 2014	29,575	22,929	182	52,686	431	53,117
Dividends (Note 28)	–	(1,934)	–	(1,934)	(62)	(1,996)
Total comprehensive income for the financial year	–	(4,181)	–	(4,181)	124	(4,057)
Balance as at 31 December 2014	29,575	16,814	182	46,571	493	47,064
2013						
Balance as at 1 January 2013	29,575	20,994	182	50,751	243	50,994
Dividends (Note 28)	–	–	–	–	(50)	(50)
Total comprehensive income for the financial year	–	1,935	–	1,935	238	2,173
Balance as at 31 December 2013	29,575	22,929	182	52,686	431	53,117

* *Capital reserve arose from bonus issue of ordinary shares and are not available for dividend distribution to shareholders.*

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000 (Restated)
Cash flows from operating activities			
(Loss)/Profit before tax		(4,097)	1,891
Adjustments for:			
Allowance for impairment on trade receivables	20	205	–
Allowance for impairment on other receivables	20	716	184
Depreciation of property, plant and equipment	4 and 22	531	1,825
Other receivables written off	20	231	–
Bad debts written off	20	–	202
Deposit paid in 2013 written off	20	254	–
Decrease/(Increase) in fair value of financial assets at fair value through profit or loss	20 and 19	84	(22)
Property, plant and equipment written off	20 and 24	43	17
(Gain)/Loss from disposal of property, plant and equipment	19 and 20	(207)	22
Dividend income from financial assets at fair value through profit or loss	19	(1)	–
Write back of allowance for impairment of trade receivables	19	–	(46)
Impairment loss on available-for-sale financial asset	20	–	821
Gain from disposal of subsidiaries	24	–	(4,176)
Interest income	19	(210)	(108)
Interest expense	21 and 24	71	181
Operating cash flows before changes in working capital		(2,380)	791
Decrease in trade receivables and other receivables		1,952	8,800
Decrease/(Increase) in inventories		1,040	(71)
Increase in amounts due to customers on construction contracts, (net) and construction contract work-in-progress		–	(248)
Decrease in trade payables, other payables and accruals		(1,548)	(9,897)
Cash used in operations		(936)	(625)
Interest paid		(71)	(181)
Interest received		210	108
Income tax refund		21	49
Income tax paid		(143)	(80)
Net cash used in operating activities		(919)	(729)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	Note	2014 $'000	2013 $'000 (Restated)
Cash flows from investing activities			
Refund of deposits from proposed investments	A	1,313	5,000
Proceeds from disposal of property, plant and equipment		362	340
Decrease in short-term deposits pledged		33	712
Dividend received from financial assets at fair value through profit or loss		1	–
Deposit placed for proposed investments	B	(6,263)	(254)
Purchase of property, plant and equipment	C	(316)	(480)
Net proceeds from disposal of subsidiaries	12	–	11,405
Net cash (used in)/generated from investing activities		(4,870)	16,723
Cash flows from financing activities			
Proceeds from borrowings		–	450
Repayment of finance lease liabilities		(700)	(1,915)
Repayment of borrowings		–	(317)
Dividends paid to shareholders of the Company	28	(1,934)	–
Dividends paid to non-controlling interests of a subsidiary	28	(62)	(50)
Net cash used in financing activities		(2,696)	(1,832)
Net (decrease)/increase in cash and cash equivalents		(8,485)	14,162
Cash and cash equivalents at beginning of financial year		41,170	27,008
Cash and cash equivalents at end of financial year	12	32,685	41,170

Note A:
In 2014, the Group received a partial refund of $1.3 million (US$1 million) from the initial deposit of $6.3 million (US$5 million) for the proposed investment in Longmen Group Limited as described in Note B.

In 2013, the refund of $5 million deposit related to a deposit placed for a proposed investment in PT Sinar Wijaya Pratama which did not materialise as the estimated quantity of coal deposits was below Group's expectation.

Note B:
In 2014, a deposit of $6.3 million (US$5 million) was paid for a proposed investment in Longmen Group Limited. As the proposed investment did not materialise, upon expiry of memorandum of understanding, a partial refund of $1.3 million (US$1 million) was received [Note A] whilst the remaining balance of $5.3 million (US$4 million) was refunded subsequent to year end together with interest at 5.33% per annum [Note 9(i)].

In 2013, a deposit of $254,000 (US$200,000) was paid for a proposed investment in PT Wahyu Eka Perkasa for a mining project.

Note C:
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $615,000 (2013: $1,533,000) of which $299,000 (2013: $1,053,000) was acquired under finance leases. A cash payment of $316,000 (2013: $480,000) was made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

PSL Holdings Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited and is incorporated and domiciled in Singapore.

The registered office address of the Company and its principal place of business is located at 106 Tuas South Avenue 2, West Point Bizhub, Singapore 637158 (2013: 58 Sungei Kadut Drive, Singapore 729572).

The Company is principally engaged in investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollar and all values are rounded to the nearest thousand ($'000) except where indicated otherwise.

(b) Interpretations and amendments to published standards effective in 2014

On 1 January 2014, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(c) Group accounting

Subsidiaries

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and statements of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(c) Group accounting (cont'd)

Subsidiaries (cont'd)

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are de-recognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

Investment in subsidiaries

In the Company's financial statements, investment in subsidiaries is carried at cost less accumulated impairment losses. On disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

(d) Property, plant and equipment

(i) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and buildings	–	30 to 60 years (over the period of the lease terms)
Leasehold improvement	–	2 to 10 years (over the period of the lease terms)
Plant and machinery	–	3 to 10 years
Office and other equipment	–	3 to 10 years
Motor vehicles	–	1 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

In 2013, a subsidiary changed its estimated useful lives from 5 years to 2 years for office and other equipment. The impact on profit or loss for the financial year ended 31 December 2013 arising from changes of the useful lives of these property, plant and equipment was an additional depreciation expense of $82,000.

(iv) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(v) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(e) Impairment of non-financial assets

(i) Property, plant and equipment
(ii) Investment in subsidiaries

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

(f) Financial assets

(i) Classification

The Group classified its financial assets into the following categories: financial assets "at fair value through profit or loss", "loans and receivables" and "available-for-sale" financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(i) Classification (cont'd)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 8), "other receivables [other than advance payment to supplier, prepayments, GST and tax recoverable]" (Note 9), "amounts due from subsidiaries" (Note 11) and "cash and cash equivalents" (Note 12) on the statements of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(f) Financial assets (cont'd)

(iv) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

Available-for-sale financial assets which are unquoted equity investments are subsequently carried at cost, less allowance for impairment when its fair value cannot be reliably measured.

(g) Cash and cash equivalents

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions, which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(h) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible or unrealizable in full, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(h) Impairment of financial assets (cont'd)

Loans and receivables (cont'd)

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

For unquoted investments equity instruments, impairment losses are not reversed.

Available-for-sale financial assets

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. Future profitability of the investee, its financial health and future business outlook including factors such as industry performance and operational cash flow are factors that could be considered.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(i) Financial guarantees

The Company has issued corporate guarantees to financial institutions for financial facilities of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their financial facilities.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' financial facilities, unless it is probable that the Company will reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the financial institutions in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(k) Financial liabilities

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid and remain unpaid at the end of the financial year. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

(m) Leases

When the Group is the lessee

The Group leases motor vehicles and certain plant and machinery under finance leases and certain properties and warehouse under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as property, plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(m) Leases (cont'd)

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(n) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in subsidiaries, associate companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented net of goods and services tax, discounts and after eliminating revenue within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods
Revenue from the sale of goods 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 the 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 entity; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income
Interest income is recognised using the effective interest method.

Dividend income
Dividend income is recognised when the right to receive payment is established.

Rental income
Equipment rental income is recognised over the lease period and when it is earned.

Rendering of services
Service income is recognised upon completion of work in accordance with the substance of the relevant agreements.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(p) Foreign currency transactions and translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transaction.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(q) Employee compensation

Employee benefits are recognised as an expense when they are due, unless they can be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(iii) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

(r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(t) Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

(u) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

(v) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

(w) Accrued service revenue

Accrued service revenue relates to services rendered but not billed to customers. They will be billed upon completion of the project.

(x) Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

(i) represents a separate major line of business or geographical area of operations; or

(ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(iii) is a subsidiary acquired exclusively with a view to resale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment of non-financial assets

(i) Property, plant and equipment

The Group reviews the carrying amounts of property, plant and equipment at the end of each reporting period to determine whether there is any indication of impairment. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Based on management's assessment, there is no indication of impairment as at the end of the reporting period.

(ii) Investment in subsidiaries

Where an investee is in net equity deficit and or has suffered losses, a test is made on whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset affected. The carrying amount of investment in subsidiaries at the end of the financial year affected by the assumption is $3,891,000 (2013: $3,891,000).

(b) Impairment of trade receivables and other receivables

Management reviews its trade receivables and other receivables for objective evidence of impairment periodically. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. As at 31 December 2014, the carrying amount of trade receivables and other receivables of the Group amounted to $2,075,000 (2013: $4,027,000) and $10,920,000 (2013: $7,358,000) respectively. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3. Critical accounting estimates, assumptions and judgements (cont'd)

(b) Impairment of trade receivables and other receivables (cont'd)

If the net present value of estimated cash flows decrease by 10% from management's estimates for all past due trade receivables – non-related parties, the Group's allowance for impairment will increase by $45,000 (2013: $52,000). The gross carrying amount of the past due trade receivables – non-related parties at the end of the reporting period affected by the assumption is $454,000 (2013: $523,000).

(c) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 60 years. These are common life expectancies applied in the relevant industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these property, plant and equipment, therefore future depreciation charges could be revised. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the assets affected by the assumption is $2,503,000 (2013: $2,617,000).

(d) 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 6.

(e) Valuation of inventory

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made at the end of the reporting period on inventories for excess inventories, obsolescence and declines in net realisable value and write down is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on reliable evidence currently available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Group's inventories as at 31 December 2014 was $55,000 (2013: $1,095,000) as disclosed in Note 10.

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. Property, plant and equipment

Group	Leasehold land and buildings $'000	Leasehold improvement $'000	Plant and machinery $'000	Office and other equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2013	3,822	45	19,316	521	4,429	28,133
Additions	–	–	461	60	1,012	1,533
Disposals	–	–	(202)	–	(622)	(824)
Disposals of subsidiaries (Note 12)	(3,822)	–	(19,198)	(198)	(1,356)	(24,574)
Written off	–	–	(28)	(4)	–	(32)
At 31 December 2013	–	45	349	379	3,463	4,236
Additions	–	105	97	13	400	615
Disposals	–	–	–	–	(356)	(356)
Written off	–	(45)	(113)	(100)	(30)	(288)
At 31 December 2014	–	105	333	292	3,477	4,207
Accumulated depreciation						
At 1 January 2013	1,969	21	10,783	306	2,140	15,219
Depreciation						
- Continuing operations	–	3	55	141	322	521
- Discontinued operations	85	–	1,099	9	111	1,304
Disposals	–	–	(60)	–	(402)	(462)
Disposals of subsidiaries (Note 12)	(2,054)	–	(11,668)	(185)	(1,041)	(14,948)
Written off	–	–	(11)	(4)	–	(15)
At 31 December 2013	–	24	198	267	1,130	1,619
Depreciation	–	24	34	92	381	531
Disposals	–	–		–	(201)	(201)
Written off	–	(24)	(91)	(100)	(30)	(245)
At 31 December 2014	–	24	141	259	1,280	1,704
Impairment loss						
At 1 January 2013	202	–	21	–	–	223
Disposals of subsidiaries (Note 12)	(202)	–	(21)	–	–	(223)
At 31 December 2014/2013	–	–	–	–	–	–
Carrying amount:						
At 31 December 2014	–	81	192	33	2,197	2,503
At 31 December 2013	–	21	151	112	2,333	2,617

Notes to the Financial Statements

For the financial year ended 31 December 2014

4. Property, plant and equipment (cont'd)

The carrying amounts of the Group's property, plant and equipment included under finance lease agreements are as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Plant and machinery	87	93
Motor vehicles	2,049	2,156
	2,136	2,249

Leased assets are pledged as security for the related finance lease liabilities.

5. Investment in subsidiaries

	COMPANY	
	2014	**2013**
	$'000	$'000
Unquoted equity shares, at cost		
Balance at beginning	4,222	13,146
Disposal	–	(8,924)
Balance at end	4,222	4,222
Allowance for impairment losses		
Balance at beginning	(331)	(4,439)
Allowance made during the financial year	–	(212)
Amount written off due to disposal	–	4,320
Balance at end	(331)	(331)
	3,891	3,891

The impairment losses were made to adjust the carrying amount of investment in subsidiaries to their estimated recoverable amounts.

In 2013, impairment loss of $212,000 was made as a subsidiary suffered losses and was in a net equity deficit position. Future profitability, the financial health of and near-term business outlook for the subsidiary, including factors such as industry and sector performance, and operational and financing cash flow could not be ascertained as the subsidiary was inactive.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. Investment in subsidiaries (cont'd)

The details of the subsidiaries as at 31 December 2014 and 2013 are as follows:

Name of companies	Principal activities	Country of incorporation and place of business	Percentage of equity held 2014 %	Percentage of equity held 2013 %
Held by the Company				
Resource Hardware & Trading Pte. Ltd. [(a)]	Installation of industrial machinery and equipment; mechanical engineering works and building construction	Singapore	100	100
TSL Transport & Engineering Pte. Ltd. [(a)]	Excavation and earth moving works and general engineering activities	Singapore	75	75
PSL Energy Resources Pte Ltd [(a)]	Investment holding	Singapore	100	100
Geo Dynamics Pte Ltd [(b)]	Dormant	Singapore	100	100

(a) Audited by RT LLP, Singapore.
(b) Currently under liquidation

Interest in a subsidiary with material non-controlling interest

Name of company	Principal activities	Country of incorporation and place of business	Proportion of ownership interest held by non-controlling interest 2014 %	Proportion of ownership interest held by non-controlling interest 2013 %
TSL Transport & Engineering Pte. Ltd.	Excavation and earth moving works and general engineering activities	Singapore	25	25

Summarised financial information of a subsidiary with material non-controlling interests

Set out below are the summarised financial information for a subsidiary that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

There were no transactions with non-controlling interests for the financial years ended 31 December 2014 and 2013 apart from those disclosed in Notes 27 and 28.

Notes to the Financial Statements

For the financial year ended 31 December 2014

5. Investment in subsidiaries (cont'd)

Summarised statement of financial position

	2014 $'000	2013 $'000
Current		
Assets	2,336	2,858
Liabilities	(1,832)	(2,281)
Total current net assets	504	577
Non-current		
Assets	2,334	2,194
Liabilities	(868)	(1,046)
Total non-current net assets	1,466	1,148
Net assets	1,970	1,725

Summarised statement of profit or loss and other comprehensive income

Revenue	6,206	5,535
Profit before income tax	**480**	**820**
Income tax credit	15	132
Profit for the financial year, representing total comprehensive income for the financial year	**495**	**952**
Total comprehensive income allocated to non-controlling interests	124	238
Dividends paid to non-controlling interests	62	50

Summarised cash flows

Cash flows from operating activities		
Cash generated from operations	839	968
Interest paid	(68)	(79)
Income tax refund	21	–
Income tax paid	(58)	(21)
Net cash generated from operating activities	**734**	**868**
Net cash (used in)/generated from investing activities	**(202)**	**50**
Net cash used in financing activities	**(1,009)**	**(836)**
Net (decrease)/increase in cash and cash equivalents	**(477)**	**82**
Cash and cash equivalents at beginning of financial year	552	470
Cash and cash equivalents at end of financial year	**75**	**552**

Notes to the Financial Statements

For the financial year ended 31 December 2014

6. Available-for-sale financial assets

	GROUP	
	2014	**2013**
	$'000	$'000
Unquoted equity investment, at cost		
Balance at beginning	1,321	1,321
Allowance for impairment loss	(1,321)	(1,321)
Balance at end	–	–
Movement in allowance for impairment of available-for-sale financial assets is as follows:		
Balance at beginning	1,321	500
Allowance made during the financial year (Note 20)	–	821
Balance at end	1,321	1,321

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 in determining the fair values. Consequently, the investment is carried at cost less allowance for impairment.

In 2013, the internal and external indicators of impairment for available-for-sale financial assets [i.e. Sindo Resources Pte Ltd ("Sindo")] were as follows:

- Sindo obtained additional loan of $1.6 million from its shareholders [of which the Group contributed $184,048 (Note 9)] 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 2012 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.

In 2014, a group of shareholders disposed of their shares in Sindo. Prior thereto in August 2013, the Group was a party to a sale and purchase agreement dated 2 August 2013 pursuant to which the Group 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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

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

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 $821,152 and $184,048 (Note 9) were made for the investment in Sindo and loan receivable from Sindo, respectively in 2013. In the event that the Group is able to dispose its shareholdings in Sindo in the future, the entire proceeds would be recognised as a gain in the profit or loss without any cost.

In connection with the Group's investment in Sindo, the Group 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 $3.0 million (approximately US$2.4 million) and $2.5 million (approximately US$2.0 million) in the restated takeover agreement and restated fee agreement were extinguished as at 2 August 2013.

The Group 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.

On 10 December 2013, bond subscription agreement was entered pursuant to which Sindo issued convertible bonds on 11 December 2013 with a principal amount of $7,000,000 which the Group did not subscribe for the convertible bonds. Such convertible bonds can be convertible into new ordinary shares of Sindo with an initial conversion price of $1.00 per ordinary share. During an extraordinary general meeting held on 24 November 2014 a resolution was passed to convert the convertible bonds to ordinary shares. As a result, the Group's effective shareholdings in Sindo have decreased from 11.5% to 1.0%.

7. Financial assets, at fair value through profit or loss

	GROUP	
	2014	**2013**
	$'000	$'000
At fair value on initial recognition		
Quoted equity securities:		
- Singapore	60	144

Notes to the Financial Statements

For the financial year ended 31 December 2014

8. Trade receivables

	GROUP	
	2014	**2013**
	$'000	$'000
Non-related parties	1,664	3,709
Accrued service revenue	616	318
	2,280	4,027
Less: Allowance for impairment of receivables of non-related parties (Note 20)	(205)	–
	2,075	4,027

Trade receivables are non-interest bearing and are generally granted 30 days to 90 days (2013: 30 days to 90 days) credit term.

Trade receivables that are individually determined to be impaired as at 31 December 2014 relate to receivables that were outstanding in excess of one year or when collection is known to be at risk and/or have defaulted in payments.

Accrued service revenue relates to services rendered but not billed to customers. They will be billed upon completion of the project.

9. Other receivables

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	$'000 (Restated)	$'000	$'000
Refundable deposit placed for proposed investment in Longmen Group Limited (i)	5,252	–	5,252	–
Receivable arising from divestment of subsidiaries (ii)	4,370	4,601	4,370	4,601
Advance payment to supplier (iii)	507	1,000	–	–
Deposits (iv)	56	386	–	62
Prepayments	93	105	6	9
Tax recoverable	18	–	–	–
GST recoverable	14	47	14	47
Staff advances (v)	4	11	–	2
Deferred cost (vii)	48	–	–	–
Sundry receivables (vi)	1,458	1,392	1,217	1,156
	11,820	7,542	10,859	5,877
Less: Non-current other receivables	(31)	(33)	–	–
Less: Allowance for impairment of other receivables	(900)	(184)	(700)	–
	10,889	7,325	10,159	5,877

Notes to the Financial Statements

For the financial year ended 31 December 2014

9. Other receivables (cont'd)

Movement in allowance for impairment of other receivables is as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	184	–	–	–
Allowance made during the financial year (Note 20)	716	184	700	–
Balance at end of financial year	900	184	700	–

(i) Refundable deposit placed for the proposed investment in Longmen Group Limited together with interest at the rate of 5.33% has been refunded to the Company subsequent to financial year end. The Group made an exchange gain of $300,000 (Note 19) arising from this refund.

(ii) In 2014, an amount of $231,000 from receivables arising from divestment of subsidiaries which amounted to $4,601,000 (Note 12) in 2013 was written off upon the settlement of dispute [Notes 20(c) and 24]. The remaining $4,370,000 has been received by the Company subsequent to financial year end.

(iii) In 2013, an advance payment to supplier of $1 million was paid for a construction site used as dumping site for excavation and moving works. Of this advance payment, $493,000 has been utilised during the financial year as the dumping site can no longer be used. Accordingly, the Group has requested for a refund of which $407,000 was refunded subsequent to the financial year end. A post-dated cheque dated 1 April 2015 has been collected by the Group for the remaining balance of $100,000.

(iv) Included in 2013 deposit is an amount of $254,000 (US$200,000) paid in September 2013 for a proposed investment in PT Wahyu Eka Perkasa for mining project. As the Group did not proceed with the proposed investment due to poor quality of coal, the deposit was written off [Note 20(b)] as it is non-refundable according to the relevant terms of agreement.

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

(vi) Included in sundry receivables are brought forward balances from 2013 comprising a loan receivable of $184,000 from the available-for-sale financial asset which was fully impaired in 2013 and $1,147,000 from the outstanding debts due to the divested subsidiaries which was not novated to the Company then, following the divested subsidiaries to KH Foges Pte Ltd (Note 24). Of the outstanding balance of $1,147,000, $447,000 has been collected subsequent to financial year end. Accordingly, allowance for impairment loss for the remaining outstanding debts due to the divested subsidiaries of $700,000 were made [Note 20(a)].

(vii) Deferred cost relates to services rendered but not billed to customers. They will be billed upon completion of the project.

The fair value of the non-current portion of other receivables is approximate its carrying amount.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10. Inventories

	GROUP	
	2014	**2013**
	$'000	$'000
Trading goods	55	1,095

The amount of inventories recognised as an expense and included in "Cost of sales" amounted to $3,197,000 (2013: $3,477,000).

In 2014, inventories recognised as an expense in cost of sales included inventories written down of $642,000.

11. Amounts due from/(to) subsidiaries

	COMPANY	
	2014	**2013**
	$'000	$'000
Amount due from subsidiaries:		
- trade	102	89
- non-trade	2,489	6,516
	2,591	6,605
Amount due to subsidiaries:		
- non-trade	(923)	(923)

Trade balances relate to management fee receivables. Non-trade balances are unsecured, interest free and repayable on demand.

12. Cash and cash equivalents

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Short-term bank deposits	6,843	39,052	5,538	29,478
Cash at banks and on hand	27,489	3,798	20,384	903
	34,332	42,850	25,922	30,381

Notes to the Financial Statements

For the financial year ended 31 December 2014

12. Cash and cash equivalents (cont'd)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	GROUP	
	2014	**2013**
	$'000	$'000
Cash at banks and on hand (as above)	34,332	42,850
Less: Short-term deposits pledged	(1,647)	(1,680)
Cash and cash equivalents per consolidated statement of cash flows	32,685	41,170

Short-term deposits are pledged in relation to the banking facilities granted to the subsidiaries.

The interest rates of short-term deposits of the Group and of the Company ranges from 0.05% to 0.60% per annum and 0.10% to 0.60% per annum (2013: 0.05% to 0.93% per annum and 0.38% to 0.93% per annum), respectively.

The maturity periods for the short-term deposits of the Group and of the Company ranges from 30 days to 365 days and 90 days (2013: 7 days to 365 days and 7 days to 90 days), respectively from the date of placement.

In 2013, the Company disposed off its entire interest in PSL Engineering Pte Ltd and Rotary Piling Pte Ltd for a cash consideration of $16,613,000. The effect of the disposal on the cash flows of the Group was as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Carrying amounts of assets and liabilities disposed off:		
Property, plant and equipment (Note 4)	–	(9,403)
Trade receivables	–	(3,787)
Retention receivables	–	(2,733)
Other receivables	–	(666)
Inventories	–	(394)
Amounts due from customers on construction contracts	–	(202)
Cash and cash equivalents	–	(607)
Total assets	–	(17,792)
Trade payables	–	1,771
Other payables	–	962
Borrowings	–	1,137
Finance lease liabilities	–	1,000
Deferred tax liabilities (Note 15)	–	485
Total liabilities	–	5,355
Net assets disposed off	–	(12,437)

Notes to the Financial Statements

For the financial year ended 31 December 2014

12. Cash and cash equivalents (cont'd)

The aggregate cash inflows arising from the disposal of the above companies were:

	GROUP	
	2014	2013
	$'000	$'000
Net assets disposed off (as above)	–	(12,437)
Gain on disposal	–	(4,176)
Proceeds from disposal	–	(16,613)
Other receivables (Note 9)	–	4,601
Net proceeds from disposals	–	(12,012)
Less: cash and cash equivalents	–	607
Net cash inflow on disposal	–	(11,405)

13. Share capital

	GROUP AND COMPANY			
	2014	2014	2013	2013
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid:				
At beginning and end of financial year	386,721,035	29,575	386,721,035	29,575

On 28 March 2012, the Company undertook a renounceable and non-underwritten rights issue of up to 77,343,707 new ordinary shares in the capital of the Company at an issue price of $0.10 for each rights share with up to 77,343,707 free detachable warrants. Each warrant carried the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of $0.34 for each new share, on the basis of 1 rights share with 1 warrant for every 4 existing ordinary shares held in the capital of the Company. The rights shares were listed for quotation on the Official List of SGX-ST and commenced trading on 24 April 2012. The warrants were listed for quotation on the Official List of SGX-ST and commenced trading on 25 April 2012. These warrants will expire on 24 April 2017.

The movement in the number of warrants are as follows:

	GROUP	
	2014	2013
Beginning and end of financial year	77,341,207	77,341,207

The rights shares and the shares arising out of the exercise of the warrants rank *pari passu* in all respects with the previously issued shares.

All issued shares are fully paid and have no par value. The Company has only one class of ordinary shares which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company.

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For the financial year ended 31 December 2014

14. Finance lease liabilities

Group	Minimum lease payments 2014 $'000	Present value of minimum lease payments 2014 $'000	Minimum lease payments 2013 $'000	Present value of minimum lease payments 2013 $'000
Within one year	500	454	638	571
After one year but not more than five years	838	803	1,157	1,087
Total minimum lease payments	1,338	1,257	1,795	1,658
Less: Amounts representing finance charges	(81)	–	(137)	–
Present value of minimum lease payments	1,257	1,257	1,658	1,658

The effective interest rate ranges from 2.49% to 8.86% (2013: 3.70% to 13.99%) per annum. The above finance lease agreements are secured by a corporate guarantee from the Company. Certain finance leases are also secured by a personal guarantee from the director of a subsidiary.

The Group leases certain plant and equipment, and motor vehicles from non-related parties under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Lease terms range from 1 year to 5 years and do not contain restrictions concerning dividends, additional debt or further leasing.

The fair value of non-current finance lease liabilities determined from cash flow analysis, discounted at market borrowing rate of an equivalent instrument of 4.5% per annum as at the end of the financial year is $760,000 (2013: $1,033,000).

15. Deferred income tax liabilities

	GROUP 2014 $'000	GROUP 2013 $'000
Balance at beginning of financial year	45	902
Tax charge to profit or loss (Note 23)	20	(372)
Disposal of subsidiaries (Note 12)	–	(485)
Balance at end of financial year	65	45

Deferred taxation is mainly attributable to the tax effect of the excess of the carrying amount over tax written down values of qualifying property, plant and equipment.

Notes to the Financial Statements

For the financial year ended 31 December 2014

16. Trade payables

	GROUP	
	2014	**2013**
	$'000	$'000
Non-related parties	452	603

Trade payables to non-related parties are non-interest bearing and are normally settled within 30 to 90 days (2013: 30 to 90 days).

17. Other payables and accruals

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Accrued staff cost	212	1,409	–	–
Accrued expenses	442	601	324	528
Accruals for directors' fee	171	270	171	270
Commission payable	223	–	223	–
Goods and services tax payable	21	159	–	–
Staff tax retention	7	34	–	–
	1,076	2,473	718	798

Commission payable pertains to fees payable to KH Foges Pte Ltd for their efforts in collecting the outstanding debts due to the divested subsidiaries which are included as sundry receivables of the Group. Commission payable is computed on the basis of 50% of the $447,000 debts collected [(Note 9 (vi)].

18. Revenue

	GROUP	
	2014	**2013**
	$'000	$'000
Sales of goods	3,469	8,852
Service income	6,206	4,896
	9,675	13,748

Notes to the Financial Statements

For the financial year ended 31 December 2014

19. Other operating income

	GROUP	
	2014	**2013**
	$'000	$'000
Foreign exchange gain resulting from appreciation of USD against SGD	305	64
Gain from disposal of property, plant and equipment	207	–
Interest income from banks	210	108
Government grant	146	84
Dividend income from financial assets at fair value through profit or loss	1	–
Reversal of accrued drilling cost no longer required	–	400
Rental income from equipment	–	48
Changes in fair value of financial assets at fair value through profit or loss	–	22
Write back of allowance of impairment of trade receivables	–	46
Sundry income	3	3
	872	775

20. Other operating expenses

	GROUP	
	2014	**2013**
	$'000	$'000
Allowance for impairment on trade receivables (Note 8)	(205)	–
Allowance for impairment on other receivables (Note 9)[(a)]	(716)	(184)
Deposit paid in 2013 written off (Note 9)[(b)]	(254)	–
Other receivables written off (Note 9)[(c)]	(231)	–
Changes in fair value of financial assets at fair value through profit or loss	(84)	–
Property, plant and equipment written off	(43)	–
Bad debts written off	–	(202)
Loss on disposal of property, plant and equipment	–	(22)
Impairment loss on available-for-sale financial assets (Note 6)	–	(821)
	(1,533)	(1,229)

(a) Included in allowance for impairment on other receivables is an impairment of $700,000 [Note 9 (vi)] on outstanding debts due to divested subsidiaries.

(b) In September 2013, a deposit of $254,000 (US$200,000) was paid for the proposed investment in PT Wahyu Eka Perkasa for mining project. As the Group did not proceed with the proposed investment due to poor quality of coal, the deposit was written off as it is non-refundable according to the terms of agreement [Note 9 (iv)].

(c) The write-off of other receivables which amounted to $231,000 relates to settlement of dispute arising from the balance of consideration for the divestment of subsidiaries pursuant to the Sale & Purchase Agreement dated 30 August 2013 [Note 9 (ii)].

Notes to the Financial Statements

For the financial year ended 31 December 2014

21. Finance costs

	GROUP	
	2014	**2013**
	$'000	$'000
Interest expense on finance leases	(71)	(93)

22. (Loss)/Profit before income tax

	GROUP	
	2014	**2013**
	$'000	$'000
(Loss)/Profit before income tax is stated after charging:		
Depreciation of property, plant and equipment	(531)	(1,825)
Employee compensation		
- salary, bonus and other costs	(2,960)	(8,712)
- employer's contributions to defined contribution plan	(172)	(345)
Legal and professional fee	(1,071)	(459)

Employee compensation includes remuneration of executive directors [Note 27(i)] but excludes fees paid to non-executive directors which are disclosed in [Note 27(i)].

In 2014, legal and professional fees includes $685,000 for the aborted proposed investment in Longmen Group Limited [Note 9 (i)].

23. Income tax credit

	GROUP	
	2014	**2013**
	$'000	$'000
From continuing operations:		
Current income tax		
- current year	–	(216)
- overprovision in prior years	60	126
Deferred income tax (Note 15)		
- current year	(20)	(31)
- overprovision in prior years	–	184
	40	63
From discontinued operations:		
Deferred income tax (Note 15)		
- overprovision in prior years	–	219
	40	282
Tax credit is attributable to:		
- continuing operations	40	63
- discontinued operations	–	219
	40	282

Notes to the Financial Statements

For the financial year ended 31 December 2014

23. Income tax credit (cont'd)

The income tax credit/(expense) varied from the theoretical amount that will arise by applying the Singapore income tax rate of 17% (2013: 17%) to (loss)/profit before income tax as a result of the following differences:

	GROUP	
	2014	**2013**
	$'000	$'000
(Loss)/Profit before income tax from:		
- continuing operations	(4,097)	480
- discontinued operations	–	1,411
	(4,097)	1,891
Income tax credit/(expense) at statutory rate	697	(321)
Adjustments:		
Income not subject to tax	158	95
Non-allowable items	(645)	(21)
Overprovision of current income tax in prior years	60	126
Deferred tax assets not recognised	(230)	–
Overprovision of deferred income tax in prior years	–	403
Tax credit	40	282

Under the loss-transfer system of group relief (group relief system) for Singapore companies, a Singapore company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another Singapore company belonging to the same group, to be deducted against the assessable income of the latter company.

As at 31 December 2014, the Group has unabsorbed tax losses of about $1,353,000 which are available for set off against future taxable income. No deferred tax asset has been recognised in the statement of financial position in respect of unabsorbed tax losses due to the unpredictability of future profit streams.

24. Discontinued operations

On 30 August 2013, the Company entered into a conditional sale and purchase agreement ("Agreement") with KH Foges Pte Ltd (the "Purchaser") for the sale of the entire issued and paid-up share capital of PSL Engineering Pte Ltd ("PSLE") and Rotary Piling Pte Ltd ("RP") to the Purchaser.

Although the proposed disposal was legally completed on 27 December 2013, the risks and rewards of the disposal of PSLE and RP, in accordance with the Agreement, has been transferred on 1 September 2013.

In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, the results of PSLE and RP are presented separately in the statement of profit or loss as "Discontinued Operations".

Notes to the Financial Statements

For the financial year ended 31 December 2014

24. Discontinued operations (cont'd)

The results of the discontinued operations from 1 January 2013 to 31 August 2013 which have been included in the financial statements were as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Revenues	–	16,879
Cost of sales	–	(17,605)
Gross loss	–	(726)
Other operating income	–	587
General and administrative expenses	–	(2,521)
Other operating expenses: Property, plant and equipment written-off	–	(17)
Finance costs	–	(88)
Loss before tax from discontinued operations	–	(2,765)
Income tax credit	–	219
Net loss from discontinued operations	–	(2,546)
Gain on disposal	–	4,176
Net profit from discontinued operations	–	1,630
Profit attributable to equity holders of the Company related to:		
- profit from continuing operations	–	305
- profit from discontinued operations	–	1,630
Total	–	1,935

The impact of the discontinued operations on the cash flows of the Group is as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Operating cash outflows	–	(11,330)
Investing cash inflows	–	11,663
Financing cash inflows	–	2,137
Total cash inflows	–	2,470

Arising from the disposal of PSLE and RP in 2013 is a remaining balance of consideration amounting to $4,601,000 which was settled subsequent to the financial year end, resulting in a write-off of $231,000 as disclosed in Note 9 (ii).

In addition, an impairment amount of $700,000 arising from outstanding receivables from these divested subsidiaries which was not transferred to the purchaser was also made as disclosed to Note 9.

Notes to the Financial Statements

For the financial year ended 31 December 2014

25. (Loss)/Earnings per share

	GROUP	
	2014	**2013**
	$'000	$'000
(Loss)/Profit attributable to owners of the Company	(4,181)	1,935
	NUMBER OF SHARES	
Weighted average number of shares used to compute earnings per share	386,721,035	386,721,035
	Cents	Cents
Basic (loss)/earnings per share		
From continuing operations	(1.08)	0.08
From discontinued operations	–	0.42

There is no diluted earnings per share as the exercise price of the warrant to convert into ordinary shares is more than the average share price of the ordinary shares as at the end of the reporting period and hence, there is no dilutive potential ordinary shares.

26. Operating leases

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Operating lease expenses	368	200	125	200

The Group and the Company lease certain properties and warehouse under non-cancellable operating lease agreements. The properties and warehouse leases have remaining terms of 1 to 2 years. Future minimum lease payments for all leases are as follows:

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$'000	$'000	$'000	$'000
Within one year	152	125	–	125
After one year but not more than five years	97	–	–	–
	249	125	–	125

Notes to the Financial Statements

For the financial year ended 31 December 2014

27. Related party transactions

Related parties in the financial statements refer to subsidiaries of the Company.

In addition to information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties.

(i) Key management personnel's compensation:

	GROUP	
	2014 $'000	**2013** $'000
Key management:		
Directors		
- remuneration	877	1,445
- fees	291	270
- employer's contributions to defined contribution plan	42	78
Other key management		
- remuneration	516	607
- employer's contributions to defined contribution plan	27	27

28. Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	GROUP	
	2014 $'000	**2013** $'000
Paid by a subsidiary to non-controlling interests		
- 1st Interim dividend of $1,500 per share in respect of financial year ended 31 December 2014	37	–
- 2nd Interim dividend of $1,000 per share in respect of financial year ended 31 December 2014	25	–
- 1st Interim dividend of $1,000 per share in respect of financial year ended 31 December 2013	–	25
- 2nd Interim dividend of $1,000 per share in respect of financial year ended 31 December 2013	–	25
	62	50

Notes to the Financial Statements

For the financial year ended 31 December 2014

28. Dividends (cont'd)

	GROUP	
	2014	**2013**
	$'000	$'000
Proposed but not recognised as liability as at 31 December:		
Dividends on ordinary shares approved by shareholders at the Annual General Meeting on 28 April 2014 and to be paid on 30 May 2014		
- Final dividend of 0.5 cents per share in respect of financial year ended 31 December 2013	–	1,934

29. Segment information

Management has determined the operating segments based on the reports reviewed by management that are used to make strategic decisions. Management considers the business from business segment perspective and manages and monitors the business in two main business segments. These are trading & engineering and excavation & transportation. Management assesses the performance of the business segments based on sales, segment results, segment assets and segment liabilities.

The measurement of segment sales, results, assets and liabilities are as follows:

i. Inter-segment transactions are determined on terms agreed between the parties. The sales from external parties reported to management are measured in a manner consistent with that in the statement of profit or loss and other comprehensive income.

ii. Management assesses the performance of the operating segments based on a measure of segment results. Interest income, finance costs and income/(loss) arising from financial assets at fair value through profit or loss are not allocated to operating segments.

iii. The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than the Group's financial assets at fair value through profit or loss and cash and bank balances and the Company's third party receivables.

iv. The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segments. All liabilities are allocated to the reportable segments other than the Group's current income tax liabilities, deferred income tax liabilities and the Company's third party payables.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29. Segment information (cont'd)

Business segments

	TRADING & ENGINEERING		EXCAVATION & TRANSPORTATION		ELIMINATION		CONSOLIDATED FOR CONTINUING OPERATIONS	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)
Segment by Operations								
Segment revenue:								
Sales to external customers	3,469	8,852	6,206	4,896	–	–	9,675	13,748
Inter-segment sales	1	66	–	639	(1)	(705)	–	–
Total	3,470	8,918	6,206	5,535	(1)	(705)	9,675	13,748
Segment result	(1,752)	990	547	899	–	–	(1,205)	1,889
Unallocated expenses, net *							(2,947)	(1,446)
(Loss)/Income arising from financial assets at fair value through profit or loss							(84)	22
Interest income							210	108
Finance costs							(71)	(93)
(Loss)/Profit before income tax							(4,097)	480
Income tax credit							40	63
(Loss)/Profit for the financial year							(4,057)	543
Total result							(4,057)	543
Non-controlling interests							(124)	(238)
(Loss)/Profit attributable to owners of the Company							(4,181)	305

In 2014, included in unallocated expenses, net * - a) write off of $231,000 arising from settlement of balance of consideration of the divestment of subsidiaries pursuant to the Sale & Purchase Agreement dated 30 August 2013; b) allowance for impairment of other receivables of $700,000 on outstanding debts due to divested subsidiaries assigned to the Company; c) professional fee incurred on proposed investment in Longmen of $685,000; and d) Write off of deposit of $254,000 paid in 2013 for proposed investment in PT Wahyu Eka Perkasa for mining project.

In 2013, included in unallocated expenses, net - a) impairment loss of $821,000 on investment in available-for-sale financial assets; and b) allowance for impairment of other receivables of $184,000 on outstanding debts due from the available-for-sale financial assets.

29. Segment information (cont'd)

Business segments (cont'd)

	TRADING & ENGINEERING		EXCAVATION & TRANSPORTATION		ELIMINATION		CONSOLIDATED FOR CONTINUING OPERATIONS	
	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000 (Restated)
Segment assets	833	9,482	4,595	4,500	(34)	(5,028)	5,394	8,954
Unallocated assets								
- Short-term deposits and bank balances							34,332	42,850
- Financial assets at fair value through profit and loss							60	144
- Other receivables							10,159	6,143
Total assets							49,945	58,091
Segment liabilities	221	4,121	2,635	3,229	(790)	(3,369)	2,066	3,981
Unallocated liabilities								
- Current income tax liabilities							31	195
- Deferred income tax liabilities							65	45
- Other payables and accruals							719	753
Total liabilities							2,881	4,974
Other segment information:								
Capital expenditure	107	244	508	940	–	349*	615	1,533
Depreciation	92	87	368	303	71	1,435*	531	1,825

* Included as part of the disposed group.

Notes to the Financial Statements

For the financial year ended 31 December 2014

29. Segment information (cont'd)

Geographical information

The Group operates predominantly in Singapore and hence no further disclosure is made on the geographical information.

In 2013, revenues of $3,412,000 are derived from a single external customer who constitutes more than 10% of group revenue. In the current financial year, there is no such single external customer who constitutes more than 10% of group revenue.

30. Financial risk management

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

(i) Interest rate risk

The Group has cash balances placed with creditworthy financial institutions. The Group manages its interest rate risks on its interest income by placing the cash balances in varying maturities and interest rate terms.

The Group obtains additional financing through borrowings from banks and other institutions, and leasing arrangements.

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing loans and finance lease liabilities. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

Information relating to the Group's interest rate exposure is also disclosed in the note on finance lease obligations.

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Financial risk management (cont'd)

Market risk (cont'd)

(i) Interest rate risk (cont'd)

Group	Variable rates			Fixed rates			
	Less than 12 months	1 to 5 years	Over 5 years	Less than 12 months	1 to 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 December 2014							
Assets							
Cash and cash equivalents	27,489	–	–	6,843	–	–	34,332
Liabilities							
Finance lease liabilities	–	–	–	454	803	–	1,257
At 31 December 2013							
Assets							
Cash and cash equivalents	3,798	–	–	39,052	–	–	42,850
Liabilities							
Finance lease liabilities	–	–	–	571	1,087	–	1,658

The Group's borrowings are at fixed rates and denominated in SGD, thus no sensitivity analysis on interest rate risk.

(ii) Price risk

The Group has investment in quoted equity shares. The market value of these investments will fluctuate with market conditions. Management is of the opinion that the exposure to market risk associated with these investments is not expected to be significant.

(iii) Currency risk

Currency risk arises both from a change in foreign exchange rate, which is expected to have an adverse effect on the Group in the current financial period and in future years. Management does not expect the foreign exchange risk to be significant as the Group's financial assets and liabilities are predominantly denominated in Singapore Dollar. The sensitivity analysis for currency risk is not disclosed as the effect on profit or loss is considered not to be significant.

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Financial risk management (cont'd)

Market risk (cont'd)

(iii) Currency risk (cont'd)

The Group's currency exposure is as follows (apart from SGD exposure):

	Euro $'000	United States Dollar $'000	Total $'000
At 31 December 2014			
Cash and cash equivalents	–	735	735

	Euro $'000	United States Dollar $'000	Total $'000
At 31 December 2013			
Cash and cash equivalents	105	1,566	1,671

The Group has no financial commitment on foreign currencies.

Liquidity risk

Liquidity risk management is carried out by the Group under policies approved by the board of directors. The Group adopts liquidity risks management policies which imply maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

2014	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade and other payables and accruals	1,507	–	–
Finance lease liabilities	500	838	–

2013	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade and other payables and accruals	2,917	–	–
Finance lease liabilities	638	1,157	–

The Company has also given an undertaking to support subsidiaries with deficits amounting to $2,310,000 (2013: $1,961,000).

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Financial risk management (cont'd)

Credit risk

As at 31 December 2014, 62% (2013: 66%) of trade receivables for the Group relate to amounts due from 10 (2013: 10) major customers. To mitigate credit risk, the Group manages concentration risk by performing credit analysis procedures to assess the potential customers' credit limits before offering credit term to any new customer. The credit terms to customers are reviewed periodically.

The Group places its cash and cash equivalents with creditworthy financial institutions which are regulated by a supervisory body.

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are either past due or impaired

The age analysis of trade receivables – non-related parties past due but not impaired is as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Past due 3 to 6 months	164	199
Past due over 6 months	290	324
	454	523

The carrying amount of trade receivables – non-related parties individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	GROUP	
	2014	**2013**
	$'000	$'000
Gross amount	205	–
Less: Allowance for impairment	(205)	–
	–	–
Beginning of financial year	–	(407)
Allowance made (Notes 8 and 20)	(205)	–
Amount utilised	–	407
End of financial year	(205)	–

The reasons for the allowance for impairment of $205,000 at the end of the financial year is disclosed in Note 8.

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Financial risk management (cont'd)

Capital risk

The Group's capital structure consists of equity attributable to owners of the parent, comprising issued capital, retained earnings and reserve.

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an efficient capital structure so as to enhance shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or achieve a prudent and efficient capital structure, the Group may adjust the amount of dividend payment, issue new shares or obtain borrowings.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40% (2013: 20% and 40%).

The Company and its subsidiaries are not subject to externally imposed capital requirements and the Group's overall objective in managing capital remains unchanged for the financial years ended 31 December 2014 and 31 December 2013.

Fair values

Management has determined that the carrying amounts of current trade receivables, other receivables, cash and cash equivalents, trade payables, other payables and accruals, finance lease liabilities and borrowings, based on their notional amounts, are reasonable approximation of fair values either due to their short-term nature or they are floating rate instruments that are re-priced to market rates on or near the end of reporting period. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The following table presents the Group's assets measured at fair value and classified by level of the following fair value measurement hierarchy:

a. quoted prices (unadjusted) in active markets for identical assets (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the assets either directly (as is prices) or indirectly (i.e. derived from prices) (Level 2) ; and

c. inputs for the assets that are not based on observable market data (unobservable inputs) (Level 3).

Notes to the Financial Statements

For the financial year ended 31 December 2014

30. Financial risk management (cont'd)

Fair values (cont'd)

2014	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets			
Financial assets, at fair value through profit or loss	60	–	–

2013	Level 1 $'000	Level 2 $'000	Level 3 $'000
Assets			
Financial assets, at fair value through profit or loss	144	–	–

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position, except for the following:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loans and receivables	46,647	53,083	38,652	42,807
Financial liabilities at amortised cost	2,764	4,575	1,641	1,721

31. Capital commitment

Capital expenditures contracted for at the end of the financial year but not recognised in the financial statements, are as follows:

	GROUP	
	2014 $'000	2013 $'000
Motor vehicles	–	121
Plant and machinery	–	88
	–	209

Notes to the Financial Statements

For the financial year ended 31 December 2014

32. Financial guarantees

The Company has given corporate guarantees up to $2,792,000 (2013: $2,494,000) to certain banks and financial institutions for credit facilities granted to the subsidiaries.

At the end of the financial year, the maximum amount the Company could become liable is as shown below.

	COMPANY	
	2014	**2013**
	$'000	$'000
Corporate guarantees	1,257	1,514

The management of the Company has evaluated the fair value of these corporate guarantees and it is of the view that the consequential fair value of the benefits derived from these guarantees to the banks and financial institutions with regard to the subsidiaries, is not significant and hence has not been recognised in the financial statements.

As at the end of the financial year, the Company was not required to fulfil any guarantee on the basis of default by the subsidiaries.

33. Comparatives and reclassifications

Certain reclassifications have been made to the 31 December 2013 consolidated statement of financial position and consolidated statement of cash flows to enhance comparability with the current year's presentation. The items reclassified were as follows:

	As previously reported $'000	**Reclassification** $'000	**After reclassification** $'000
Statement of financial position			
Non-current assets			
Other receivables	–	33	33
Current assets			
Other receivables	7,358	(33)	7,325
Consolidated statement of cash flows			
Net cash generated from/(used in) operating activities	4,017	(4,746)	(729)
Net cash generated from investing activities	11,977	4,746	16,723

Notes to the Financial Statements

For the financial year ended 31 December 2014

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2015 and which the Group has not early adopted:

- Amendments to FRS 103 Business Combinations (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 108 Operating Segments (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 24 Related Party Disclosures (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 July 2014)
- Amendments to FRS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- Amendments to FRS 1 – Presentation of Financial Statements : Disclosures Initiative (effective for annual periods beginning on or after 1 January 2016)
- FRS 109 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

The directors expect that the adoption of these standards will not have a significant effect on the financial statements of the Group during the period of their initial adoption except for FRS 115 and FRS 109 where management is currently evaluating the potential impact of the application of FRS 115 and FRS 109 on the financial statements of the Group and of the Company in the period of their initial application.

35. Events after the end of the reporting year

Subsequent to the end of the financial year, the Company entered into a conditional sale and purchase agreement with 2 Indonesians (collectively, the "Vendors"), one of whom is a substantial shareholder and a former non-executive director of the Company. The acquisition constitutes approximately 49% of the entire issued and paid-up capital of PT Momentum Indonesia Investama (the "Target Company") for an aggregate consideration of US$11.5 million. The terms of the agreement provide that the consideration shall be used by the Vendors to repay and hence reduce the outstanding bank loans of the target company to the aggregate amount of US$11.5 million, following which the Company shall then pay down the reduced bank loan amount to nil within 30 days after completion date.

Notes to the Financial Statements

For the financial year ended 31 December 2014

35. Events after the end of the reporting year (cont'd)

Upon the completion of the acquisition, the target company will be held by the Company as a subsidiary through a newly incorporated wholly owned subsidiary of the Company. Following this acquisition, the Group will expand its principal activities to include the provision of marine logistic services. Details of the assets acquired and liabilities acquired, non-controlling interest that will be recognised, revenue and profit contributable of the target company and the effect on the cash flows for the Group are not disclosed as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. The target company will be consolidated upon completion.

As announced on 17 March 2015, assuming the proposed acquisition had been completed on 31 December 2014, the proforma financial effects of the proposed acquisition on the Group's consolidated net tangible asset ("NTA") per share as at 31 December 2014 would have been as follows:

	Before Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited NTA	$46,571,000	$36,879,000
Number of issued shares	386,721,035	386,721,035
Unaudited NTA per share	12.04 cents	9.54 cents

Assuming the Proposed Acquisition had been completed at the beginning of the financial year ended 31 December 2014, the effects of the Proposed Acquisition on the earning per share ("EPS") of the Group for FY2014 would have been as follows:

	Before Proposed Acquisition	After completion of the Proposed Acquisition
Unaudited Net loss after tax for FY2014	($4,181,000)	($4,724,000)
Weighted Average Number of Shares	386,721,035	386,721,035
Unaudited EPS for FY2014	(1.08) cents	(1.22) cents

Statistics of Shareholdings

As at 23 March 2015

Class of Shares: : Ordinary Shares
Voting Rights : One vote per Ordinary Share
No. of Issued Shares : 386,721,035 shares
No. of Treasury Shares : Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	489	18.74	7,701	0.00
100 – 1,000	133	5.10	55,721	0.02
1,001 – 10,000	474	18.17	3,056,665	0.79
10,001 – 1,000,000	1,475	56.53	141,085,753	36.48
1,000,001 AND ABOVE	38	1.46	242,515,195	62.71
TOTAL	**2,609**	**100.00**	**386,721,035**	**100.00**

SUBSTANTIAL SHAREHOLDER

(As recorded in the Register of Substantial Shareholders as at 23 March 2015)

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Sudirman Kurniawan	27,200,000	7.03	–	–

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	Sudirman Kurniawan	27,200,000	7.03
2	UOB Kay Hian Private Limited	24,878,169	6.43
3	Hong Leong Finance Nominees Pte Ltd	24,417,000	6.31
4	Lee Cheng Peck	16,668,917	4.31
5	United Overseas Bank Nominees (Private) Limited	15,311,700	3.96
6	Mark Zhou You Chuan	13,333,333	3.45
7	Maybank Kim Eng Securities Pte. Ltd.	9,960,037	2.58
8	OCBC Securities Private Limited	9,833,849	2.54
9	Tan Seung Yuen @ Tan Siang Yuen	9,320,000	2.41
10	RHB Securities Singapore Pte. Ltd.	8,599,000	2.22
11	Citibank Nominees Singapore Pte Ltd	7,327,000	1.89
12	CIMB Securities (Singapore) Pte. Ltd.	6,833,030	1.77
13	Neo Cheng Soon	5,642,000	1.46
14	Chiang Currie	5,500,000	1.42
15	Wong Tew Hong	4,900,000	1.27
16	Chung Sook Yin	4,000,000	1.03
17	Phillip Securities Pte Ltd	3,983,789	1.03
18	DBS Nominees (Private) Limited	3,775,301	0.98
19	Raffles Nominees (Pte) Limited	3,758,350	0.97
20	DBS Vickers Securities (Singapore) Pte Ltd	3,066,575	0.79
	TOTAL	**208,308,050**	**53.85**

Percentage of shareholdings in public hands

Based on Shareholders' Statistics and Distribution as at 23 March 2015, approximately 89.52% of the Company's shares are held in the hands of the public and therefore, Rule 723 of the Listing Manual of SGX-ST is complied with.

Statistics of Warrantholdings

As at 23 March 2015

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
1 – 99	290	29.03	3,740	0.00
100 – 1,000	87	8.71	73,469	0.10
1,001 – 10,000	380	38.04	1,751,415	2.26
10,001 – 1,000,000	227	22.72	25,814,009	33.38
1,000,001 AND ABOVE	15	1.50	49,698,574	64.26
TOTAL	**999**	**100.00**	**77,341,207**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	Goh Yeo Hwa	19,406,500	25.09
2	OCBC Securities Private Limited	3,840,155	4.97
3	Tan Ah Ee	3,501,000	4.53
4	Maybank Kim Eng Securities Pte. Ltd.	2,898,794	3.75
5	Pek Choon Heng	2,491,000	3.22
6	UOB Kay Hian Private Limited	2,373,048	3.07
7	Phillip Securities Pte Ltd	2,327,952	3.01
8	Li Jingjing	2,318,000	3.00
9	Lim Loy Chin	2,273,000	2.94
10	Lau Kim Hoon	1,911,000	2.47
11	Neo Cheng Soon	1,860,000	2.40
12	CIMB Securities (Singapore) Pte. Ltd.	1,434,500	1.85
13	Tan Chin Hock	1,062,500	1.37
14	Goh Yeu Toh	1,001,000	1.29
15	Lee Ying Kiat Alvin	1,000,125	1.29
16	Cheng Kiang Huat	1,000,000	1.29
17	Goh Yew Tee	1,000,000	1.29
18	Lim & Tan Securities Pte Ltd	1,000,000	1.29
19	Tan Kim Yeow	1,000,000	1.29
20	Tan See Mui Joyce	972,000	1.26
	TOTAL	**54,670,574**	**70.67**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PSL Holdings Limited (the "Company") will be held at 106 Tuas South Ave 2, West Point Bizhub, Singapore 637158 on Thursday, 30 April 2015 at 10:00 a.m., to transact the following businesses:

ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and Independent Auditor's Report thereon. ***Resolution 1***

2. To re-elect Mr Mark Zhou You Chuan, the director retiring by rotation pursuant to Article 88 of the Company's Articles of Association. ***Resolution 2***

   [See Explanatory Note (i)]

3. To re-elect Mr Chan Yu Meng, the director retiring by rotation pursuant to Article 88 of the Company's Articles of Association. ***Resolution 3***

   [See Explanatory Note (ii)]

4. To note the retirement of Mr Lye Soon Ngian as a director of the Company, pursuant to Article 88 of the Company's Articles of Association.

   [See Explanatory Note (iii)]

5. To re-appoint Mr Jamshid K. Medora, the director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. ***Resolution 4***

   [See Explanatory Note (iv)]

6. To re-appoint Messrs RT LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. To approve the payment of additional Directors' fees of $135,000 for the financial year ended 31 December 2014. ***Resolution 6***

   [See Explanatory Note (v)]

8. To approve the payment of Directors' fees of $135,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. [FY2014: $156,351, excluding additional Directors' fees of $135,000 referred to in Item 7 above] ***Resolution 7***

Notice of Annual General Meeting

9. Authority to allot and issue shares ***Resolution 8***

"That, pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

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

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

(a) 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 fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares excluding treasury shares, and for the purpose of this resolution, the total number of issued shares excluding treasury shares shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for;

    (i) new shares arising from the conversion or exercise of convertible securities, or

    (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed, and

    (iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares.

(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (vi)]

Notice of Annual General Meeting

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

BY ORDER OF THE BOARD

Teo Meng Keong
Company Secretary

15 April 2015
Singapore

Explanatory Notes:

(i) Key information on Mr Mark Zhou You Chuan can be found on page 26 of the Annual Report 2014. There are no relationships (including immediate family relationship) between Mr Mark Zhou You Chuan and the other Directors. As at the date of this Notice, Mr Mark Zhou You Chuan is holding 13,333,333 ordinary shares of the Company.

(ii) Mr Chan Yu Meng will, upon re-election as a Director of the Company, remain as Chairman of Nominating Committee and a member of Audit Committee and Remuneration Committee. Mr Chan Yu Meng is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Chan Yu Meng can be found on page 27 of the Annual Report 2014. There are no relationships (including immediate family relationship) between Mr Chan Yu Meng and the other Directors or the Company or its shareholders.

(iii) Mr Lye Soon Ngian, who is retiring pursuant to Article 88 of the Company's Articles of Association, has indicated that he is not seeking re-election as a Director of the Company and will retire upon conclusion of the Annual General Meeting. Key information on Mr Lye Soon Ngian can be found on page 26 of the Annual Report 2014. There are no relationships (including immediate family relationship) between Mr Lye Soon Ngian and the other Directors or the Company or its shareholders.

(iv) Mr Jamshid K. Medora will, upon re-election as a Director of the Company, remain as Chairman of Remuneration Committee and a member of Audit Committee and Nominating Committee. Mr Jamshid K. Medora is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr Jamshid K. Medora can be found on page 27 of the Annual Report 2014. There are no relationships (including immediate family relationship) between Mr Jamshid K. Medora and the other Directors of the Company or its shareholders.

Notice of Annual General Meeting

(v) At the Annual General Meeting held by the Company on 28 April 2014, shareholders approved an amount of $145,000 as Directors' fees for the financial year ended 31 December 2014, to be paid quarterly in arrears. Subsequently, at the Adjourned Annual General Meeting held on 27 June 2014, an additional Directors' fees of $24,405 were approved by the shareholders in respect of the Directors' fees payable to the Non-Executive Director who was appointed on 10 March 2014. The additional Directors' fees of $135,000 proposed to be approved at this Annual General Meeting arose due to expended efforts and work rendered by independent directors in relation to the recent restructuring within the Group.

(vi) Ordinary Resolution 8 proposed in item no. 9 is to empower the Directors, from the date of the passing of Ordinary Resolution 8 to the date of the next Annual General Meeting, 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 an amount not exceeding in total 50% of the issued Shares (excluding treasury shares) in the capital of the Company, with a sub-limit of 20% of the issued Shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.

Notes:

(a) Save for members which are nominee companies, a member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(d) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(e) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(f) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 106 Tuas South Ave 2 West Point Bizhub Singapore 637158, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PSL HOLDINGS LIMITED

(Company Registration No. 199707022K)
(Incorporated in the Republic of Singapore)

PROXY FORM

Annual General Meeting

IMPORTANT:

1. For investors who have used their CPF monies to buy PSL Holdings Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent 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.

*I/We _____

of _____

being *a member/members of PSL Holdings Limited (the "Company"), hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings to be represented by proxy	
		No. of Shares	%
Address:			

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 106 Tuas South Ave 2, West Point Bizhub, Singapore 637158 on Thursday, 30 April 2015 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For#	Against#
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2014.		
2.	Re-election of Mr Mark Zhou You Chuan as Director.		
3.	Re-election of Mr Chan Yu Meng as Director.		
4.	Re-appointment of Mr Jamshid K. Medora as Director.		
5.	Re-appointment of Messrs RT LLP as Auditors.		
6.	Approval of payment of additional Directors' fees of $135,000 for the financial year ended 31 December 2014.		
7.	Approval of payment of Directors' fees of $135,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears.		
8.	Authority to allot and issue shares.		

* *Delete accordingly*

\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

IMPORTANT. Please read notes overleaf.

Dated this _____ day of _____ 2015

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

_____
Signature (s) of Member (s)/Common Seal

Notes:

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 of the Company, 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. *Save for members which are nominee companies, a member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.*
3. *Where a member appoints two proxies, he shall specify the proportion of his shares (expressed as a percentage of the whole) to be represented by each proxy.*
4. *A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.*
5. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.*
6. *Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.*
7. *The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 106 Tuas South Ave 2 West Point Bizhub Singapore 637158, not less than forty-eight (48) hours before the time appointed for holding the Annual General 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 members whose shares are deposited with The Central Depository (Pte) Limited, 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 name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
STAMP

The Company Secretary

PSL HOLDINGS LIMITED

106 Tuas South Ave 2
West Point Bizhub
Singapore 637158

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