



NEW HORIZONS

ANNUAL REPORT 2015



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.

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Corporate 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.

The inclusion of the Marine Logistics business in November 2015 as a core business of the Group is part of its corporate strategy to provide Shareholders with diversified returns and long term growth. It will also enable the Group to have additional revenue streams, thus enhancing Shareholders' value for the Company.



Letter to Shareholders



Dear Valued Shareholders,

On behalf of the Board of PSL Holdings Limited ("PSL") together with its subsidiaries (our "Group"), I am pleased to present to you our annual report for the financial year ended 31 December 2015.

During the year under review, our Group has successfully diversified into Marine Logistics. The Marine Logistics business specialises in vessel chartering, logistics and equipment services. Through the Marine Logistics business, PSL owns 12 sets of tugs and barges.

Our Group seized the opportunity to acquire the vessels at an attractive time when the marine industry was undergoing a period of slower growth and depressed asset prices. However, our Group believes that the acquisition would be earnings accretive and be a significant revenue contributor to our Group once the marine industry starts to pick up.

As our Group underwent a year of diversification and consolidation in FY2015, we have continued to streamline our operations and reduce our operating costs. Through our Group's rigorous cost cutting measures, net losses have been reduced substantially from S\$4.1 million in FY2014 to S\$1.5 million in FY2015. With the acquisition of the Marine Logistics business, our Group expects to be profitable going forward.

Financial Performance

Our Group's revenue decreased 17.4% year-on-year ("yoy") to S\$8.0 million in FY2015 mainly attributed to lower revenue recognised from its Trading & Engineering segment as the business scaled down its operations. This was partially offset by revenue contributed by its newly acquired Marine Logistics segment.

Revenue contribution from our Group's Construction Logistics segment marginally improved 3% yoy to S\$6.4 million in FY2015. However, revenue from our Group's Trading & Engineering segment has substantially declined from S\$3.5 million in FY2014 to S\$77,000 in FY2015. In addition, our Group had also recognised revenue of S\$1.5 million for the month of December 2015 from its newly acquired Marine Logistics segment.

Our Group also registered a 32.3% yoy increase in other income and other gains contributed mainly by (i) foreign exchange gain resulting from appreciation of USD against SGD and (ii) interest income generated. General and administrative expenses substantially declined by 46.5%

yoy to S\$3.1 million largely due to our Group's cost cutting measures including reduction of its manpower headcount and scaling down its Trading & Engineering business operations.

As a result of the cost restructuring exercise, our Group managed to reduce our loss significantly in FY2015 and loss per share was reduced from 10.8 cents per share in FY2014 to 3.4 cents per share in FY2015.

Restructuring Our Business

In January 2015, our Group received our deposit refund of the remaining US\$4.0 million together with interest at the rate of 5.33% following the termination of the proposed acquisition in Longmen Group Limited.

In February 2015, our Group also received the full settlement of S\$4.4 million following the divestment of our subsidiaries, PSL Engineering Pte Ltd and Rotary Piling Pte Ltd, to KH Foges Pte Ltd.

Our Group is very pleased to conclude both transactions as we concentrate on our new strategic direction in both the Construction Logistics and Marine Logistics segments. Being in a healthy cash position enables our Group to actively look for viable business opportunities with synergistic value that would contribute to our bottom-line.

Diversification into Marine Logistics

In November 2015, our Group successfully completed an acquisition of approximately 49% stake of PT Momentum Indonesia Investama ("PT MII") to diversify

into Marine Logistics. PT MII provides freight logistics services for dry bulk cargo in Indonesia.

The earnings accretive acquisition comes with a net profit guarantee of US\$6.0 million over the 24 months post completion. The guaranteed net profit would allow our Group to turnaround our financial performance going forward; enabling us to mitigate the downturn in the global marine industry and capture growth opportunities in the domestic market of Indonesia.

Capturing Growth in Indonesia's Expansion

Indonesian coal production has fallen 14% yoy to 392 million tonnes in 2015 mainly attributed to local producers reducing output to cope with declining global demand for coal. However Indonesia expects domestic coal demand would increase by around 22% by another 110 million tonnes in 2016 triggered by an increase in Indonesia's power generation capacity plans¹.

Indonesia's economy is also projected to expand along with its power needs. The government is expecting to build more infrastructure and coal-fired power plants over the next couple of years as it targets a 5.5% GDP growth with an increase in the infrastructure budget of 8% in 2016².

As the demand of coal increases domestically along with the production of coal, our Group expects demand for Marine Logistics services to grow among coal suppliers and producers.

Not only does Indonesia have to import bulk of its construction

materials but being an archipelago, demand for both land and sea logistics transport remains as a pertinent and essential driver to support its growing power requirements.

Thereby specializing in Construction and Marine Logistics, our Group is well-positioned to serve those needs.

Share Consolidation Exercise

On 27 November 2015, our Group completed a share consolidation of every ten shares and ten warrants into one consolidated share and one adjusted warrant respectively.

The consolidation of shares essentially would help to fulfil Singapore Exchange's ("SGX") minimum trading price requirements.

Change of Auditors

Following our Group's Extraordinary General Meeting on 18 November 2015, our Group proposed a change of auditors from RT LLP to PricewaterhouseCoopers LLP. Appointing a big four accounting firm would instil greater investor confidence; enhance corporate transparency and heighten our reporting standards going forward.

We would like to express our appreciation to our previous auditor RT LLP for their hard work over the years.

Proposed Acquisition of NBN Scaffolding Pte Ltd

In March 2016, our Group entered into a conditional sale and purchase agreement to acquire 70% of NBN Scaffolding Pte Ltd for approximately S\$3.85 million. The proposed

Letter to Shareholders

acquisition complements our Group's core strategy to focus on providing logistics services to the construction industry. The proposed acquisition would also enable our Group to rejuvenate our Trading & Engineering business segment, widen our customer base and diversify our revenue streams further.

Currently, the proposed acquisition is undergoing various due diligence reviews and our Group would provide an update on the acquisition in due course. Our Group would continue to pursue suitable expansion opportunities that strengthen our operations and financial position; to ensure sustainable growth and success of our Group going forward.

Note of Appreciation

I would like to express my heartfelt appreciation for the hard work and contribution to our Group from Mr Lye Soon Ngian as he retired from his role as Executive Director and Chief Financial Officer in April 2015.

Welcome on Board

At the same time, I would like to extend a warm welcome to Mr Sudirman Kurniawan as he assumes the role of Director-Marine Logistics. Mr Kurniawan is expected to play a key role in the management and operations of our Marine Logistics business, positioning it to be ready to take advantage of the expansion in Indonesia's growth in power requirements.

Our Board would also like to welcome Mr Sucipto to our board. He was appointed as Non-Executive Director on 17 March 2016. Mr Sucipto is the brother of our substantial shareholder, Mr Suman Hadi Negoro.

Thank You for the Support

On behalf of our Group, I would like to express my topmost appreciation to our customers, business partners and associates for their unwavering support over the years. Also, I would like to take this opportunity to thank my directors and staff for

their relentless dedication and hard work. Most importantly to our valued shareholders, thank you very much for your faith in our Group's management and in the strategic direction of PSL. Our Group remains cautiously optimistic of our future direction and expects our financial performance to turnaround going forward as we strive to enhance shareholder value in the process.

Mark Zhou You Chuan

Chief Executive Officer and Executive Director

Source:

1. <http://en.sxcoal.com/0/139694/DataShow.html>
2. <http://www.straitstimes.com/business/economy/indonesia-presents-2016-budget-plan-sees-gdp-growth-of-55-per-cent>

Completion of Acquisition of PT Momentum Indonesia Investama ("PT MII")

As announced in November 2015, the Group had acquired approximately 49% of the issued share capital and had since established control over the board of PT MII. Accordingly, the assets and liabilities of PT MII were consolidated in the Group's statement of financial position as at 31 December 2015. As a result, the Group recorded increases in assets and liabilities as at 31 December 2015, as compared to 31 December 2014. The financial performance of PT MII was consolidated in the Group's income statement for the period of one month ended 31 December 2015.

Financial Performance

For the financial year ended 31 December 2015 ("FY2015"), the Group's revenue decreased by S\$1.7 million or 17.4% from S\$9.7 million in FY2014 to S\$8.0 million in FY2015 mainly due to lower revenue from its Trading & Engineering business, resulting from scaling down of its business operations, which was partially offset by revenue contributed from the Marine Logistics business.

Decrease in gross profit was in line with the decrease in revenue. Gross profit margin decreased from 21.9% in FY2014 to 9.2% in FY2015 due mainly to scaling down of the Trading & Engineering business and lower margins generated from the Construction Logistics business as a result from stiff competition.

Total other income and other gains increased by S\$282,000 or 32.3% from S\$872,000 in FY2014 to S\$1.2 million in FY2015 mainly due to (i) foreign exchange gain resulting from appreciation of USD against SGD and (ii) interest income generated. This was partially offset by decrease in gain from disposal of property, plant and equipment and government grant received.

Selling and distribution expenses decreased by S\$598,000 or 92.1% from S\$649,000 in FY2014 to S\$51,000 in FY2015 mainly due to decrease in manpower cost as result of scaling down of its Trading & Engineering business.

General and administrative expenses decreased by S\$2.7 million or 46.5% from S\$5.8 million in FY2014 to S\$3.1 million in FY2015 mainly due to a series of cost saving strategies including reduce in manpower related costs and one-off allowance for doubtful debts provided for trade and other receivables in FY2014.

Other expenses decreased by S\$509,000 or 83.2% from S\$612,000 in FY2014 to S\$103,000 in FY2015 mainly due to write off of deposit paid in 2013 and other receivables written off in FY2014.

Finance expenses increased by S\$40,000 or 56.3% from S\$71,000 in FY2014 to S\$111,000 in FY2015 mainly due to increase in finance leases and borrowings.

Income tax expenses of S\$3,000 was recorded for subsidiaries which were in a taxable profit position which was offset against the reversal of deferred tax liabilities during the financial year.

The Group recorded a loss after tax of S\$1.5 million in FY2015 compared to a loss after tax of S\$4.1 million in FY2014.

Cash Flow

The Group's cash and cash equivalents stood at S\$11.2 million as at 31 December 2015. Net cash used in operating activities was S\$2.5 million in FY2015 compared to S\$0.9 million in FY2014. The net cash used in operating activities in FY2015 and FY2014 were mainly due to net cash used in working capital.

Net cash used in investing activities was S\$2.7 million in FY2015 compared to S\$4.9 million in FY2014. Net cash used in investing activities of S\$2.7 million was due mainly to the payment of S\$12.4 million pertaining to the acquisition of the Marine Logistics business in FY2015 and was partially offset by refund of the remaining deposit of US\$4.0 million from the investment in Longmen Group Limited and proceeds from disposal of subsidiaries of S\$4.4 million.

Net cash used in financing activities was S\$16.3 million in FY2015 compared to S\$2.7 million in FY2014. This was mainly due to settlement of bank borrowings of PT MII upon completion of acquisition in FY2015.

Financial Position

Non-current assets increased by S\$65.6 million from S\$2.5 million as at 31 December 2014 to S\$68.1 million as at 31 December 2015 mainly due to the acquisition of the Marine Logistics business.

Review of Financial Performance



Current assets decreased by S\$31.1 million or 65.7% from S\$47.4 million as at 31 December 2014 to S\$16.3 million as at 31 December 2015, mainly due to reduction in cash and cash equivalents as highlighted in the cash flow commentary above.

Non-current liabilities increased by S\$13.4 million from S\$0.9 million as at 31 December 2014 to S\$14.3 million as at 31 December 2015, mainly due to the loan granted by the Vendors, Mr Angelo Fernandus and Mr Sudirman Kurniawan, to PT MII. In addition, deferred tax liabilities recorded as a result of revaluation of fair value of property, plant and equipment had also contributed

to the increase. This was partially offset by decrease in finance lease liabilities as a result of repayments made.

Current liabilities increased by S\$10.8 million from S\$2.0 million as at 31 December 2014 to S\$12.8 million as at 31 December 2015 mainly due to the acquisition of the Marine Logistics business.

New Developments

During the preparation of this annual report, the Company had announced its entering into a conditional sale and purchase agreement to acquire a 70% stake in NBN Scaffolding Pte Ltd for a consideration of S\$3.85 million.

NBN Scaffolding is in the business of distributing and dealing in scaffolding materials and hardware and its related activities. The proposed acquisition is expected to allow the Group to widen its customer base and to rejuvenate the revenue streams arising from its Trading & Engineering segment.

	2015 S\$'000	2014 S\$'000	2013 S\$'000	2012 S\$'000	2011 S\$'000
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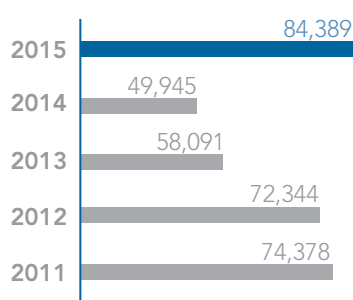
Financial Position Highlights

Total Assets	84,389	49,945	58,091	72,344	74,378
Total Liabilities	(27,095)	(2,881)	(4,974)	(21,350)	(33,104)
Net Assets	57,294	47,064	53,117	50,994	41,274
Equity Attributable to Equity Holders of the Company	45,165	46,571	52,686	50,751	39,087
Non-Controlling Interest	12,129	493	431	243	2,187
Total Equity	57,294	47,064	53,117	50,994	41,274

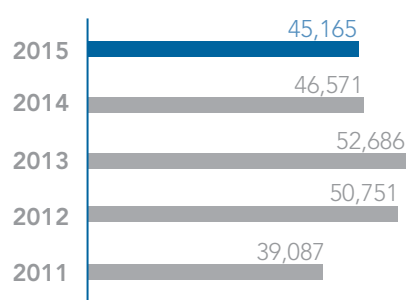
Financial Performance Highlights

Revenue	7,994	9,675	13,748	34,670	63,008
Cost of Sales	(7,256)	(7,553)	(6,489)	(25,297)	(54,739)
Gross Profit	738	2,122	7,259	9,373	8,269
(Loss)/Profit After Tax from Continuing Operations	(1,459)	(4,057)	543	5,216	2,102

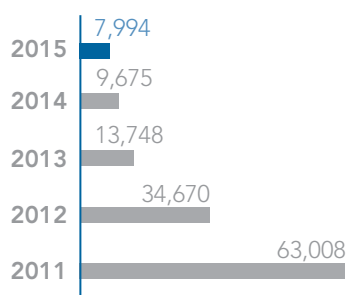
Total Assets (S\$'000)



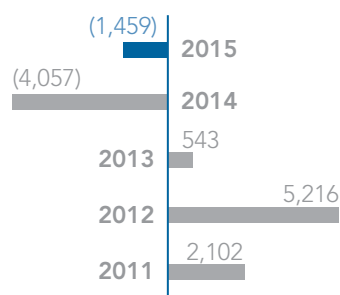
Equity Attributable to Equity Holders of the Company (S\$'000)



Revenue (S\$'000)



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



Board of Directors



Left to Right (back): Mr Chan Yu Meng, Mr William Teo Choon Kow, Mr Jamshid K Medora
Left to Right (front): Mr Sucipto, Mr Mark Zhou You Chuan

Mr Mark Zhou You Chuan

Mr Mark Zhou You Chuan is Chief Executive Officer and Executive Director of the Company. He was appointed to the Board as a non-executive director on 5 December 2014 and re-designated as Executive Director of the Company on 13 January 2015. Mr Zhou was last re-elected at the Company's AGM on 30 April 2015. 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 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 Zhou graduated from Nanyang Technological University with a Bachelor of Business degree with a double specialisation in Banking and Finance and Business Law.

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 will be retiring pursuant to Article 89 of the Articles of Association at the Company's coming AGM in April 2016 and is seeking re-election. He was last re-elected at the Company's AGM on 29 April 2013. He is the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. He is currently a consultant providing corporate advisory work. He currently serves as an independent director of 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.

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 30 April 2015. He is seeking re-election

at the Company's coming AGM in April 2016. 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 was last re-elected at the Company's AGM on 30 April 2015. 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.

Mr Sucipto

Mr Sucipto is a non-executive director of the Company. He was appointed to the Board on 17 March 2016. Mr Sucipto will be retiring pursuant to Article 88 of the Articles of Association at the Company's coming AGM in April 2016 and is seeking re-election. He is currently the President Director of PT Golden Great Borneo, a coal mining company in Indonesia. Mr Sucipto graduated from Tarumanagara University with a Bachelor degree in Electrical Engineering.

Key Management



Left to Right: Ms Ang Siew Peng, Mr Koh Yew Ghee, Ms Natalie Koh Yen Yen, Mr Sudirman Kurniawan

Mr Sudirman Kurniawan

Mr Sudirman Kurniawan joined the Group as Director – Marine Logistics in December 2015. He is responsible to improve, develop, extend, maintain and promote the marine logistics business and to protect and further the reputation, interests and success of the marine logistics business of the Group. Mr Kurniawan holds a Master of Business Administration from Golden Gate University and Bachelor of Business Administration from The University of Toledo.

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 responsibilities include overseeing the construction logistics business.

Ms Natalie Koh Yen Yen

Ms Natalie Koh Yen Yen joined the Group as Group Financial Controller in 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 finance experience as middle and senior management in listed entities and their subsidiaries. Ms Koh 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).

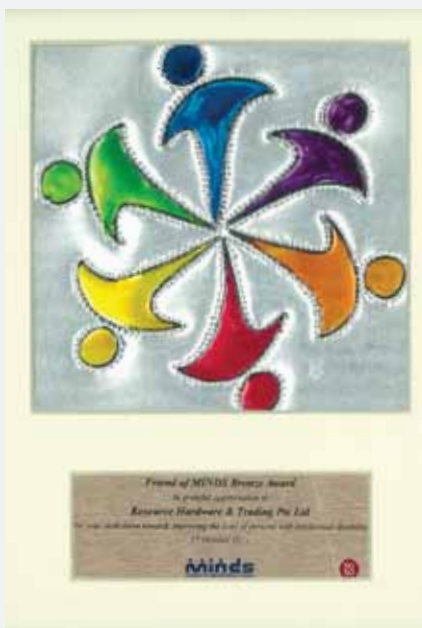
Ms Ang Siew Peng

Ms Ang Siew Peng is the Senior Manager (Corporate Development & Finance). She is responsible for financial reporting of the Group as well as investment opportunities. Prior to this appointment, she was Audit Assistant Manager of Deloitte & Touche LLP which involved in performing financial audits for both public listed companies and multinational companies. Also, she was Principal Accountant of National Trades Union Congress (NTUC) which involved in consolidation and finance reporting process as well as investment portfolios. Ms Ang graduated from University of Technology, Sydney with a Bachelor of Business degree with a double specialisation in Accounting and Information Technology. She is a member of Certified Practising Accountant of CPA Australia Ltd.

Over the years, our Group has made monetary donations to various charity organisations in our efforts to help the underprivileged and the less fortunate in our community.

This year, our Group continues in our effort 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.

In addition, our Group also participated in Plant-A-Tree Programme, which is organised by Garden City Fund, a charity arm established by the National Parks Board. Through this initiative, our Group seeks to cultivate in our employees a love for the environment and a sense of ownership in our natural heritage.



Corporate Information

Board of Directors

Mark Zhou You Chuan	(Chief Executive Officer and Executive Director)
William Teo Choon Kow	(Independent Director)
Jamshid K Medora	(Independent Director)
Chan Yu Meng	(Independent Director) (Appointed on 13 January 2015)
Sucipto	(Non-executive Director) (Appointed on 17 March 2016)

Audit Committee

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

Remuneration Committee

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

Nominating Committee

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

Registered Office

18 Boon Lay Way
Tradehub 21 #09-96
Singapore 609966
Tel : (65) 6363 7622
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Co. Reg. No. 199707022K

Auditors

PricewaterhouseCoopers LLP
Public Accountants and
Chartered Accountants
8 Cross Street #17-00,
PWC Building,
Singapore 048424

Audit Partner:
Lee Chian Yorn (Appointed with effect from financial year ended 31 December 2015)

Company Secretaries

Teo Meng Keong
Tan Wee Sin (Appointed on 5 November 2015)

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 the 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 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:

Mark Zhou You Chuan ⁽¹⁾	Chief Executive Officer ("CEO") and Executive Director
William Teo Choon Kow	Independent Non-Executive Director
Jamshid K Medora	Independent Non-Executive Director
Chan Yu Meng	Independent Non-Executive Director
Sucipto ⁽²⁾	Non-Executive Director

Notes:

- (1) Mr Mark Zhou You Chuan was re-designated as Executive Director on 13 January 2015 and subsequently promoted to CEO and Executive Director of the Company on 1 December 2015.
- (2) Mr Sucipto was appointed as Non-Executive Director of the Company on 17 March 2016.

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

- setting the policies, strategies and financial objectives of the Group;
- overseeing the processes for evaluating the adequacy of internal controls, risk management systems, financial reporting systems and compliance;
- approving the Group's annual business plan including the annual budget, capital expenditure and operational plans;
- approving nomination of the Board as recommended by the Nominating Committee;
- assuming responsibility for corporate governance;
- monitoring the performance of the Management;
- ensuring accurate, adequate and timely reporting to shareholders;
- reviewing and approving Interested Person Transactions in accordance with guidelines; and
- 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, shares issuance and dividend recommendations.

Corporate Governance Report

The Board has established the 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 S\$2 million or capital expenditure commitment exceeding S\$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 Constitution.

The number of Board meetings and Board Committee meetings held during the financial year ended 31 December 2015 ("FY2015") 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
<u>Board Members</u>								
Mark Zhou You Chuan	5	5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lye Soon Ngian ⁽¹⁾	1	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Yip Kean Mun ⁽²⁾	0	0	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
William Teo Choon Kow	5	5	5	5	1	1	3	3
Jamshid K Medora	5	5	5	5	1	1	3	3
Chan Yu Meng	5	5	5	5	1	1	3	3
Sucipto ⁽³⁾	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

N.A. – Not Applicable

Notes:

- (1) Mr Lye Soon Ngian was appointed as Executive Director of the Company on 1 January 2015 and retired at the AGM held on 30 April 2015.
- (2) Mr Yip Kean Mun resigned from the Board as Executive Director of the Company on 15 January 2015.
- (3) Mr Sucipto was appointed as Non-Executive Director of the Company on 17 March 2016.

Upon appointment, each Director will receive appropriate briefings 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.

Corporate Governance Report

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

Principle 2: Board Composition and Guidance

The Board comprises five Directors, one of whom is an Executive Director and the remaining four are Non-Executive Directors, of which three are Independent. 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 corporate, 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 the section headed "Board of Directors" 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.

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 Independent 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 recognises 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

Presently, Mr Mark Zhou You Chuan is the CEO and Executive Director of the Company who bears the responsibility on strategic planning, corporate management, operations and business development, operation management, finance and accounting functions and management of corporate affairs of the Group.

In addition, Mr Mark Zhou You Chuan 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 Board is of the view that there is no need to appoint any Independent Director as Lead Independent Director taking into account the current Board size where the Independent Directors form 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.

Principle 4: Board Membership

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

- Chan Yu Meng (Chairman)
- William Teo Choon Kow
- 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 Constitution 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 candidate(s) 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 Constitution 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 Jamshid K Medora, Mr William Teo Choon Kow and Mr Sucipto will be offering themselves for re-election at the forthcoming AGM.

Mr Jamshid K Medora will, upon re-election as Director remains as the Chairman of RC and a member of the AC and NC. The Board considers Mr Medora to be independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

Mr William Teo Choon Kow will, upon re-election as Director remains as the Chairman of AC and a member of the NC and RC. The Board considers Mr William Teo to be independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

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 of 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.

Corporate Governance Report

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

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

Director	Date of initial appointment	Date of last re-election	Present directorships in listed companies	Past directorships in listed companies *
Mark Zhou You Chuan	5 December 2014	30 April 2015	–	–
William Teo Choon Kow	26 August 2011	29 April 2013	Loyz Energy Limited and Wee Hur Holdings Ltd	See Hup Seng Limited
Jamshid K Medora	26 February 2003	30 April 2015	–	–
Chan Yu Meng	13 January 2015	30 April 2015	Singapore eDevelopment Limited	–
Sucipto	17 March 2016	–	–	–

* 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.

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 as well as interaction with Directors, Management and 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 Constitution, Companies Act (Chapter 50) of Singapore, Listing Manual and other relevant rules and regulations are complied with. The Company Secretary works with Management and Directors 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.

Principle 7: Remuneration Matters

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

- Jamshid K Medora (Chairman)
- William Teo Choon Kow
- 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 CEO and 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 Controlling 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 CEO and 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.

Corporate Governance Report

CEO and 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, Key Performance Indicators ("KPIs") have been set for them to achieve which are linked to the performance to each business that is handled by them.

The Company has entered into a service agreement with the CEO and Executive Director, namely Mr Mark Zhou You Chuan. The service agreement is for a period of three years, terminable with 6 months' notice. Upon the expiry of the period of three years, the employment of the CEO and Executive Director can be renewed for any period that the Board deems fit.

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 CEO and Executive Director 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 CEO and Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the CEO and Executive Director 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 Company is of the opinion that it is in the best interests of the Company not to disclose the remuneration of CEO and Executive Directors and Key Management personnel. For competitive reasons, the Company discloses only the band of remuneration of CEO and Executive Directors and Key Management personnel.

The following table summarises the remuneration paid or proposed to be paid to the Directors and Key Management personnel for financial year ended 31 December 2015:

Director	Directors' Fee		Salary	Bonus	Allowance	Total
	S\$'000	%	%	%	%	%
S\$250,000 to S\$500,000						
Mark Zhou You Chuan ⁽¹⁾	1	–	55	42	3	100
Below S\$250,000						
Lye Soon Ngian ⁽²⁾	–	–	94	–	6	100
Yip Kean Mun ⁽³⁾	–	–	98	–	2	100
Sucipto ⁽⁴⁾	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
William Teo Choon Kow	75	100	–	–	–	100
Jamshid K Medora	75	100	–	–	–	100
Chan Yu Meng ⁽⁵⁾	73	100	–	–	–	100

Notes:

- (1) Mr Mark Zhou You Chuan was re-designated as Executive Director on 13 January 2015 and subsequently promoted to CEO and Executive Director of the Company on 1 December 2015.
- (2) Mr Lye Soon Ngian was appointed as Executive Director of the Company on 1 January 2015 and retired at the AGM held on 30 April 2015.
- (3) Mr Yip Kean Mun resigned from the Board as Executive Director of the Company on 15 January 2015.
- (4) Mr Sucipto was appointed as Non-Executive Director of the Company on 17 March 2016.
- (5) Mr Chan Yu Meng was appointed as Independent Non-Executive Director of the Company on 13 January 2015.

Corporate Governance Report

The annual aggregate remuneration paid to top three Key Management personnel of the Company (who are not Directors) for FY2015 is S\$321,000.

Key Management Personnel	Salary	Bonus	Allowance	Total
<i>Below S\$250,000</i>	%	%	%	%
Koh Yew Ghee	81	11	8	100
Natalie Koh Yen Yen ⁽¹⁾	76	16	8	100
Sudirman Kurniawan ⁽²⁾	100	–	–	100

Notes:

- (1) Ms Natalie Koh Yen Yen was appointed as Group Financial Controller of the Company on 16 March 2015.
 (2) Mr Sudirman Kurniawan was appointed as an Executive Officer - Director of Marine Logistics of the Company on 1 December 2015.

There are no employees who are immediate family members of a Director or CEO and whose remuneration exceeds S\$50,000 during the year.

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 packages of the CEO and Executive Director as well as Key Management personnel, excluding the Company's 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 FY2015.

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 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

Since 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 CEO and Executive Director and GFC that the Group's 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:

- William Teo Choon Kow (Chairman)
- Jamshid K Medora
- 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 the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.
- (B) to provide a channel of communication between the Board, the management team and the Company's external auditors 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).
- (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 the Group's internal control and accounting system before submission of the results of such review to the Board for approval;

- (c) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the 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 statutory or regulatory requirements;
- (d) review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the 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 the 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 the 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 policies approved by the 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 the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (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 the Group's operating results and/or financial position, and the 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 laws, rules or regulations which has or is likely to have material impact on the Group's operating results and/or financial position;
- (l) review arrangements by which the Group's 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 the Group's administrative, operating, internal accounting and financial control procedures;
- (n) review the key financial risk areas, with a view to providing an independent oversight on the 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 the 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.

During the year, the Group has changed its external auditor from RT LLP to PricewaterhouseCoopers LLP ("PwC LLP"), having taking into consideration to the adequacy of the resources and experience of PwC LLP and the audit engagement partner assigned to the audit, PwC LLP'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 Group's audit. PwC LLP 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.

Corporate Governance Report

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 FY2015, 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:

- (i) reviewed quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the Board for approval;
- (ii) reviewed the scope of work of the external auditors;
- (iii) reviewed the scope of work of the internal auditors;
- (iv) reviewed the audit plans and discussed the results of the findings and evaluation of the Company's system of internal controls;
- (v) reviewed interested party transactions of the Company;
- (vi) met with the Company's external auditors without the presence of Management;
- (vii) reviewed the independence of internal auditors;
- (viii) reviewed the independence of external auditors;
- (ix) reviewed the Company's procedures for detecting fraud and whistle-blowing matters; and
- (x) reviewed major acquisitions and disposal 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, PwC LLP for the audit and non-audit services are approximately S\$116,000 and S\$91,000, respectively. Prior to their appointment as the Company's external auditors, PwC LLP has provided non-audit services to the Company. The AC has reviewed the external auditors' non-audit services and is satisfied that there was no non-audit services rendered that would affect the independence of the external auditors. The AC has recommended to the Board the re-appointment of PricewaterhouseCoopers 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. During the year, the Group has engaged an Investor Relations firm to oversee investor relations matters. In addition, Mr Mark Zhou You Chuan, the CEO and 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 Constitution does 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.

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 FY2015, 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 Person 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.

The aggregate value of interested person transactions (excluding transactions less than S\$100,000) entered into for the financial year under review were as follows:

Interested person	Aggregate value of all interested person transactions during FY2015 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during FY2015 conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Sudirman Kurniawan*		
(i) Advances from non-controlling interest of subsidiaries	836	—
(ii) Repayment of advances to non-controlling interest of subsidiaries	1,032	—

* Mr Sudirman Kurniawan was a substantial shareholder of the Company and ceased to be a substantial shareholder on 31 December 2015.

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.

Corporate Governance Report

Material Contracts and Loans

On 17 March and 3 August 2015, the Group had entered into a conditional sale and purchase agreement and a supplemental agreement with Mr Sudirman Kurniawan and Mr Angelo Fernandus for the acquisition of approximately 49% of the entire issued and paid up capital of PT Momentum Indonesia Investama ("PT MII") for an aggregate consideration of US\$11.5 million (the "Acquisition"). Mr Sudirman Kurniawan was a substantial shareholder of the Company holding 2,720,000 ordinary shares representing 7.03% of the total paid-up capital of the Company. The shareholders approved the Acquisition at the Extraordinary General Meeting of the Company held on 18 November 2015. The Acquisition was subsequently completed on 27 November 2015.

Save as disclosed above and in the Directors' and Financial Statements, there is no material contract or loan of the Company and its subsidiaries involving the interests of the chief executive officer, each Director or substantial shareholder for the financial year ended 31 December 2015.

Use of Proceeds

During the year, the remaining proceeds of S\$5.3 million from rights and warrants issue in FY2012 has been utilised as part of the consideration paid for the Acquisition. The table below summarises the utilisation of the proceeds from rights and warrants issue in FY2012:

	Amount	
Net proceeds	S\$7.5 million	
Amount utilised	S\$2.2 million	Out of the S\$2.2 million used for working capital purposes, S\$2.06 million was used to repay creditors and S\$0.14 million was for staff related costs.
	S\$5.3 million	As disclosed in Section 2.5 of the Company's circular dated 3 November 2015, S\$5.3 million was utilised as part of the consideration for the acquisition of PT MII.
Balance	Nil	–

The directors present their statement 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 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 32 to 83 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) 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.

Directors

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

Mark Zhou You Chuan
William Teo Choon Kow
Jamshid K Medora
Chan Yu Meng (Appointed on 13 January 2015)
Sucipto (Appointed on 17 March 2016)

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 object was 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 directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

The Company (Number of ordinary shares)	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	At 31.12.2015	At 1.1.2015
Mark Zhou You Chuan	1,333,333	13,333,333*	–	–

* Not adjusted for the effects of share consolidation (Note 24).

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the beginning or end of the financial year.

Directors' Statement

For the financial year ended 31 December 2015

Warrants

In 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 S\$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 S\$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.

On 27 November 2015, a share consolidation exercise was completed such that every ten (10) warrants were consolidated into one (1) adjusted warrant at an exercise price of S\$3.40 for each new consolidated share.

No shares have been issued during the financial year 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 7,733,986 (2014: 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.

* Not adjusted for the effects of share consolidation (Note 24).

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

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

All members of the Audit Committee were independent non-executive directors. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed and performed the following:

- (A) assist the Board in discharging its responsibilities to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain effective systems of internal control with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group.
- (B) provide a channel of communication between the Board, the management team and the Company's external auditors 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 the Group's internal control and accounting system before submission of the results of such review to the Board for approval;

Audit Committee (continued)

- (c) review the half yearly and, where applicable, quarterly, and annual financial statements and any formal announcements relating to the Group's financial performance before submission to the 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 statutory or regulatory requirements;
- (d) review the internal control and procedures and ensure co-ordination between the external auditors and the management, review the assistance given by the 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 the 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 the 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 policies approved by the 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 the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the 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 the Group's operating results and/or financial position, and the 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 laws, rules or regulations which has or is likely to have material impact on the Group's operating results and/or financial position;
- (l) review arrangements by which the Group's 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 the Group's administrative, operating, internal accounting and financial control procedures;
- (n) review the key financial risk areas, with a view to providing an independent oversight on the 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 the 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 2015, prior to the appointment of the independent auditor in Extraordinary General Meeting, PricewaterhouseCoopers LLP has provided 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.

Directors' Statement

For the financial year ended 31 December 2015

Audit Committee (continued)

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

Independent Auditor

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

On behalf of the directors

Mark Zhou You Chuan
Director

William Teo Choon Kow
Director

29 March 2016

Independent Auditor's Report

To the members of PSL Holdings Limited

Report on the Financial Statements

We have audited the accompanying financial statements of PSL Holdings Limited (the "Company") and its subsidiaries (the "Group"), set out on pages 32 to 83 which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and 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 (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 financial statements 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.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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 subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 29 March 2016

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2015

	Note	2015 S\$'000	2014 S\$'000
Revenue	4	7,994	9,675
Cost of sales		(7,256)	(7,553)
Gross profit		738	2,122
Other income	5(a)	343	360
Other gains	5(b)	811	512
Expenses			
-Selling and distribution expenses		(51)	(649)
-General and administrative expenses		(3,083)	(5,759)
-Finance expenses	6	(111)	(71)
-Other expenses	7	(103)	(612)
Loss before income tax		(1,456)	(4,097)
Income tax (expense)/credit	9	(3)	40
Loss after tax		(1,459)	(4,057)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(212)	–
Total comprehensive loss for the financial year		(1,671)	(4,057)
(Loss)/Profit attributable to:			
Equity holders of the Company		(1,301)	(4,181)
Non-controlling interests		(158)	124
		(1,459)	(4,057)
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company		(1,406)	(4,181)
Non-controlling interests		(265)	124
		(1,671)	(4,057)
Loss per share for loss attributable to equity holders of the Company			
		Cents	Cents
Basic loss per share	10	(3.36)	(10.81)*

* The comparative basic loss per share has been restated to reflect the effect of share consolidation (Note 24) during the financial year.

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

Balance Sheets (Group and Company)

As at 31 December 2015

		Group		Company	
	Note	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
ASSETS					
Current assets					
Financial assets, at fair value through profit or loss	11	–	60	–	–
Trade and other receivables	12	3,690	12,964	10	10,159
Inventories	13	177	55	–	–
Amounts due from subsidiaries	14	–	–	6,677	2,591
Cash and cash equivalents	15	12,385	34,332	3,452	25,922
Total current assets		16,252	47,411	10,139	38,672
Non-current assets					
Property, plant and equipment	16	61,712	2,503	–	–
Intangible assets	17	4,982	–	–	–
Investment in subsidiaries	18	–	–	20,164	3,891
Available-for-sale financial assets	20	15	–	–	–
Amounts due from subsidiaries	14	–	–	11,943	–
Trade and other receivables	12	1,428	31	–	–
Total non-current assets		68,137	2,534	32,107	3,891
Total assets		84,389	49,945	42,246	42,563
LIABILITIES					
Current liabilities					
Trade and other payables	21	12,273	1,528	337	718
Amounts due to subsidiaries	14	–	–	1,067	923
Finance lease liabilities	22	428	454	–	–
Current income tax liabilities		120	31	–	–
Total current liabilities		12,821	2,013	1,404	1,641
Non-current liabilities					
Trade and other payables	21	10,520	–	–	–
Finance lease liabilities	22	482	803	–	–
Deferred income tax liabilities	23	3,272	65	–	–
Total non-current liabilities		14,274	868	–	–
Total liabilities		27,095	2,881	1,404	1,641
NET ASSETS		57,294	47,064	40,842	40,922
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	24	29,575	29,575	29,575	29,575
Currency translation reserve		(105)	–	–	–
Retained earnings		15,513	16,814	11,267	11,347
Capital reserve		182	182	–	–
		45,165	46,571	40,842	40,922
Non-controlling interests		12,129	493	–	–
Total equity		57,294	47,064	40,842	40,922

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2015

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Retained earnings	Currency translation reserve	Capital reserve*	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2015							
Balance as at 1 January 2015	29,575	16,814	—	182	46,571	493	47,064
Net loss for the year	—	(1,301)	—	—	(1,301)	(158)	(1,459)
Other comprehensive loss for the year	—	—	(105)	—	(105)	(107)	(212)
Total comprehensive loss for the year	—	(1,301)	(105)	—	(1,406)	(265)	(1,671)
Dividends paid to non-controlling interest by a subsidiary	—	—	—	—	—	(75)	(75)
Additions arising from acquisition of a subsidiary (Note 19)	—	—	—	—	—	11,976	11,976
Balance as at 31 December 2015	29,575	15,513	(105)	182	45,165	12,129	57,294
2014							
Balance as at 1 January 2014	29,575	22,929	—	182	52,686	431	53,117
Net loss for the year, represented comprehensive loss for the year	—	(4,181)	—	—	(4,181)	124	(4,057)
Dividends paid by the Company (Note 25)	—	(1,934)	—	—	(1,934)	—	(1,934)
Dividends paid to non-controlling interest by a subsidiary	—	—	—	—	—	(62)	(62)
Balance as at 31 December 2014	29,575	16,814	—	182	46,571	493	47,064

* 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 2015

	Note	2015 S\$'000	2014 S\$'000
Cash flows from operating activities			
Loss after tax		(1,459)	(4,057)
Adjustments for:			
Income tax expense/(credit)	9	3	(40)
Depreciation of property, plant and equipment	8	774	531
Other receivables written off	7	–	231
Impairment loss on investment in available-for-sale financial assets	7	45	–
Deposit paid in 2013 written off	7	–	254
Changes in fair value of financial assets at fair value through profit or loss	7	–	84
Property, plant and equipment written off	7	58	43
Gain from disposal of property, plant and equipment	5(b)	(125)	(207)
Dividend income from financial assets at fair value through profit or loss	5(a)	–	(1)
Amortisation expense on intangible asset	8	28	–
Unrealised currency translation losses		171	–
Interest income	5(a)	(212)	(210)
Interest expense	6	111	71
Change in working capital, net of effects from acquisition of subsidiaries:		(606)	(3,301)
Decrease in trade receivables and other receivables		1,452	2,873
Decrease in inventories		93	1,040
Decrease in trade payables, other payables and accruals		(3,528)	(1,548)
Cash used in operations		(2,589)	(936)
Interest received		212	210
Interest paid		(111)	(71)
Income tax refund		18	21
Income tax paid		(65)	(143)
Net cash used in operating activities		(2,535)	(919)
Cash flows from investing activities			
Refund of deposits from proposed investments	A	5,252	1,313
Deposit placed for proposed investments	B	–	(6,263)
Proceeds from disposal of subsidiaries	12(iv)	4,370	–
Proceeds from disposal of property, plant and equipment		181	362
Dividend received from financial assets at fair value through profit or loss		–	1
Acquisition of a subsidiary, net of cash acquired	19	(12,439)	–
Government grant received related to assets	C	53	–
Purchase of property, plant and equipment	C	(67)	(316)
Net cash used in investing activities		(2,650)	(4,903)

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

Consolidated Statement of Cash Flows (continued)

For the financial year ended 31 December 2015

	Note	2015 S\$'000	2014 S\$'000
Cash flows from financing activities			
Proceeds from borrowings		480	–
Repayment of finance lease liabilities		(476)	(700)
Repayment of borrowings		(16,753)	–
Decrease in short-term deposits pledged		479	33
Dividends paid to shareholders of the Company	25	–	(1,934)
Dividends paid to non-controlling interest by a subsidiary		(75)	(62)
Net cash used in financing activities		(16,345)	(2,663)
Net decrease in cash and cash equivalents		(21,530)	(8,485)
Cash and cash equivalents at beginning of financial year		32,685	41,170
Effect of currency translation on cash and cash equivalents		62	–
Cash and cash equivalents at end of financial year	15	11,217	32,685

Note A:

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

In 2015, the Group received the remaining balance of S\$5.3 million (US\$4 million) from the initial deposit of S\$6.3 million (US\$5 million) for the proposed investment in Longmen Group Limited as described in Note B. The Group recorded an exchange gain of S\$300,000 arising from this refund in 2015 [Note 12(iii)].

Note B:

In 2014, a deposit of S\$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 S\$1.3 million (US\$1 million) was received [Note A] whilst the remaining balance of S\$5.3 million (US\$4 million) was refunded in 2015 together with interest at the rate of 5.33% per annum [Note 12(iii)].

Note C:

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of S\$196,000 (2014: S\$615,000) of which S\$129,000 (2014: S\$299,000) was acquired under finance leases. A cash payment of S\$67,000 (2014: S\$316,000) was made to purchase property, plant and equipment of which S\$53,000 was subsidised by government grants received in cash.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

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 18 Boon Lay Way, Tradehub 21 #09-96 Singapore 609966 (2014: 106 Tuas South Avenue 2, West Point Bizhub, Singapore 637158).

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 18 to the financial statements.

The Group acquired control of PT Momentum Indonesia Investama ("PT MII"), a marine logistics services company incorporated and domiciled in Indonesia during the financial year (Note 19).

2. Summary of significant accounting policies

2.1 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.

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations of 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 of the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 108 Operating segments

The Group has adopted the above amendment to FRS 108 on 1 January 2015. The amendment is applicable for annual periods beginning on or after 1 July 2014.

It sets out the required disclosures on the judgements made by management in aggregating operating segments. This includes description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to entity's assets when segment assets are reported.

The Group has included the additional required disclosures in Note 28 of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.2 Group accounting

(a) Subsidiaries

(i) 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 comprehensive income, statement of changes in equity, and balance sheet. 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.

(ii) 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.

Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the accounting policy on goodwill.

2. Summary of significant accounting policies (continued)

2.2 Group accounting (continued)

(a) *Subsidiaries (continued)*

(iii) *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 remeasured 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.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries of the Company.

(b) *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 within equity attributable to the equity holders of the Company.

(c) *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

2.3 Property, plant and equipment

(a) *Measurement*

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

Vessels are revalued by independent professional valuers and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

(b) *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 2015

2. Summary of significant accounting policies (continued)

2.3 Property, plant and equipment (continued)

(c) Depreciation

Land is stated at cost and is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

		<u>Useful lives</u>
Buildings	-	20 years
Leasehold improvement	-	2 to 10 years (depreciated over shorter of the period of the lease terms or useful lives)
Vessels	-	20 years
Vessels equipment	-	4 years
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.

(d) 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 entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(e) 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 within "other gains and losses". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

2.4 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. Summary of significant accounting policies (continued)

2.4 Impairment of non-financial assets (continued)

- (b) *Intangible assets*
Property, plant and equipment
Investments in subsidiaries

Intangible assets, 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 to sell 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, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

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, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.5 Financial assets

- (a) *Classification*

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

- (i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss relates to financial assets held for trading. 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 Group investment strategy.

- (ii) *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 expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables [excluding advance payment to suppliers, prepayments and deferred cost]", "amounts due from subsidiaries" and "cash and cash equivalents" on the balance sheet.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

(iii) 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.

(b) 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.

(c) 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.

(d) 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 (a) unquoted equity investments, are subsequently carried at cost, less allowance for impairment when its fair value cannot be reliably measured; (b) quoted equity investments, are subsequently carried at fair value.

(e) Impairment of financial assets

The Group assesses at each balance sheet date 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.

(i) 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.

2. Summary of significant accounting policies (continued)

2.5 Financial assets (continued)

(e) *Impairment of financial assets (continued)*

(i) *Loans and receivables (continued)*

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, 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.

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.

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.5(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

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.

2.6 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 placed with original maturity of 12 months or less. 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.

2.7 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 balance sheet.

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 balance sheet.

Intra-group transactions are eliminated on consolidation.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.8 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.

2.9 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum 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 (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

(b) *Acquired customer contract and related customer relationship*

Customer contract and related customer relationship acquired are initially recognised at fair value and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 5 years, based on the period of the expected benefits and contractual rights.

2.10 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. They are classified as current liabilities if payment is due within 12 months 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 carried at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.12 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.

2. Summary of significant accounting policies (continued)

2.13 Leases

(a) *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 balance sheet 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.

(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.

2.14 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 balance sheet date.

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, 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 balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, 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 to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.15 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 value-added 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 collectability 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 – construction hardware and accessories

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.

Rendering of services – construction logistics services

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

Rendering of service – marine logistics services

Service income from marine logistics services is recognised when the services are rendered. For shipments in transit, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

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 on a straight-line basis over the lease term.

2.16 Currency translation

(a) *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, and all values are rounded to the nearest thousand (S\$'000) except where indicated otherwise, which is the functional currency of the Company.

(b) *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 balance sheet date are recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.16 Currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expenses". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses".

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.

(c) 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:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) 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
- (iii) 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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

The Group operates both defined benefit and defined contribution post-employment benefit plans.

(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) Defined benefit plans

The Group calculate and record the post-employment benefits to its employees in accordance with the Indonesia Labour Law No. 13/2003. No funding has been made to this defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statements of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates at the reporting date of government bonds (considering that currently there is no deep market for high quality corporate bonds) that are denominated in Rupiah, in which the benefits will be paid and that have terms to maturity similar to the related pension obligation.

Notes to the Financial Statements

For the financial year ended 31 December 2015

2. Summary of significant accounting policies (continued)

2.17 Employee compensation (continued)

(ii) *Defined benefit plans (continued)*

Past service cost are recognised immediately in the profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charge or credited to equity in other comprehensive income in the period in which they arise.

(iii) *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.

(iv) *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.

2.18 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.19 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.

2.20 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.

2.21 Dividends to Company's shareholders

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

2.22 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 balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

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

2.23 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.

Government grants relating to assets are deducted against the carrying amount of the assets.

2. Summary of significant accounting policies (continued)

2.24 Accrued service revenue

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

2.25 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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) Business combination - assessment of control

During the financial year, the Group acquired 48.95% interest in PT MII. The Group then performed an assessment of the level of control exercised by the Group despite shareholding of less than 50%. The Group's level of voting rights, board representation and other indicators of control were assessed to consider whether the Group has de facto control, thus enabling the consolidation of PT MII.

As the Group is entitled to nominate majority number of persons to the Board of Directors of PT MII as it may decide at its sole and absolute discretion in accordance with the shareholder's agreement and has appointed two out of three Directors to the Board of Directors of PT MII. The Group concluded it has majority voting rights and board representation on the Board of Directors of PT MII which enables the Group to have the power to exercise control over PT MII despite having ownership interest of less than 50%.

(b) Business combination - acquisition accounting

The accounting for the acquisition of a subsidiary involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. For the acquisition of PT MII, the Group considered the contractual arrangements with the vendors, PT MII's own contractual agreements and other facts and assumptions. The fair values of contingent considerations, property, plant and equipment, intangible assets are determined by independent valuer by reference to market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values including the expected net cash flows of PT MII will impact the carrying amount of these assets.

(c) Estimated impairment of non-financial assets - goodwill

For the year ended 31 December 2015, the Group performed annual impairment test of the Goodwill arising from acquisition of PT MII.

The recoverable amounts of the investment in PT MII as a cash generating unit ("CGU") have been determined based on value-in-use ("VIU") calculations. These calculations require the use of estimate, more details of key assumptions used for VIU calculation in Note 17(a).

Changing the assumptions selected by management, in particular the EBITDA margin, growth rate assumptions and discount rate used in the cash flow projections, could significantly affect the Group's result. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

No impairment charge was recognised for the financial year ended 31 December 2015 for the goodwill as the recoverable value was in excess of its carrying value.

Notes to the Financial Statements

For the financial year ended 31 December 2015

4. Revenue

	Group	
	2015	2014
	S\$'000	S\$'000
Sales of goods – construction hardware and accessories	77	3,469
Rendering of services – construction logistics services	6,392	6,206
Rendering of services – marine logistics services	1,525	–
	<u>7,994</u>	<u>9,675</u>

5(a). Other income

	Group	
	2015	2014
	S\$'000	S\$'000
Interest income from banks	212	145
Other interest income	–	65
Government grants	86	146
Dividend income from financial assets at fair value through profit or loss	–	1
Sundry income	45	3
	<u>343</u>	<u>360</u>

5(b). Other gains

	Group	
	2015	2014
	S\$'000	S\$'000
Currency exchange gains	686	305
Gain from disposal of property, plant and equipment	125	207
	<u>811</u>	<u>512</u>

6. Finance expenses

	Group	
	2015	2014
	S\$'000	S\$'000
Interest expense		
- shareholders loan granted to a subsidiary	(15)	–
- bank borrowings	(15)	–
- finance leases	(48)	(71)
- amortisation cost on loans	(33)	–
	<u>(111)</u>	<u>(71)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

7. Other expenses

	Group	
	2015 S\$'000	2014 S\$'000
Deposit paid in 2013 written off ^(a)	–	(254)
Other receivables written off [Note 12(iv)] ^(b)	–	(231)
Changes in fair value of financial assets at fair value through profit or loss	–	(84)
Impairment loss on investment in available-for-sale financial assets (Note 20)	(45)	–
Property, plant and equipment written off	(58)	(43)
	<u>(103)</u>	<u>(612)</u>

(a) In September 2013, a deposit of S\$254,000 (US\$200,000) was paid for the proposed investment in PT Wahyu Eka Perkasa for a mining project. As the Group did not proceed with the proposed investment due to poor quality of coal, the deposit was written off in 2014 as it is non-refundable according to the terms of agreement.

(b) The write-off of other receivables which amounted to S\$231,000 in 2014 relates to settlement of dispute arising from the balance of consideration for the divestment of subsidiaries pursuant to the sale and purchase agreement dated 30 August 2013 [Note 12(iv)].

8. Loss before income tax

	Group	
	2015 S\$'000	2014 S\$'000
Loss before income tax is stated after charging:		
Cost of inventories recognised in profit or loss	(510)	(1,514)
Inventories written down	–	(642)
Amortisation expense on intangible assets (Note 17)	(28)	–
Depreciation of property, plant and equipment (Note 16)	(774)	(531)
Insurance and road tax	(147)	(107)
Diesel and oil lubricants	(463)	(667)
Subcontract cost	(3,443)	(2,888)
Repair and maintenance of vessels	(244)	–
Repair and maintenance of motor vehicles	(203)	(270)
Directors' remuneration and fees [Note 27(ii)]		
- fees	(224)	(291)
- remuneration	(501)	(877)
- employer's contributions to defined contribution plan	(27)	(42)
Employee compensation (excluding directors)		
- salary, bonus and other costs	(1,364)	(2,083)
- employer's contributions to defined contribution plan	(52)	(130)
- defined benefit plan	(4)	–
Legal and professional fees	(601)	(1,015)
Auditor remuneration		
- audit fee	(116)	(57)
- non-audit	(91)	–
Rental expenses	(307)	(544)
Listing expenses	(95)	(95)
Allowance for impairment on trade receivables (Note 29)	(25)	(205)
Allowance for impairment on other receivables (Note 12) ^(a)	(28)	(716)

(a) Included in allowance for impairment on other receivables in 2014 is an impairment of S\$700,000 [Note 12(vi)] on outstanding debts arising from divested subsidiaries.

Notes to the Financial Statements

For the financial year ended 31 December 2015

9. Income tax expense/(credit)

Tax expense/(credit) attributable to profit/(loss) is made up of:

	Group	
	2015	2014
	S\$'000	S\$'000
<u>Profit for the financial year:</u>		
Current income tax		
- Foreign	22	–
	22	–
Deferred income tax (Note 23)	(19)	20
	3	20
<u>Over provision in prior financial years</u>		
Current income tax		
- Singapore	–	(60)
	3	(40)

The income tax expense/(credit) varied from the theoretical amount that will arise by applying the Singapore income tax rate of 17% (2014: 17%) to loss before income tax as a result of the following differences:

	Group	
	2015	2014
	S\$'000	S\$'000
Loss before income tax	(1,456)	(4,097)
Tax calculated at tax rate 17% (2014:17%)	(248)	(697)
Effects of:		
- income not subject to tax	(53)	(158)
- expenses not deductible for tax purposes	140	645
- different tax rates in other country	72	–
- deferred tax assets not recognised	127	230
- utilisation of previously unrecognised capital allowance	(35)	–
- overprovision of current income tax in prior years	–	(60)
Tax expense/(credit)	3	(40)

As at 31 December 2015, the Group has unabsorbed tax losses and unabsorbed capital allowances of approximately S\$2,415,000 (2014: S\$1,667,000) and S\$Nil (2014: S\$206,000) which are available for set off against future taxable income. No deferred tax asset has been recognised in the balance sheet in respect of unabsorbed tax losses and unabsorbed capital allowances due to the unpredictability of future profit streams. These tax losses have no expiry date. The Company has no unabsorbed tax losses as at 31 December 2015 and 31 December 2014.

Different tax rates in other country

Based on the Decision Letters No. 416/KMK.04/1996 and No. 417/ KMK.04/1996 dated June 14, 1996 of the Ministry of Finance of the Republic Indonesia and Circular letter No. 29/PJ.4/1996 dated August 13, 1996 of the Directorate General of Taxes, revenues from freight operations and charter of vessels, are subject to income tax computed at 1.2% of revenues of domestic companies.

Notes to the Financial Statements

For the financial year ended 31 December 2015

10. Loss per share

	Group	
	2015	2014
	S\$'000	S\$'000
Loss attributable to equity holders of the Company	(1,301)	(4,181)
	Number of Shares	
Weighted average number of shares used to compute earnings per share	38,671,830	38,671,830*
	Cents	
Basic loss per share	(3.36)	(10.81)*

* The comparative basic loss per share has been restated to reflect the effect of share consolidation (Note 24) during the financial year.

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares during the financial year.

For the purpose of calculating diluted loss per share, loss attributable to the equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has one category of dilutive potential shares: warrants. For the financial year ended 31 December 2015 and 31 December 2014, the dilutive potential ordinary shares have been excluded in the determinations of diluted earnings per share because they are anti-dilutive.

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

	Group	
	2015	2014
	S\$'000	S\$'000
Held for trading		
Quoted equity securities: Singapore	–	60

During the financial year, investments in financial assets held for trading on recognition are reclassified to available-for-sale financial assets (Note 20) as the Group has the intention and ability to hold these financial assets for the foreseeable future.

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Trade receivables				
- Non-related parties	2,845	1,664	–	–
- Accrued service revenue	470	616	–	–
Less: Allowance for impairment of receivables of non-related parties	(116)	(205)	–	–
	3,199	2,075	–	–
Advance payment to suppliers (i)	32	507	–	–
Deferred cost (ii)	–	48	–	–
Refundable deposit placed for proposed investment in Longmen Group Limited (iii)	–	5,252	–	5,252
Receivable arising from divestment of subsidiaries (iv)	–	4,370	–	4,370
Staff advances (v)	2	4	–	–
Tax recoverable	–	18	–	–
GST recoverable	6	14	3	14
Sundry receivables (vi)	1,083	1,427	701	1,217
Less: Allowance for impairment of other receivables	(928)	(900)	(700)	(700)
	3,394	12,815	4	10,153
Deposits	26	56	–	–
Prepayments	270	93	6	6
	3,690	12,964	10	10,159
Non-current				
Contingent considerations on acquisition of a subsidiary	1,408	–	–	–
Sundry receivables	5	31	–	–
	1,413	31	–	–
Prepayments	15	–	–	–
	1,428	31	–	–
Total	5,118	12,995	10	10,159

Trade receivables are non-interest bearing and are generally granted 30 days to 90 days (2014: 30 days to 90 days) credit term.

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

Notes to the Financial Statements

For the financial year ended 31 December 2015

12. Trade and other receivables (continued)

Movements in contingent considerations net of profit guarantee and renounceable dividends on acquisition of a subsidiary are as follows:

	Group	
	2015	2014
	S\$'000	S\$'000
Beginning of financial year	–	–
Additions arising from acquisition of a subsidiary [Note 19(e)]	1,418	–
Currency translation difference	(10)	–
End of financial year	1,408	–

Movements in allowance for impairment of other receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial year	900	184	700	–
Allowance made during the financial year (Note 8)	28	716	–	700
End of financial year	928	900	700	700

- (i) The unutilised advance payment of S\$507,000 has been refunded to the Company in 2015.
- (ii) Deferred cost relates to cost incurred for project, but yet be billed to customer.
- (iii) In 2014, a refundable deposit was placed for the proposed investment in Longmen Group Limited. During the financial year, the remaining balance of S\$5,252,000 together with interest at the rate of 5.33% was fully refunded to the Company. The Group recorded an exchange gain of S\$300,000 arising from this refund in 2015.
- (iv) In 2014, an amount of S\$231,000 receivable arising from the divestment of subsidiaries was written off upon the settlement of dispute (Note 7). The remaining S\$4,370,000 was received by the Company during the financial year.
- (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 S\$184,000 from the available-for-sale financial asset which was fully impaired in 2013 and outstanding debts due to the divested subsidiaries of S\$700,000 which was fully impaired in 2014 (Note 8).

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

13. Inventories

	Group	
	2015	2014
	S\$'000	S\$'000
Fuel and spare parts	177	–
Trading goods and consumables	–	55
	177	55

Notes to the Financial Statements

For the financial year ended 31 December 2015

13. Inventories (continued)

The amount of inventories recognised as an expense and included in "cost of sales" amounted to S\$510,000 (2014: S\$2,156,000).

In 2014, inventories recognised as an expense in "cost of sales" included inventories written down of S\$642,000. There is no inventory written down during the financial year ended 31 December 2015.

14. Amounts due from/(to) subsidiaries

	Company	
	2015 S\$'000	2014 S\$'000
Current		
Amount due from subsidiaries:		
- trade	102	102
- non-trade	2,360	2,489
Loan due from a subsidiary	4,215	–
	<u>6,677</u>	<u>2,591</u>
Amount due to subsidiaries:		
- non-trade	<u>(1,067)</u>	<u>(923)</u>
Non-current		
Loan due from a subsidiary	<u>11,943</u>	<u>–</u>

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

Loan due from a subsidiary is unsecured, bears an interest of 0.25% above the six-month Singapore Interbank Offered Rate and not repayable on demand within 1 year except for S\$4,215,000 which is repayable on demand. Non-current loan due from a subsidiary is approximates its fair value.

15. Cash and cash equivalents

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Fixed deposits with financial institutions	2,168	6,843	1,300	5,538
Cash at banks and on hand	10,217	27,489	2,152	20,384
	<u>12,385</u>	<u>34,332</u>	<u>3,452</u>	<u>25,922</u>

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

	Group	
	2015 S\$'000	2014 S\$'000
Cash and bank balances (as above)	12,385	34,332
Less: Fixed deposits pledged with financial institutions	<u>(1,168)</u>	<u>(1,647)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>11,217</u>	<u>32,685</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

15. Cash and cash equivalents (continued)

Fixed deposits with financial institutions are pledged in relation to the banking facilities granted to the subsidiaries.

The interest rates of fixed deposits with financial institutions of the Group and of the Company ranges from 0.05% to 1.25% per annum and 0.65% to 1.20% per annum (2014: 0.05% to 0.60% per annum and 0.10% to 0.60% per annum), respectively.

The maturity periods for the fixed deposits with financial institutions of the Group and of the Company ranges from 90 days to 365 days and 90 days (2014: 30 days to 365 days and 90 days), respectively from the date of placement.

16. Property, plant and equipment

	Land and buildings S\$'000	Leasehold improvement S\$'000	Vessels S\$'000	Vessel Equipment S\$'000	Plant and machinery S\$'000	Office and other equipment S\$'000	Motor vehicles S\$'000	Total S\$'000
Group								
Cost								
At 1 January 2014	–	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
Additions arising from acquisition of a subsidiary (Note 19)	252	–	59,992	75	23	14	24	60,380
Additions	–	18	–	2	103	13	7	143
Disposals	–	–	–	–	(132)	–	(311)	(443)
Written off	–	(106)	–	–	–	–	–	(106)
Currency translation difference	(2)	–	(424)	(1)	–	–	–	(427)
At 31 December 2015	250	17	59,568	76	327	319	3,197	63,754
Accumulated depreciation								
At 1 January 2014	–	24	–	–	198	267	1,130	1,619
Depreciation (Note 8)	–	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
Depreciation (Note 8)	1	30	332	2	28	27	354	774
Disposals	–	–	–	–	(117)	–	(270)	(387)
Written off	–	(48)	–	–	–	–	–	(48)
Currency translation difference	–	–	(1)	–	–	–	–	(1)
At 31 December 2015	1	6	331	2	52	286	1,364	2,042
Carrying amount:								
At 31 December 2015	249	11	59,237	74	275	33	1,833	61,712
At 31 December 2014	–	81	–	–	192	33	2,197	2,503

Notes to the Financial Statements

For the financial year ended 31 December 2015

16. Property, plant and equipment (continued)

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

	Group	
	2015	2014
	S\$'000	S\$'000
Plant and machinery	196	87
Motor vehicles	1,759	2,049
	<u>1,955</u>	<u>2,136</u>

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

17. Intangible assets

	Group 2015 S\$'000
Goodwill arising on consolidation	3,324
Customer contract and related customer relationship	<u>1,658</u>
	<u>4,982</u>

(a) Goodwill arising on consolidation

	Group 2015 S\$'000
Cost	
Beginning of financial year	–
Additions arising from acquisition of a subsidiary (Note 19)	3,348
Currency translation difference	<u>(24)</u>
End of financial year	<u>3,324</u>
Accumulated impairment	
Beginning and end of financial year	<u>–</u>
Net book value	<u>3,324</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

17. Intangible assets (continued)

(a) Goodwill arising on consolidation (continued)

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business segments.

Goodwill attributed to the Marine Logistics segments arises from the acquisition of PT MII. Marine Logistics is a new business segment that was formed after the acquisition. The impairment test for goodwill relating to the marine logistics CGU was assessed using value-in use method. Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a 5 year period. Cashflows beyond the 5 year period were extrapolated using the estimated growth rates stated below:

Key assumptions used for value-in-use:

	2015
Gross profit margin	31% to 33%
EBITDA margin	38% to 39%
Revenue growth rate	0.3% to 4%
Terminal growth rate	2%
Discount rate	18.6%

Management determined budgeted gross profit margin and EBITDA margin based on its expectations of management's past experience in operating the business and expectation of market developments. The revenue growth rate and terminal growth rate do not exceed the long-term average growth rates of the industry. The discount rate used reflects business specific risks relating to the relevant industry.

No impairment charge was recognised for the financial year ended 31 December 2015 for the goodwill as the recoverable value was in excess of its carrying value.

(b) Customer contract and related customer relationship

	Group 2015 S\$'000
Cost	
Beginning of financial year	–
Additions arising from acquisition of a subsidiary (Note 19)	1,698
Currency translation difference	(12)
End of financial year	1,686
Accumulated amortisation	
Beginning of financial year	–
Amortisation charge (Note 8)	(28)
End of financial year	(28)
Net book value	1,658

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For the financial year ended 31 December 2015

18. Investment in subsidiaries

	Company	
	2015	2014
	S\$'000	S\$'000
Unquoted equity shares, at cost		
Beginning of financial year	4,222	4,222
Additions arising from acquisition of a subsidiary (Note 19)	16,273	–
Amount written off due to voluntary liquidation	(119)	–
End of financial year	20,376	4,222
Allowance for impairment losses		
Beginning of financial year	(331)	(331)
Amount written off due to voluntary liquidation	119	–
End of financial year	(212)	(331)
	20,164	3,891

The details of the subsidiaries as at 31 December 2015 and 2014 are as follows:

Name of companies	Principal activities	Country of incorporation / business	Percentage of ownership interest	
			2015	2014
			%	%
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)	Liquidated	Singapore	–	100

Notes to the Financial Statements

For the financial year ended 31 December 2015

18. Investment in subsidiaries (continued)

Name of companies	Principal activities	Country of incorporation / business	Percentage of ownership interest	
			2015 %	2014 %
<u>Held by the Company (continued)</u>				
PSL Maritime Strategic Pte. Ltd. ^(a)	Investment holding	Singapore	100	–
<u>Held by PSL Maritime Strategic Pte. Ltd.</u>				
PT Jaya Sukses Investasi ^(c)	Investment holding	Indonesia	99.9	–
<u>Held by PT Jaya Sukses Investasi</u>				
PT Selaras Sukses Selalu ^(c)	Investment holding	Indonesia	99.99	–
<u>Held by PT Selaras Sukses Selalu</u>				
PT Momentum Indonesia Investama ^(d)	Engaged in shipping including transport and shipping cargo and rental of vessels	Indonesia	49	–

(a) Audited by PricewaterhouseCoopers LLP, Singapore (2014: Audited by RT LLP, Singapore).

(b) Voluntarily liquidated.

(c) Not required to be audited under the laws of the country of incorporation.

(d) Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan (a member of the PricewaterhouseCoopers network of firms). The assessment of control for shareholding less than 50% are further disclosed in Note 3.

Interest in a subsidiary with material non-controlling interest

Name of company	Principal activities	Country of incorporation / business	Percentage of ownership interest held by non-controlling interest	
			2015 %	2014 %
PT Momentum Indonesia Investama ^(d)	Engaged in shipping including transport and shipping cargo and rental of vessels	Indonesia	51	–

Carrying value of non-controlling interest

	2015 S\$'000
PT Momentum Indonesia Investama	11,646

Notes to the Financial Statements

For the financial year ended 31 December 2015

18. Investment in subsidiaries (continued)

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

Set out below are the summarised financial information for a subsidiary that has non-controlling interest 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 2015 and 2014 apart from those disclosed in Note 27.

Summarised balance sheet

	PT Momentum Indonesia Investama 2015 S\$'000
Current	
Assets	2,572
Liabilities	(15,270)
Total current net liabilities	(12,698)
Non-current	
Assets	61,298
Liabilities	(24,058)
Total non-current net assets	37,240
Net assets	24,542

Summarised income statement

	PT Momentum Indonesia Investama 2015 S\$'000
Revenue	1,525
Loss before income tax	(448)
Income tax credit	11
Loss after tax	(437)
Other comprehensive loss	(212)
Total comprehensive loss	(649)
Total comprehensive loss allocated to non-controlling interest	(331)
Dividends paid to non-controlling interest	–

Notes to the Financial Statements

For the financial year ended 31 December 2015

18. Investment in subsidiaries (continued)

Summarised cash flows

	PT Momentum Indonesia Investama 2015 S\$'000
Cash used in operations	(2,898)
Interest income	1
Interest paid	(38)
Income tax refund	–
Income tax paid	(18)
Net cash used in operating activities	(2,953)
Net cash used in investing activities	(2)
Net cash used in financing activities	(469)
Net decrease in cash and cash equivalents	(3,424)
Cash and cash equivalents at beginning of financial year	3,832
Currency translation	1
Cash and cash equivalents at end of financial year	409

19. Business combinations

On 25 November 2015, the Group acquired a 48.95% equity interest in PT Momentum Indonesia Investama ("PT MII"). The principal activities of PT MII are marine logistics services which primary in the provision of tug and barge freight logistics.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(a) Purchase consideration

	S\$'000
Cash paid (Note 18)	16,273
Contingent considerations ^(e) (Note 12)	(1,418)
Total purchase consideration, represents consideration transferred for the business	14,855

(b) Effect on cash flows of the Group

	S\$'000
Cash paid (as above)	16,273
Less: Cash and cash equivalents in subsidiary acquired	(3,834)
Cash outflow on acquisition	12,439

Notes to the Financial Statements

For the financial year ended 31 December 2015

19. Business combinations (continued)

- (c) Identifiable assets acquired and liabilities assumed

	At fair value S\$'000
Property, plant and equipment ^(f) (Note 16)	60,380
Intangible assets: customer contract and related customer relationship ^(g) (Note 17)	1,698
Trade and other receivables ^(h)	1,783
Inventories	215
Cash and cash equivalents	3,834
Total assets	<u>67,910</u>
Trade and other payables	(41,064)
Current tax liabilities	(114)
Deferred tax liabilities (Note 23)	(3,249)
Total liabilities	<u>(44,427)</u>
Total identifiable net assets	23,483
Less: Non-controlling interest at fair value ⁽ⁱ⁾	(11,976)
Add: Goodwill ^(j) (Note 17)	3,348
Consideration transferred for the business	<u><u>14,855</u></u>

- (d) Acquisition-related costs

Total acquisition-related costs amounted to S\$501,000 which were included in general and administration expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows for the current financial year.

- (e) Contingent considerations

Contingent considerations of S\$1,418,000 comprise net of profit guarantee of S\$2,244,000 from the vendors of PT MII, and renounced dividends S\$826,000 from the Group.

Profit Guarantee

The vendors of PT MII had provided a guarantee to the Group that PT MII will achieve an aggregate of approximately S\$17,300,000 (US\$12,245,000) Net Profit after Tax ("NPAT") over a 24-month period following completion date. The actual NPAT achieved will be compared against the targeted NPAT.

In the event that the targeted NPAT is not achieved, the vendors of PT MII are obliged to compensate the shortfall amount in cash based on its 49% ownership interest in PT MII.

The fair value of profit guarantee was estimated to be S\$2,244,000 as at valuation date after applying the bank prime lending rates as discount rate to the expected earn-out payment based on the financial forecast provided by PT MII.

Renounced dividends

The Group agreed to renounce its dividend entitlement to the vendors of PT MII when PT MII generates a cumulative NPAT of at least US\$3,000,000 and up to US\$6,000,000 in respect of the financial year ending 2016. The maximum possible payout for its 49% ownership interest is US\$3,000,000 in dividends declared.

In the event PT MII generates a cumulative NPAT of more than US\$6,000,000 in respect of the financial year ending 2016 and the total declared dividend are more than US\$3,000,000, the Company shall receive its dividend entitlement in excess of US\$3,000,000.

19. Business combinations (continued)

(e) Contingent considerations (continued)

Renounced dividends (continued)

The fair value of renounced dividends was estimated to be S\$826,000 as at valuation date after applying the bank prime lending rates as discount rate to the expected earn-out payment based on the financial forecast provided by PT MII.

(f) Property, plant and equipment

The fair value of the property, plant and equipment acquired of S\$60,380,000 has been determined based on valuation report from the independent valuer by using replacement cost new method.

(g) Intangible assets

Acquired customer contract and related customer relationship

As at valuation date, PT MII has a material customer contract and the total expected revenue to be derived from the customer contract is approximately S\$36,500,000 (US\$26,640,000) over the next 5 years commencing in financial year 2016.

The fair value of customer contract was estimated to be S\$1,698,000 as at valuation date based on the multi-period excess earnings method ("MEEM").

This method measures present value of the future marginal economic benefits generated by the asset throughout its remaining useful life. To determine the value of customer contract, the expected operating cash flows from customer contract are considered.

After deducting the contributory asset charges that have been apportioned according to the revenue contributed by customer contract, the after-tax residual cash flows are subsequently discounted by an appropriate discount rate.

(h) Acquired receivables

Trade and other receivables acquired comprise gross trade and other receivables amounting to S\$1,783,000, which approximates their fair value. It is expected that full contractual amount of the receivables can be collected.

(i) Non-controlling interest

The Group has recognised the 51% non-controlling interest based on PT MII's identifiable net assets at its fair value of S\$11,976,000 as at the acquisition date.

(j) Goodwill

The goodwill of S\$3,348,000 arising from the acquisition is attributable to the assembled workforce and continuing operations of PT MII.

(k) Revenue and profit contribution

The acquired business contributed revenue of S\$1,525,000 and net loss of S\$437,000 to the Group for the period from 1 December 2015 to 31 December 2015.

Had the PT MII been consolidated from 1 January 2015, consolidated revenue and consolidated loss for the year ended 31 December 2015 would have been S\$13,079,000 and S\$1,637,000 respectively.

The significant accounting estimates and judgements applied towards the identifiable net assets acquired and the contingent liabilities for the business combination are further disclosed in Note 3.

Notes to the Financial Statements

For the financial year ended 31 December 2015

20. Available-for-sale financial assets

	Group	
	2015	2014
	S\$'000	S\$'000
Beginning of financial year	1,321	1,321
Reclassification from financial assets, at fair value through profit or loss (Note 11)	60	–
Allowance for impairment loss	(1,366)	(1,321)
End of financial year	15	–

Available-for-sale financial assets are analysed as follows:

Unquoted equity	–	–
Quoted equities	15	–
End of financial year	15	–

Movement in allowance for impairment of available-for-sale financial assets is as follows:

Beginning of financial year	1,321	1,321
Impairment loss (Note 7)	45	–
End of financial year	1,366	1,321

The investment in unquoted equity is in connection with the Group's investment in Sindo Resources Pte Ltd ("Sindo"). Due to conversion of the convertible bonds to ordinary shares by other shareholders, the Group's effective shareholding in Sindo decreased from 11.5% to 1.0%. As at 31 December 2014, the investment in Sindo has been fully impaired.

Investments in quoted equities are those reclassified from financial assets, fair value through profit or loss (Note 11). The Group has the intention and ability to hold these financial assets for the foreseeable future.

Notes to the Financial Statements

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21. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Trade payables				
- Non-related parties	2,209	452	–	–
Advances from customers	460	–	–	–
Other payables				
- Non-related parties	6,204	–	–	–
- Related parties (i)	2,079	–	–	–
Shareholders' loan (ii)	117	–	–	–
Accrued staff cost	374	212	–	–
Accrued expenses	697	442	214	324
Accruals for directors' fee	123	171	123	171
Commission payable	–	223	–	223
Goods and services tax payable	9	21	–	–
Others	1	7	–	–
	<u>12,273</u>	<u>1,528</u>	<u>337</u>	<u>718</u>
Non-current				
Shareholders' loan (iii)	10,516	–	–	–
Post-employment benefit obligation	4	–	–	–
	<u>10,520</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>22,793</u>	<u>1,528</u>	<u>337</u>	<u>718</u>

Trade payables to non-related parties are non-interest bearing and are normally settled within 30 to 90 days (2014: 30 to 90 days).

- (i) Other payables to related parties pertains to advances payable to non-controlling interests of subsidiaries which are unsecured, interest-free and repayable on demand.
- (ii) Current shareholders' loan is unsecured, bears an interest range from 1.25% to 2% per month and repayable within 3 months.
- (iii) Non-current shareholders' loan pertains to loan payable to non-controlling interest of PT MII which is repayable after one year of the balance sheet date and approximates to its fair value, and subject to terms and conditions summarised as follows:
 - (a) the loan amounts are to be utilised by PT MII to pay down its existing bank loans;
 - (b) interest is payable on the loans at (i) 0.25% above the six-month Singapore Interbank Offered Rate; or (ii) 2.0%, whichever is lower, per annum;
 - (c) the loan amounts are expected to be repaid in full by PT MII by 2019; and
 - (d) the interest on the loans shall be repaid by PT MII to the respective lenders in arrears on or before each Interest Payment Date, being the last day of each 12 months' period commencing on the date of the disbursement of the loan amounts to PT MII and each subsequent 12 months' period up to and including the date of full repayment of the loan amounts.

Notes to the Financial Statements

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22. Finance lease liabilities

	Minimum lease payments 2015 S\$'000	Present value of minimum lease payments 2015 S\$'000	Minimum lease payments 2014 S\$'000	Present value of minimum lease payments 2014 S\$'000
Group				
Within one year	456	428	500	454
After one year but not more than five years	496	482	838	803
Total minimum lease payments	952	910	1,338	1,257
Less: Future finance charges	(42)	–	(81)	–
Present value of minimum lease payments	910	910	1,257	1,257

The effective interest rate ranges from 2.49% to 8.86% (2014: 2.49% to 8.86%) 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 a 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 S\$453,000 (2014: S\$760,000).

23. Deferred income tax liabilities

	Group	
	2015 S\$'000	2014 S\$'000
Deferred income tax liabilities		
- To be settled within one year	241	–
- To be settled after one year	3,031	65
Balance at end of financial year	3,272	65

Movement in deferred income tax liabilities is as follows:

	Group	
	2015 S\$'000	2014 S\$'000
Balance at beginning of financial year	65	45
Additions arising from acquisition of a subsidiary (Note 19)	3,249	–
Tax charge to profit or loss (Note 9)	(19)	20
Currency translation differences	(23)	–
Balance at end of financial year	3,272	65

Notes to the Financial Statements

For the financial year ended 31 December 2015

23. Deferred income tax liabilities (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

	Accelerated tax depreciation S\$'000	Fair value gains S\$'000	Total S\$'000
2015			
Balance at beginning of financial year	65	–	65
Additions arising from acquisition of a subsidiary (Note 19)	–	3,249	3,249
Tax charge to profit or loss (Note 9)	14	(33)	(19)
Currency translation differences	–	(23)	(23)
Balance at end of financial year	79	3,193	3,272
2014			
Balance at beginning of financial year	45	–	45
Tax charge to profit or loss (Note 9)	20	–	20
Balance at end of financial year	65	–	65

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.

The deferred tax on temporary differences arising on acquisition is provided at 25% as per subsidiary's tax jurisdictions in Indonesia.

24. Share capital

	Group and Company No. of ordinary shares	S\$'000
Issued and fully paid:		
2015		
Beginning of financial year	386,721,035	29,575
Share consolidation	(348,049,205)	–
End of financial year	38,671,830	29,575
2014		
Beginning and end of financial year	386,721,035	29,575

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

On 27 November 2015, every ten existing ordinary shares of the Company were consolidated into one ordinary share ("Share Consolidation"). This results in a total of 386,721,035 existing shares being consolidated into 38,671,830 ordinary shares after disregarding any fractions or ordinary shares arising from the share consolidation.

Notes to the Financial Statements

For the financial year ended 31 December 2015

24. Share capital (continued)

The movement in the number of warrants are as follows:

	Group	
	2015	2014
Beginning of financial year	77,341,207	77,341,207
Share consolidation exercise	(69,607,221)	–
End of financial year	<u>7,733,986</u>	<u>77,341,207</u>

During the financial year, the share consolidation in accordance to the preceding paragraph constitutes an event giving rise to warrant adjustment. 77,341,207 unexercised warrants were consolidated to 7,733,986 unexercised warrants after disregarding any fractions of warrants arising from the share consolidation. The exercise price of unexercised warrants was S\$0.34 at the date of issuance in year 2012. Following the share consolidation on 27 November 2015, the exercise price was changed to S\$3.40.

The remaining 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.

25. Dividends

	2015	2014
	S\$'000	S\$'000
Ordinary dividends paid		
Final dividend paid in respect of the previous financial year of 0.5 cents per share	<u>–</u>	<u>1,934</u>

There were no dividends declared and paid in respect of financial years ended 31 December 2014 and 31 December 2015.

26. Operating leases

	Group		Company	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Operating lease expenses	<u>158</u>	<u>368</u>	<u>–</u>	<u>125</u>

The Group and the Company lease certain properties and warehouse under non-cancellable operating lease agreements. The leases have varying terms and renewal rights. 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	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Within one year	146	152	–	–
After one year but not more than five years	39	97	–	–
	<u>185</u>	<u>249</u>	<u>–</u>	<u>–</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

27. Related party transactions

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

- (i) Sales and purchases of goods and services:

	Group	
	2015	2014
	S\$'000	S\$'000
Professional fees paid to a firm with a common director	14	–
Shareholders loan granted to subsidiaries	12,028	–
Accrued interest for shareholders loan granted to a subsidiary	15	–
Advances from non-controlling interest of subsidiaries	836	–
Repayment of advances to non-controlling interest of subsidiaries	(1,032)	–

Outstanding balances of the above related party transactions as at 31 December 2015 and 2014 are disclosed in Note 21 of the financial statements.

- (ii) Key management personnel's compensation:

	Group	
	2015	2014
	S\$'000	S\$'000
Key management:		
Directors		
- fees	224	291
- remuneration	501	877
- employer's contributions to defined contribution plan	27	42
Other key management		
- remuneration	292	516
- employer's contributions to defined contribution plan	29	27

28. 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 three main business segments. These are trading & engineering, construction logistics and marine logistics. Management assesses the performance of the business segments based on sales, segment results, segment assets and segment liabilities.

- 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 comprehensive income.
- Management assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA").
- 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 cash and bank balances.

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Segment information (continued)

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.

v. Corporate comprises the costs of the Group functions not allocated to the three business segments.

During the financial year, management has reviewed the presentation of the segment information and in their view the current presentation is more aligned with the reports reviewed by management after the acquisition of PT MII by the Group. The comparative figures have been changed to be consistent with the current year's segment presentation.

Business segments

	Trading & Engineering		Construction Logistics		Marine Logistics		Corporate		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment by Operations										
Segment revenue:										
Total segment sales	77	3,470	6,392	6,206	1,525	–	–	–	7,994	9,676
Inter-segment sales	–	(1)	–	–	–	–	–	–	–	(1)
Sales to external parties	77	3,469	6,392	6,206	1,525	–	–	–	7,994	9,675
EBITDA	(140)	(1,744)	766	916	57	–	(1,438)	(2,877)	(755)	(3,705)
Depreciation	(62)	(92)	(375)	(368)	(337)	–	–	(71)	(774)	(531)
Amortisation	–	–	–	–	(28)	–	–	–	(28)	–
EBITDA includes the following material expenses:										
- Subcontract cost	–	–	(3,443)	(2,888)	–	–	–	–	(3,443)	(2,888)
- Employee compensation (excluding directors)	(51)	(1,429)	(875)	(496)	(64)	–	(430)	(288)	(1,420)	(2,213)
Segment assets	181	859	3,641	4,594	63,440	–	4,742	10,160	72,004	15,613
Unallocated assets										
Short-term deposits and bank balances									12,385	34,332
Total assets									84,389	49,945
Segment assets includes:										
- additions of property, plant and equipment	31	107	112	508	60,380	–	–	–	60,523	615
- additions of intangible assets	–	–	–	–	1,698	–	–	–	1,698	–
Segment liabilities	210	197	1,428	1,962	25,119	–	338	722	27,095	2,881

Notes to the Financial Statements

For the financial year ended 31 December 2015

28. Segment information (continued)

A reconciliation of EBITDA to profit before tax is as follows:

	Group	
	2015	2014
	S\$'000	S\$'000
EBITDA	(755)	(3,705)
Depreciation	(774)	(531)
Amortisation	(28)	–
Interest Income	212	210
Finance Expense	(111)	(71)
Loss before tax	(1,456)	(4,097)

The Group's three business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are construction logistics as well as trading & engineering services which principally include the installation of industrial machinery and equipment; mechanical engineering works, excavation and earth moving works and general engineering works and investment holdings.
- Indonesia – the operations in this area are marine logistics services which is principally engaged in the provision of tug and barge freight logistics.

Revenue	Group	
	2015	2014
	S\$'000	S\$'000
Singapore	6,469	9,675
Indonesia	1,525	–
	7,994	9,675

Non-current assets	Group	
	2015	2014
	S\$'000	S\$'000
Singapore	2,107	2,534
Indonesia	66,030	–
	68,137	2,534

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management

The main risks arising from the Group's financial instruments are market risk (including interest rate risk, price risk and currency 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 shareholders' loan and leasing arrangements.

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing bank deposits, other payables and finance lease liabilities. The Company is exposed to interest rate risk through the impact of rate changes on interest-bearing bank deposits and amount due from a subsidiary. The Group's and the Company's policy is to manage its interest cost using a mix of fixed and variable rate. An interest rate movement of 0.5% will not have a substantial impact on the profit after tax of the Group and of the Company.

(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

The Group operates in Singapore and Indonesia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD"), United States Dollar ("USD") and Indonesia Rupiah ("IDR").

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

Market risk (continued)

(iii) Currency risk (continued)

The Group's currency exposure is as follows:

	Singapore Dollar S\$'000	United States Dollar S\$'000	Indonesia Rupiah S\$'000	Total S\$'000
<u>At 31 December 2015</u>				
Financial assets				
Cash and cash equivalents	10,594	1,271	520	12,385
Available-for-sale financial assets	15	–	–	15
Receivables from subsidiaries	4,918	11,141	8	16,067
Trade and other receivables	1,636	1,408	1,757	4,801
	17,163	13,820	2,285	33,268
Financial liabilities				
Trade and other payables	1,863	12,560	8,370	22,793
Finance lease liabilities	910	–	–	910
Payables to subsidiaries	4,918	11,141	8	16,067
	7,691	23,701	8,378	39,770
Net financial assets/(liabilities)	9,472	(9,881)	(6,093)	(6,502)
Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(9,472)	12,588	–	3,116
Currency exposure on financial assets/(liabilities)	–	2,707	(6,093)	(3,386)

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

Market risk (continued)

(iii) Currency risk (continued)

	Singapore Dollar S\$'000	United States Dollar S\$'000	Total S\$'000
<u>At 31 December 2014</u>			
Financial assets			
Cash and cash equivalents	33,380	952	34,332
Financial assets, at fair value through profit or loss	60	–	60
Receivables from subsidiaries	7,728	–	7,728
Trade and other receivables	2,277	10,070	12,347
	43,445	11,022	54,467
Financial liabilities			
Trade and other payables	1,528	–	1,528
Finance lease liabilities	1,257	–	1,257
Payables to subsidiaries	7,728	–	7,728
	10,513	–	10,513
Net financial assets	32,932	11,022	43,954
Net financial assets denominated in the respective entities' functional currencies	(32,932)	(1)	(32,933)
Currency exposure on financial assets	–	11,021	11,021

The Company's currency exposure is as follows:

	Singapore Dollar S\$'000	United States Dollar S\$'000	Indonesia Rupiah S\$'000	Total S\$'000
<u>At 31 December 2015</u>				
Financial assets				
Cash and cash equivalents	2,180	1,272	–	3,452
Amount due from subsidiaries	2,462	16,158	–	18,620
Trade and other receivables	4	–	–	4
	4,646	17,430	–	22,076
Financial liabilities				
Amount due to subsidiaries	1,066	–	1	1,067
Trade and other payables	337	–	–	337
	1,403	–	1	1,404
Net financial assets/(liabilities)	3,243	17,430	(1)	20,672
Net financial assets denominated in the respective entities' functional currencies	(3,243)	–	–	(3,243)
Currency exposure on financial assets/(liabilities)	–	17,430	(1)	17,429

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

Market risk (continued)

(iii) Currency risk (continued)

	Singapore Dollar S\$'000	United States Dollar S\$'000	Total S\$'000
<u>At 31 December 2014</u>			
Financial assets			
Cash and cash equivalents	25,187	735	25,922
Amount due from subsidiaries	2,591	–	2,591
Trade and other receivables	83	10,070	10,153
	<u>27,861</u>	<u>10,805</u>	<u>38,666</u>
Financial liabilities			
Amount due to a subsidiary	923	–	923
Trade and other payables	718	–	718
	<u>1,641</u>	<u>–</u>	<u>1,641</u>
Net financial assets	26,220	10,805	37,025
Net financial assets denominated in the respective entities' functional currencies	(26,220)	–	(26,220)
Currency exposure on financial assets	<u>–</u>	<u>10,805</u>	<u>10,805</u>

Should the USD and IDR fluctuate against the SGD by 5% (2014: 5%) and 4% (2014: Nil) respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets and liabilities position will be as follows:

	Increase/(Decrease)	
	2015	2014
	Profit after tax	Profit after tax
	S\$'000	S\$'000
<u>Group</u>		
USD against SGD		
-strengthened	135	551
-weakened	(135)	(551)
IDR against SGD		
-strengthened	(244)	–
-weakened	<u>244</u>	<u>–</u>
<u>Company</u>		
USD against SGD		
-strengthened	872	540
-weakened	<u>(872)</u>	<u>(540)</u>

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

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 and of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 2 and 5 years S\$'000
<u>Group</u>		
As at 31 December 2015		
Trade and other payables	12,422	10,731
Finance lease liabilities	456	496
As at 31 December 2014		
Trade and other payables	1,507	–
Finance lease liabilities	500	838
<u>Company</u>		
As at 31 December 2015		
Trade and other payables	337	–
Amount due to subsidiaries	1,067	–
As at 31 December 2014		
Trade and other payables	718	–
Amount due to subsidiary	923	–

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. As at 31 December 2015, 59% (2014: 62%) of trade receivables for the Group relate to amounts due from 10 (2014: 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.

The credit risk for trade receivables is as follows:

	Group	
	2015 S\$'000	2014 S\$'000
<u>By geographical areas</u>		
Singapore	1,607	2,075
Indonesia	1,592	–
	3,199	2,075

Trade receivables consists of receivables from non-related parties only.

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

Credit risk (continued)

- (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	
	2015	2014
	S\$'000	S\$'000
Past due 0 to 3 months	2,945	1,621
Past due 3 to 6 months	128	164
Past due over 6 months	126	290
	<u>3,199</u>	<u>2,075</u>

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	
	2015	2014
	S\$'000	S\$'000
Gross amount	116	205
Less: Allowance for impairment	(116)	(205)
	<u>–</u>	<u>–</u>
Beginning of financial year	(205)	–
Allowance made (Note 8)	(25)	(205)
Amount written-off	13	–
Write back of allowance of impairment of trade receivable	101	–
End of financial year	<u>(116)</u>	<u>(205)</u>

Trade receivables that are individually determined to be impaired as at 31 December 2015 relates 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.

Capital risk

The Group's capital structure consists of equity attributable to equity holders of the Company, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

29. Financial risk management (continued)

Capital risk (continued)

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.

	Group	
	2015	2014
	S\$'000	S\$'000
Net debt	11,318	(31,547)
Total equity	57,294	47,064
Total capital	68,612	15,517
Gearing ratio	16%	Not applicable

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

The Group and the Company 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 2015 and 31 December 2014.

Fair values

Management has determined that the carrying amounts of current trade and other receivables, cash and cash equivalents, trade and other payables, finance lease liabilities, 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:

- quoted prices (unadjusted) in active markets for identical assets (Level 1);
- 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
- 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 2015

29. Financial risk management (continued)

Fair values (continued)

2015

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
<u>Assets</u>			
Available-for-sale financial assets	15	–	–

2014

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000
<u>Assets</u>			
Financial assets, at fair value through profit or loss	60	–	–

The fair values of the available-for-sale financial assets and financial assets at fair value through profit or loss are based on quoted market prices at balance sheet date. The quoted market price used for these financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Financial instruments by category

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

	Group		Company	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
Loans and receivables	17,186	46,679	22,076	38,666
Financial liabilities at amortised cost	23,703	2,785	1,404	1,641

30. Financial guarantees

The Company has given corporate guarantees up to S\$2,659,000 (2014: S\$2,792,000) 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	
	2015 S\$'000	2014 S\$'000
Corporate guarantees	910	1,257

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.

Notes to the Financial Statements

For the financial year ended 31 December 2015

31. Comparative

Certain comparative figures have been reclassified to be consistent with the current year's financial statements presentation.

	As previously reported S\$'000	Reclassification S\$'000	As currently reported S\$'000
For the financial year ended 31 December 2014			
<i>Consolidated statement of comprehensive income</i>			
Other income	–	360	360
Other gains	–	512	512
Other operating income	872	(872)	–
General and administrative expenses	(4,838)	(921)	(5,759)
Other expenses	(1,533)	921	(612)
	<u>(5,499)</u>	<u>–</u>	<u>(5,499)</u>

32. 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:

- FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets (effective for annual periods beginning on or after 1 July 2016)
- FRS 110 Consolidated financial statements (effective for annual periods beginning on or after 1 July 2016)
- FRS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- FRS 115 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018)
- 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.

33. Subsequent events

Change in issued and paid up capital – TSL Transport & Engineering Pte. Ltd.

Subsequent to financial year end, the Group's 75% owned subsidiary, TSL Transport & Engineering Pte. Ltd. increased its issued and paid-up capital from 100 to 10,000 via 9,900 bonus shares issued from its retained earnings. The bonus shares were distributed amongst the existing Shareholders and rank pari passu with the existing issued shares. There is no change to the percentage shareholdings of the Company in TSL Transport & Engineering Pte. Ltd. as a result of the increase in issued share capital.

Proposed investment in NBN Scaffolding Pte. Ltd.

In March 2016, the Group entered into a conditional sale and purchase agreement with two vendors for the acquisition of 70% of the entire issued and paid-up capital of NBN Scaffolding Pte Ltd ("NBN") for an aggregate consideration of S\$3,850,000. Completion of the transaction is conditional upon fulfilment of certain procedures set out in the conditional sale and purchase agreement. Upon the successful completion of the acquisition, NBN will become a subsidiary of the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2015

33. Subsequent events (continued)

Proposed investment in NBN Scaffolding Pte. Ltd. (continued)

Following this acquisition, it is expected to allow the Group to widen its customer base and to rejuvenate the revenue streams arising from the Group's Trading & Engineering segment.

As announced on 15 March 2016, assuming the Proposed Acquisition had been completed on 31 December 2015, the proforma financial effects of the Proposed Acquisition on the Group's consolidated net tangible asset ("NTA") per share as at 31 December 2015 would have been as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
NTA for financial year ended 31 December 2015	S\$40,183,000	S\$37,103,000
Number of issued shares	38,671,830	38,671,830
NTA per share	S\$1.04	S\$0.96

Assuming the Proposed Acquisition had been completed on 1 January 2015, the effects of the Proposed Acquisition on the EPS of the Group for FY2015 would have been as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Net loss after tax for financial year ended 31 December 2015	(\$1,301,000)	(\$616,000)
Weighted average Number of shares	38,671,830	38,671,830
EPS for FY2015	(\$3.36) cents	(\$1.59) cents

34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of PSL Holdings Limited on 29 March 2016.

Statistics of Shareholdings

As at 24 March 2016

Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
No. of Issued Shares	:	38,671,830 shares
No. of Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	334	15.35	3,759	0.01
100 - 1,000	464	21.32	279,009	0.72
1,001 - 10,000	1,078	49.54	4,352,525	11.26
10,001 - 1,000,000	294	13.51	17,514,428	45.29
1,000,001 AND ABOVE	6	0.28	16,522,109	42.72
TOTAL	2,176	100.00	38,671,830	100.00

SUBSTANTIAL SHAREHOLDER

(As recorded in the Register of Substantial Shareholders as at 24 March 2016)

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
SUMAN HADI NEGORO	6,301,599	16.30	-	-

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	SUMAN HADI NEGORO	6,301,599	16.30
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,886,269	7.46
3	UOB KAY HIAN PRIVATE LIMITED	2,261,206	5.85
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,182,402	5.64
5	HONG LEONG FINANCE NOMINEES PTE LTD	1,557,300	4.03
6	MARK ZHOU YOU CHUAN	1,333,333	3.45
7	OCBC SECURITIES PRIVATE LIMITED	759,191	1.96
8	NEO CHENG SOON	628,767	1.63
9	CITIBANK NOMINEES SINGAPORE PTE LTD	564,200	1.46
10	CHIANG CURRIE	550,000	1.42
11	CIMB SECURITIES (SINGAPORE) PTE. LTD.	548,189	1.42
12	PHILLIP SECURITIES PTE LTD	540,952	1.40
13	DBS NOMINEES (PRIVATE) LIMITED	400,379	1.04
14	CHUNG SOOK YIN	400,000	1.03
15	RAFFLES NOMINEES (PTE) LIMITED	380,485	0.98
16	GOH KIAN TAT	308,500	0.80
17	PEH JENG SIANG VINCENT	285,230	0.74
18	ONG TECK BENG	277,500	0.72
19	CHENG CHUO FEI ALFRED	277,100	0.72
20	KHOO KIM SOON ALICE	269,100	0.70
	TOTAL	22,711,702	58.75

Percentage of shareholdings in public hands

Based on Shareholders' Statistics and Distribution as at 24 March 2016, approximately 80.25% 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.

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	126	15.61	1,823	0.02
100 - 1,000	439	54.40	181,334	2.35
1,001 - 10,000	170	21.07	561,585	7.26
10,001 - 1,000,000	71	8.80	5,392,094	69.72
1,000,001 AND ABOVE	1	0.12	1,597,150	20.65
TOTAL	807	100.00	7,733,986	100.00

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	GOH YEO HWA	1,597,150	20.65
2	OCBC SECURITIES PRIVATE LIMITED	384,009	4.97
3	TAN AH EE	350,100	4.53
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	289,808	3.75
5	YEO KHENG YONG	250,000	3.23
6	PEK CHOON HENG	249,100	3.22
7	UOB KAY HIAN PRIVATE LIMITED	237,303	3.07
8	LI JINGJING	231,800	3.00
9	LIM LOY CHIN	227,300	2.94
10	PHILLIP SECURITIES PTE LTD	203,767	2.63
11	NEO CHENG SOON	200,000	2.59
12	LAU KIM HOON	191,100	2.47
13	CIMB SECURITIES (SINGAPORE) PTE. LTD.	143,450	1.85
14	TAN CHIN HOCK	106,250	1.37
15	GOH YEU TOH	100,100	1.29
16	LEE YING KIAT ALVIN	100,012	1.29
17	CHENG KIANG HUAT	100,000	1.29
18	CHENG WA SING	100,000	1.29
19	GOH YEW TEE	100,000	1.29
20	LIM & TAN SECURITIES PTE LTD	100,000	1.29
TOTAL		5,261,249	68.01

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of PSL Holdings Limited (the "Company") will be held at 18 Boon Lay Way #09-96 Tradehub 21 Singapore 609966 on Thursday, 28 April 2016 at 2:00 p.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 2015 together with the Directors' Statement and Independent Auditor's Report thereon. *Resolution 1*
2. To re-elect Mr William Teo Choon Kow, the Director retiring by rotation pursuant to Article 89 of the Company's Constitution. *Resolution 2*
[See Explanatory Note (i)]
3. To re-elect Mr Sucipto, the Director retiring pursuant to Article 88 of the Company's Constitution. *Resolution 3*
[See Explanatory Note (ii)]
4. To re-elect, on recommendation of the Nominating Committee and endorsement of the Board of Directors, Mr Jamshid K Medora, a Director who will retire and who, being eligible offers himself for re-election. *Resolution 4*
[See Explanatory Note (iii)]
5. To re-appoint Messrs PricewaterhouseCoopers 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:

6. To approve the payment of additional Directors' fees of S\$90,000 for the financial year ended 31 December 2015. *Resolution 6*
[See Explanatory Note (iv)]
7. To approve the payment of Directors' fees of S\$234,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. [FY2015: S\$135,000, excluding additional Directors' fees of S\$90,000 referred to in Item 6 above] *Resolution 7*
8. 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;

Notice of Annual General Meeting

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 (v)]

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

BY ORDER OF THE BOARD

Teo Meng Keong
Tan Wee Sin
Company Secretaries

12 April 2016
Singapore

Explanatory Notes:

- (i) Mr William Teo Choon Kow will, upon re-election as a Director of the Company, remain as Chairman of Audit Committee and a member of Nominating Committee and Remuneration Committee. Mr William Teo is considered independent for the purpose of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited. Key information on Mr William Teo can be found on page 9 of the Annual Report 2015. There are no relationships (including immediate family relationship) between Mr William Teo and the other Directors of the Company or its shareholders.
- (ii) Key information on Mr Suctpto can be found on page 9 of the Annual Report 2015. He is a brother of Mr Suman Hadi Negoro, a controlling shareholder of the Company.

Notice of Annual General Meeting

- (iii) Mr Jamshid K Medora will, upon re-election as Director of the Company remains as the 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 9 of the Annual Report 2015. There are no relationships (including immediate family relationship) between Mr Jamshid K Medora and the other Directors of the Company or its shareholders.
- (iv) At the Annual General Meeting held by the Company on 30 April 2015, shareholders approved an amount of S\$135,000 as Directors' fees for the financial year ended 31 December 2015, to be paid quarterly in arrears. The additional Directors' fees of S\$90,000 proposed to be approved at this Annual General Meeting arose due to expended efforts and work rendered by Independent Directors in relation to the acquisition of PT Momentum Indonesia Investama.
- (v) Ordinary Resolution 8 proposed in item no. 8 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 (other than a **Relevant Intermediary***) 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) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (d) 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.
- (e) 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.
- (f) 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.
- (g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Boon Lay Way #09-96 Tradehub 21 Singapore 609966, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

*Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agent or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 4) for the definition of "Relevant Intermediary".
3. 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.
4. 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 at the Annual General Meeting of the Company to be held at 18 Boon Lay Way #09-96 Tradehub 21 Singapore 609966 on Thursday, 28 April 2016 at 2:00 p.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 2015.		
2.	Re-election of Mr William Teo Choon Kow as Director.		
3.	Re-election of Mr Sucipto as Director.		
4.	Re-election of Mr Jamshid K Medora as Director.		
5.	Re-appointment of Messrs PricewaterhouseCoopers LLP as Auditors.		
6.	Approval of payment of additional Directors' fees of S\$90,000 for the financial year ended 31 December 2015.		
7.	Approval of payment of Directors' fees of S\$234,000 for the financial year ending 31 December 2016, 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 _____ 2016



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 81SF of the Securities and Futures Act, Chapter 289 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 (other than a **Relevant Intermediary***) 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 Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. 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.
6. 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.
7. 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.
8. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 18 Boon Lay Way #09-96 Tradehub 21 Singapore 609966, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

***Relevant Intermediary is:**

- (a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or
- (b) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

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 seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2016.

The Company Secretary
PSL HOLDINGS LIMITED
18 Boon Lay Way
#09-96 Tradehub 21
Singapore 609966

AFFIX
STAMP





PSL Holdings Limited

Co. Reg. No. 199707022K

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