

UNAUDITED FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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

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

	Note	3 Months Ended 30 September			9 Months Ended 30 September		
		3Q2019 S\$'000	3Q2018 S\$'000	Increase (Decrease) %	9M2019 S\$'000	9M2018 S\$'000	Increase (Decrease) %
Revenue		595	766	-22%	681	6,459	-89%
Cost of sales		(291)	(697)	-58%	(340)	(5,549)	-94%
Gross profit		304	69	341%	341	910	-63%
Other operating income	1(a)(ii)	253	87	191%	480	280	71%
Other gains/(losses)	1(a)(ii)	506	(370)	237%	550	(190)	389%
Expenses							
- General and administrative expenses		(445)	(1,211)	-63%	(1,525)	(3,867)	-61%
- Finance expenses		(89)	-	n.m	(120)	(11)	991%
Profit/(loss) before income tax	1(a)(ii)	529	(1,425)		(274)	(2,878)	
Income tax expense		-	(38)	-100%	-	(222)	-100%
Profit/(loss) after tax		529	(1,463)		(274)	(3,100)	
Other comprehensive income/(loss):							
Items that will not be reclassified subsequently to profit or loss:							
Equity investments at FVOCI - net change in fair value		1	-	n.m	-	-	n.m
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences		(91)	121	-175%	(171)	255	-167%
Total comprehensive income/(loss) for the financial period		439	(1,342)	133%	(445)	(2,845)	-84%
Profit/(loss) attributable to:							
Equity holders of the Company		481	(1,449)	133%	(302)	(2,986)	-90%
Non-controlling interests		48	(14)	443%	28	(114)	125%
		529	(1,463)	136%	(274)	(3,100)	-91%
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		397	(1,322)	130%	(462)	(2,727)	-83%
Non-controlling interests		42	(20)	310%	17	(118)	114%
		439	(1,342)	133%	(445)	(2,845)	-84%

n.m = Not meaningful

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

	3 Months Ended 30 September			9 Months Ended 30 September		
	3Q2019	3Q2018	Increase	9M2019	9M2018	Increase
Note	S\$'000	S\$'000	(Decrease) %	S\$'000	S\$'000	(Decrease) %
Other operating income:						
Interest income from PTMII	80	80	0%	237	217	9%
Interest income from banks	36	4	800%	138	25	452%
Government grants	1	3	-67%	8	36	-78%
Profit guarantee due from Vendors	135	-	n.m	85	-	n.m
Sundry income	1	-	n.m	12	2	500%
	<u>253</u>	<u>87</u>	191%	<u>480</u>	<u>280</u>	71%
Other gains/(losses):						
Currency exchange gains/(losses)	506	(334)	251%	539	(238)	326%
(Loss)/gain from disposal of plant and equipment	-	(36)	100%	(9)	50	-118%
Bad debt reversed	-	-	n.m	20	1	n.m
Impairment loss on investment in financial assets	-	-	n.m	-	(3)	100%
	<u>506</u>	<u>(370)</u>	237%	<u>550</u>	<u>(190)</u>	389%
Depreciation included in:						
- cost of sales	(169)	(9)	n.m	(180)	(112)	61%
- general and administrative expenses	(25)	(37)	-32%	(78)	(190)	-59%
Interest expense	(89)	-	n.m	(120)	(11)	991%
Employee compensation	<u>(293)</u>	<u>(365)</u>	-20%	<u>(1,000)</u>	<u>(1,678)</u>	-40%

n.m = Not meaningful

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

		Group		Company	
		As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
Note		S\$'000	S\$'000 (Audited)	S\$'000	S\$'000 (Audited)
ASSETS					
Current assets					
Trade and other receivables	1(b)(ii)	10,411	9,542	6,288	6,443
Inventories		32	42	-	-
Amounts due from subsidiaries		-	-	4,390	4,735
Cash and cash equivalents		3,745	7,186	1,485	2,245
Loans due from PTMII		14,305	13,871	14,305	13,871
Total current assets		28,493	30,641	26,468	27,294
Non-current assets					
Plant and equipment		8,122	602	371	196
Investment in subsidiaries		-	-	200*	4,852
Financial assets, at FVOCI		-	2	-	-
Club membership		6	6	6	6
Total non-current assets		8,128	610	577	5,054
Total assets		36,621	31,251	27,045	32,348
LIABILITIES					
Current liabilities					
Trade and other payables	1(b)(iii)	2,656	3,686	242	493
Amounts due to subsidiaries		-	-	150	5,476
Finance lease liabilities	1(b)(iv)	309	36	-	-
Current income tax liabilities		6	15	-	-
Total current liabilities		2,971	3,737	392	5,969
Non-current liabilities					
Finance lease liabilities	1(b)(iv)	6,603	25	-	-
Total non-current liabilities		6,603	25	-	-
Total liabilities		9,574	3,762	392	5,969
NET ASSETS		27,047	27,489	26,653	26,379
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital		35,763	35,763	35,763	35,763
Currency translation reserve		(136)	24	-	-
Fair value reserve		-	(3)	-	-
Accumulated losses		(8,384)	(8,082)	(9,110)	(9,384)
Capital reserve		146	146	-	-
		27,389	27,848	26,653	26,379
Non-controlling interests		(342)	(359)	-	-
Total equity		27,047	27,489	26,653	26,379

* Excludes the cost of investment in the following subsidiaries which will be struck off in due course:

- 1) TSL Transport & Engineering Pte Ltd
- 2) PSL Metal Pte Ltd
- 3) PSL Construction Logistics Holdings Pte Ltd

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

	Note	Group		Company	
		As at 30 September 2019 S\$'000	As at 31 December 2018 S\$'000 (Audited)	As at 30 September 2019 S\$'000	As at 31 December 2018 S\$'000 (Audited)
Current assets					
Trade receivables (net)		907	723	-	-
Accrued service revenue		34	556	-	-
		941	1,279	-	-
Advance payment to suppliers		253	430	-	-
GST recoverable		1,106	321	7	14
Contingent consideration on acquisition of PTMII		6,219	6,134	6,219	6,134
Sundry receivables (net)		1,733	1,009	-	-
		10,252	9,173	6,226	6,148
Deposits		19	287	15	249
Prepayments		140	82	47	46
		10,411	9,542	6,288	6,443

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

	Note	Group		Company	
		As at 30 September 2019 S\$'000	As at 31 December 2018 S\$'000 (Audited)	As at 30 September 2019 S\$'000	As at 31 December 2018 S\$'000 (Audited)
Current liabilities					
Trade payables - non-related parties		47	165	-	-
Accruals		254	493	242	440
Loan from non-controlling interest of a subsidiary		2,126	2,061	-	-
Other payables		229	967	-	53
		2,656	3,686	242	493

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

	Note	As at 30 September 2019		As at 31 December 2018	
		Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand		309	-	36	-
Amount repayable after one year		6,603	-	25	-

Details of collateral

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

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

	Group 3 Months Ended 30 September 2019 2018		Group 9 Months Ended 30 September 2019 2018	
Note	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before taxation	529	(1,463)	(274)	(3,100)
Adjustments for:				
Income tax expense	-	38	-	222
Depreciation of plant and equipment	194	46	258	302
Loss/(gain) from disposal of plant and equipment	-	36	9	(50)
Fair value changes on profit guarantee due from vendors	(135)	-	(85)	-
Impairment loss on investment in available-for-sale financial assets	-	-	-	3
Interest income	(116)	(84)	(375)	(242)
Interest expense	89	-	120	11
Operating profit/(loss) before working capital changes	561	(1,427)	(347)	(2,854)
Changes in inventories	(26)	(191)	10	(2,105)
Changes in trade and other receivables	(307)	3,284	(1,238)	2,260
Changes in trade payables, other payables and accruals	130	(743)	(1,030)	(1,804)
Cash generated from/(used in) operations	358	923	(2,605)	(4,503)
Income tax paid	-	(108)	(9)	(222)
Net cash generated from/(used in) operating activities	358	815	(2,614)	(4,725)
Cash flows from investing activities				
Interest received	36	4	138	25
Acquisition of plant and equipment	(658)	-	(947)	(105)
Proceeds from disposal of plant and equipment	3	511	180	919
Purchase of remaining non-controlling interest in TSL	-	(370)	-	(370)
Net cash (used in)/generated from investing activities	(619)	145	(629)	469
Cash flows from financing activities				
Repayment of finance lease liabilities	(100)	(26)	(161)	(152)
Decrease/(increase) in short-term deposits pledged	185	(3)	841	(13)
Interest paid	(89)	-	(120)	(11)
Net cash (used in)/generated from financing activities	(4)	(29)	560	(176)
Net (decrease)/increase in cash and cash equivalents	(265)	931	(2,683)	(4,432)
Cash and cash equivalents at beginning of financial period	2,158	4,567	4,546	9,959
Effect of currency translation	53	(166)	83	(195)
Cash and cash equivalents at end of financial period	1,946	5,332	1,946	5,332
Cash and cash equivalents				
Cash and bank balances	3,745	6,364	3,745	6,364
Less: Fixed deposits pledged with financial institutions	(1,799)	(1,032)	(1,799)	(1,032)
Cash and cash equivalents at end of financial period	1,946	5,332	1,946	5,332

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

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

FOR 9 MONTHS ENDED 30 SEPTEMBER

GROUP

Balance as at 1 January 2019	35,763	(8,082)	24	(3)	146	27,848	(359)	27,489
Net (loss)/profit for the period	-	(302)	-	-	-	(302)	28	(274)
Other comprehensive loss for the period	-	-	(160)	-	-	(160)	(11)	(171)
Reclassification to profit or loss upon disposal	-	-	-	3	-	3	-	3
Balance as at 30 September 2019	35,763	(8,384)	(136)	-	146	27,389	(342)	27,047
Balance as at 1 January 2018	35,763	(3,462)	(125)	-	507	32,683	170	32,853
Net loss for the period	-	(2,986)	-	-	-	(2,986)	(114)	(3,100)
Other comprehensive income/(loss) for the period	-	-	259	-	-	259	(4)	255
Purchase of remaining non-controlling interest in TSL	-	-	-	-	(361)	(361)	(9)	(370)
Balance as at 30 September 2018	35,763	(6,448)	134	-	146	29,595	43	29,638

COMPANY

Balance as at 1 January 2019	35,763	(9,384)	-	-	-	26,379	-	26,379
Net profit for the period	-	274	-	-	-	274	-	274
Balance as at 30 September 2019	35,763	(9,110)	-	-	-	26,653	-	26,653
Balance as at 1 January 2018	35,763	(4,834)	-	-	-	30,929	-	30,929
Net loss for the period	-	(2,063)	-	-	-	(2,063)	-	(2,063)
Balance as at 30 September 2018	35,763	(6,897)	-	-	-	28,866	-	28,866

FOR 3 MONTHS ENDED 30 SEPTEMBER

GROUP

Balance as at 1 July 2019	35,763	(8,865)	(51)	(4)	146	26,989	(383)	26,606
Net profit for the period	-	481	-	-	-	481	48	529
Other comprehensive (loss)/income for the period	-	-	(85)	1	-	(84)	(7)	(91)
Reclassification to profit or loss upon disposal	-	-	-	3	-	3	-	3
Balance as at 30 September 2019	35,763	(8,384)	(136)	-	146	27,389	(342)	27,047
Balance as at 1 July 2018	35,763	(4,999)	7	-	507	31,278	72	31,350
Net loss for the period	-	(1,449)	-	-	-	(1,449)	(14)	(1,463)
Other comprehensive income/(loss) for the period	-	-	127	-	-	127	(6)	121
Purchase of remaining non-controlling interest in TSL	-	-	-	-	(361)	(361)	(9)	(370)
Balance as at 30 September 2018	35,763	(6,448)	134	-	146	29,595	43	29,638

COMPANY

Balance as at 1 July 2019	35,763	(10,155)	-	-	-	25,608	-	25,608
Net profit for the period	-	1,045	-	-	-	1,045	-	1,045
Balance as at 30 September 2019	35,763	(9,110)	-	-	-	26,653	-	26,653
Balance as at 1 July 2018	35,763	(5,868)	-	-	-	29,895	-	29,895
Net loss for the period	-	(1,029)	-	-	-	(1,029)	-	(1,029)
Balance as at 30 September 2018	35,763	(6,897)	-	-	-	28,866	-	28,866

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

Share Capital

There was no change in the Company's share capital since 31 December 2018.

Convertible Securities

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

Treasury Shares and Subsidiary Holdings

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

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

Number of shares	As at 30 September 2019	As at 31 December 2018
Total number of issued shares (excluding treasury shares)	55,686,996	55,686,996

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

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

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

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

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

The figures have not been audited or reviewed.

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

Not applicable.

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

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

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period reported on as those used in the most recently audited financial statements for the financial year ended 31 December 2018, save for the adoption of the Singapore Financial Reporting Standard (International) ("SFRS(I)") and Interpretation of SFRS(I) ("INT FRS(I)") that are mandatory for financial years beginning on or after 1 January 2019. The adoption of these new SFRS(I) and INT FRS(I) have no material impact to the results of the Group and of the Company for the current financial period reported on.

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

	Group 3 Months Ended 30 September		Group 9 Months Ended 30 September	
	2019	2018	2019	2018
Profit/(loss) per share				
(i) Based on weighted average number of ordinary shares on issue (cents)	0.86	(2.60)	(0.54)	(5.36)
(ii) On a fully diluted basis (cents) *	0.86	(2.60)	(0.54)	(5.36)
Number of weighted average ordinary shares used in the computation of (i) and (ii)	55,686,996	55,686,996	55,686,996	55,686,996

* There are no diluted ordinary shares.

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

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

	As at 30 September 2019	As at 31 December 2018
GROUP		
Net asset value per ordinary share (dollars)	0.49	0.49
COMPANY		
Net asset value per ordinary share (dollars)	0.48	0.47

The net asset value per ordinary share is calculated based on the total number of issued shares excluding treasury shares and subsidiary holdings as at 30 September 2019 and 31 December 2018 of 55,686,996.

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

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

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

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

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

Financial Performance – 3Q2019 vs 3Q2018

Revenue decreased from S\$0.8 million in 3Q2018 to S\$0.6 million in 3Q2019 as revenue generated from the Construction Logistics segment by PT IPA from lease of heavy equipment to PT CRM only commenced from mid-August 2019. In tandem with the lower revenue, cost of sales decreased from S\$0.7 million in 3Q2018 to S\$0.3 million in 3Q2019, resulting in a gross profit of S\$0.3 million for 3Q2019 as compared to S\$0.1 million for 3Q2018.

Other operating income increased from S\$0.1 million in 3Q2018 to S\$0.3 million in 3Q2019 mainly due to higher interest income from banks and revaluation of profit guarantee denominated in USD due from the Vendors of PTMII.

Other gains/(losses) increased from a loss of S\$0.4 million in 3Q2018 to a gain of S\$0.5 million in 3Q2019 mainly due to an increase in foreign exchange gains arising from the appreciation of USD on the USD denominated loan due from PTMII.

General and administrative expenses decreased from S\$1.2 million in 3Q2018 to S\$0.4 million in 3Q2019 mainly due to a reduction in payroll expenses, operating expenses from PT IPA as well as professional fees incurred in relation to PTMII and TSL legal case. This is in tandem with a series of cost cutting measures implemented by the Management to emerge from the SGX Watchlist.

Finance expenses increased by S\$0.1 million in 3Q2019 mainly due to interest incurred on new loans obtained by PT IPA to finance the purchase of heavy equipment.

Despite the lower revenue, the Group recorded a profit after tax of S\$0.5 million for 3Q2019 as compared to a loss of S\$1.5 million for 3Q2018, mainly due to the decrease in general and administrative expenses arising from a series of cost cutting measures implemented by the Management to emerge from the SGX Watchlist, coupled with an increase in other gains arising from an increase in foreign exchange gains as well as an increase in other operating income arising from the revaluation of profit guarantee denominated in USD due from the Vendors of PTMII.

Financial Performance – 9M2019 vs 9M2018

Revenue decreased from S\$6.5 million in 9M2018 to S\$0.7 million in 9M2019 mainly due to scaling down of TSL operations and lower revenue from the Construction Logistics segment contributed by PT IPA. In tandem with the lower revenue, cost of sales decreased from S\$5.5 million in 9M2018 to S\$0.3 million in 9M2019, resulting in a gross profit of S\$0.3 million for 9M2019 as compared to S\$0.9 million for 9M2018.

Other operating income increased from S\$0.3 million in 9M2018 to S\$0.5 million in 9M2019 mainly due to higher interest income from banks and revaluation of profit guarantee denominated in USD due from the Vendors of PTMII.

Other gains/(losses) increased from a loss of S\$0.2 million in 9M2018 to a gain of S\$0.6 million in 9M2019 mainly due to an increase in foreign exchange gains arising from the appreciation of USD on the USD denominated loan due from PTMII.

General and administrative expenses decreased from S\$3.9 million in 9M2018 to S\$1.5 million in 9M2019 mainly due to a reduction in payroll expenses, operating expenses from PT IPA as well as professional fees incurred in relation to PTMII and TSL legal case. This is in tandem with a series of cost cutting measures implemented by the Management to emerge from the SGX Watchlist.

Finance expenses increased by S\$0.1 million in 9M2019 mainly due to interest incurred on new loans obtained by PT IPA to finance the purchase of heavy equipment.

Despite the lower revenue, the Group recorded lesser loss of S\$0.3 million for 9M2019 as compared to a loss of S\$3.1 million for 9M2018, mainly due to the decrease in general and administrative expenses arising from a series of cost cutting measures implemented by the Management to emerge from the SGX Watchlist, coupled with an increase in other gains arising from an

increase in foreign exchange gains as well as an increase in other operating income arising from the revaluation of profit guarantee denominated in USD due from the Vendors of PTMII.

Cash flow – 3Q2019 vs 3Q2018

Net cash generated from operating activities was S\$0.4 million in 3Q2019 compared to S\$0.8 million in 3Q2018 mainly due to an increase in trade and other receivables from the Construction Logistics segment arising from heavy equipment rental income due from PT CRM as well as currency translation of USD loans extended to PTMII. This is partially offset by an increase in profit before taxation and an increase in trade and other payables from the Construction Logistics segment.

Net cash used in investing activities was S\$0.6 million in 3Q2019 compared to net cash generated from investing activities of S\$0.1 million in 3Q2018 mainly due to purchase of heavy equipment in 3Q2019 and a decrease in proceeds from the disposal of trucks and equipment following the scaling down of TSL's operations in 3Q2018. This is partially offset by payment of S\$0.4 million to purchase the remaining non-controlling interest in TSL as part of the settlement to resolve all outstanding disputes in 3Q2018.

Net cash used in financing activities was S\$4,000 in 3Q2019 compared to S\$29,000 in 3Q2018 mainly due to changes in short-term deposits pledged to banks, partially offset by repayment of finance lease liabilities along with interest by PT IPA to finance the purchase of heavy equipment.

As a result of the above, the Group's cash and cash equivalents decreased from S\$4.1 million as at 30 June 2019 to S\$3.7 million as at 30 September 2019.

Cash flow – 9M2019 vs 9M2018

Net cash used in operating activities was S\$2.6 million in 9M2019 compared to S\$4.7 million in 9M2018 mainly due to lesser loss coupled with a decrease in inventories as well as trade and other payables from the Construction Logistics segment. This is partially offset by an increase in trade and other receivables from the Construction Logistics segment arising from heavy equipment rental income due from PT CRM as well as currency translation of USD loans extended to PTMII.

Net cash used in investing activities was S\$0.6 million in 9M2019 compared to net cash generated from investing activities of S\$0.5 million in 9M2018 mainly due to purchase of heavy equipment in 9M2019 and a decrease in proceeds from the disposal of trucks and equipment following the scaling down of TSL's operations in 9M2018. This is partially offset by payment of S\$0.4 million to purchase the remaining non-controlling interest in TSL as part of the settlement to resolve all outstanding disputes in 9M2018.

Net cash generated from financing activities was S\$0.6 million in 9M2019 compared to net cash used in financing activities of S\$0.2 million in 9M2018 mainly due to changes in short-term deposits pledged to banks, partially offset by repayment of finance lease liabilities along with interest by PT IPA to finance the purchase of heavy equipment.

As a result of the above, the Group's cash and cash equivalents decreased from S\$7.2 million as at 31 December 2018 to S\$3.7 million as at 30 September 2019.

Financial Position

Current assets decreased by S\$2.1 million from S\$30.6 million as at 31 December 2018 to S\$28.5 million as at 30 September 2019 mainly due to a decrease in cash and cash equivalents as highlighted in the cash flow statement above, partially offset by an increase in trade and other receivables from the Construction Logistics segment arising from heavy equipment rental income due from PT CRM as well as currency translation of USD loans extended to PTMII.

Non-current assets increased by S\$7.5 million from S\$0.6 million as at 31 December 2018 to S\$8.1 million as at 30 September 2019 mainly due to the acquisition of heavy equipment, partially offset by the disposal of plant and equipment as well as depreciation charges recorded for the period.

Current liabilities decreased by S\$0.7 million from S\$3.7 million as at 31 December 2018 to S\$3.0 million as at 30 September 2019 mainly due to a decrease in trade and other payables from the Construction Logistics segment, partially offset by new loans obtained to finance the purchase of heavy equipment.

Non-current liabilities increased by S\$6.6 million from S\$25,000 as at 31 December 2018 to S\$6.6 million as at 30 September 2019 due to new loans obtained to finance the purchase of heavy equipment, partially offset by repayment of finance lease liabilities.

As a result of the above, the Group's net assets decreased by S\$0.5 million from S\$27.5 million as at 31 December 2018 to S\$27.0 million as at 30 September 2019.

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

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

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

Indonesia's Authorities plan to lift its pace of annual economic growth to an average of 6% during President Joko Widodo's second term in office¹. President Joko Widodo has also pledged faster infrastructure development and more investment opportunities as part of his vision for a second term in office². Continued economic growth in Indonesia is expected to offer more opportunities and greater demand for the Group's services.

In preparation to meet this demand, the Group's Indonesian subsidiary PT Indah Perkasa Abadi ("PT IPA") purchased heavy equipment in 2Q2019 with the intention to lease along with operations to third parties to generate income. This leasing business is now operational and is expected to broaden the Group's revenue.

The Company entered into a Settlement Agreement on 10 December 2018 to resolve all outstanding disputes in relation to the Vendors and PT Momentum Indonesia Investama ("PTMII") (collectively, the "Parties") arising out of and in connection with Agreements which were entered into on behalf of the Company by the former management ("Proposed Settlement"). As previously announced, the completion of the Proposed Settlement is subject to, among other things, PSL obtaining approval from the Singapore Exchange and/or other regulatory authorities (the "Authorities") and approval from its Shareholders (the "Shareholder Approval"). The Shareholder Approval was to be obtained within 6 months from the date i.e. by 10 June 2019 on which the Global Settlement Agreement is executed (the "Long-Stop Date").

As at the Long-Stop Date, SGX's approval of the Proposed Settlement was still pending. The Company was thus not in a position to put the Proposed Settlement before its Shareholders to obtain Shareholder Approval.

Despite PSL's best efforts and attempts to negotiate in good faith from 10 June 2019 to 27 September 2019, the Parties were unable to reach an agreement for an extension of the Long-Stop Date. Since no extension of the Long-Stop Date was achieved, the Proposed Settlement had lapsed and been aborted. The Company will thus seek to continue the Singapore Proceedings against the Vendors for (among other things) amounts due and owing to PSL pursuant to the profit guarantee provided by the Vendors under the Agreements, and will continue relentlessly to pursue profitable business opportunities to enhance Shareholders' value.

As the industry remains competitive, the Group will continue to be cautious and selective in the type of projects to be pursued and will continue to exercise prudence in financial management.

The Group continues to explore other potential business opportunities within Indonesia to develop and acquire profitable businesses through mergers and acquisitions which can generate sustainable returns to our Shareholders.

¹ <https://www.channelnewsasia.com/news/business/indonesia-economy-targets-up-to-6-percent-gdp-growth-5-years-11750214>

² <https://www.channelnewsasia.com/news/business/indonesia-president-pledges-more-infrastructure-investment-in-second-term-11719832>

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared (recommended).

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

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

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

We, Mr Stephen Leong, BBM and Mr William Teo Choon Kow, BBM, being two of the directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 September 2019 to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Stephen Leong, BBM
Vice Chairman and Executive Director

6 November 2019