



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: PSL Holdings Limited

Security: PSL Holdings Limited

Meeting details:

Date: 30 May 2018

Time: 10.00 a.m.

Venue: 37 Jalan Pemimpin #07-16, Mapex, Singapore 577177

Company Description

PSL Holdings Limited, an investment holding company, provides land logistic and support services in Singapore and Indonesia. The company operates through Trading & Engineering, and Construction Logistics segments. It is also involved in the installation of industrial machinery and equipment; trading and supply of construction materials and related equipment; mechanical engineering works; building construction activities; excavation and earth moving works; and general engineering activities. The company was incorporated in 1997 and is headquartered in Singapore.

(Source: http://sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BLL)

1. In the Letter to Shareholders (pages 2 to 4 of the annual report), the company highlighted the progress made in the group's three business segments namely, construction logistics, marine logistics and property.

- (i) With the recent changes to the board and to the management team in the past two years, would the company help shareholders understand, in greater detail, the experience and track record of the management team especially in the core business segments of the group (as mentioned above)?**
- (ii) Are the business segments synergistic to one another?**
- (iii) The vision of the group, as shown in the annual report, is as follows:**



Would the board further clarify the group's core competencies and help shareholders understand the strategic direction of the group?

2. In the section titled "Review of key developments", the company has provided an overview of the dispute with Sudirman Kurniawan ("Sudirman"), Angelo Fernandus ("Angelo") and PT Momentum Indonesia Investama ("PTMII") (page 7).

Assuming shareholders' approval is obtained and the completion of the full and final settlement, the group will receive US\$4.5 million in cash and vessels valued at US\$17.95 million.

- (i) Since the investment into PTMII in 2015, what were the lessons learnt from this "investment" into PTMII?**
- (ii) What improvements have been made to the group's deal sourcing and deal structuring framework?**

The company is still "looking to expand its operations through the acquisition of businesses in the ASEAN region to develop new revenue streams and improve its financial performance".

- (iii) Can the board explain how it conducts its due diligence and how does it assess the potential partners?**
- (iv) Would the board/company consider only making investments where it can gain control of the new business?**

3. On 14 May 2018, the company announced that there were material discrepancies between the audited financial statements and the unaudited financial statements for the financial year ended 31 December 2017.

Reasons given for the discrepancies include:

- Reversal of over-accrued revenue for PT Indah Perkasa ("PT IPA")
- Reclassification of supply chain charges incurred by PT IPA to "general and administrative expenses" from finance costs
- Reclassification of PT IPA's income tax from "general and administrative expenses"
- The increase in currency translation differences was due to adjustments made to inventories, trade and other receivables, trade and other payables and finance lease liabilities arising from adjustments taken up in PT IPA's books subsequent to finalisation of the audit
- Reclassification of finance lease liabilities from non-current to current and foreign currency revaluation adjustment for balances denominated in IDR

As a result, revenue dropped by 13% and gross profit dropped by 31%.

- (i) As the directors have responsibilities to oversee the group's financial reporting process, can the directors, especially the directors in the audit committee, help shareholders understand their individual and collective efforts in the preparation of the group's financial statements to give a true and fair view in accordance with the provisions of the Act and FRSs?**
- (ii) Has the AC evaluated if the internal financial reporting/finance team is sufficiently resourced with experienced and qualified staff to ensure the integrity of the financial statements?**
- (iii) What changes has the AC made to the group's systems and processes to improve the quality and accuracy of the financial statements?**