



**FEDERAL INTERNATIONAL (2000) LTD**  
Incorporated in the Republic of Singapore  
Registration No. 199907113K

**Unaudited Financial Statements and Dividend Announcement for  
the Second Quarter and Six Months ended  
30 June 2018**

12 August 2018

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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Incorporated in the Republic of Singapore  
Company Registration No. 199907113K

## Second Quarter Financial Year 2018 Financial Statements and Dividend Announcement

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

1(a) A statement of consolidated comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### UNAUDITED RESULTS FOR THE SECOND QUARTER ("2Q2018")

		Group			Group		
		3 Months Ended		Changes	6 Months Ended		Changes
		30.06.18	30.06.17		30.06.18	30.06.17	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>INCOME STATEMENT</b>							
Revenue		7,398	43,727	(83.1)	21,226	65,178	(67.4)
Cost of sales		(5,423)	(37,423)	(85.5)	(16,432)	(54,331)	(69.8)
<b>Gross profit</b>		<b>1,975</b>	<b>6,304</b>	<b>(68.7)</b>	<b>4,794</b>	<b>10,847</b>	<b>(55.8)</b>
<b>Gross profit margin</b>		<b>26.7%</b>	<b>14.4%</b>		<b>22.6%</b>	<b>16.6%</b>	
Other income	(i)	1,506	546	175.8	1,965	957	105.3
Selling and distribution costs		(1,193)	(1,287)	(7.3)	(2,445)	(2,604)	(6.1)
Administrative and general costs		(2,605)	(2,971)	(12.3)	(5,416)	(5,742)	(5.7)
Other operating expenses	(ii)	(67)	(551)	(87.8)	(688)	(1,159)	(40.6)
Finance costs	(iii)	(277)	(256)	8.2	(591)	(454)	30.2
Share of results of associates		221	(81)	N.M.	795	269	195.5
<b>(Loss) / Profit before tax</b>	(iv)	<b>(440)</b>	<b>1,704</b>	<b>(125.8)</b>	<b>(1,586)</b>	<b>2,114</b>	<b>(175.0)</b>
Income tax (expense) / credit		(2)	(541)	(99.6)	10	(670)	(101.5)
<b>(Loss) / Profit for the period</b>		<b>(442)</b>	<b>1,163</b>	<b>(138.0)</b>	<b>(1,576)</b>	<b>1,444</b>	<b>N.M.</b>
<b>Attributable to:</b>							
Owners of the Company		(228)	1,222	(118.7)	(1,204)	1,632	(173.8)
Non-controlling interests		(214)	(59)	N.M.	(372)	(188)	97.9
		<b>(442)</b>	<b>1,163</b>	<b>(138.0)</b>	<b>(1,576)</b>	<b>1,444</b>	<b>N.M.</b>

**N.M. – Not Meaningful**

	← Group →			← Group →		
	3 Months Ended		Changes	6 Months Ended		Changes
	30.06.18	30.06.17		30.06.18	30.06.17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
(Loss) / Profit net of tax	(442)	1,163	(138.0)	(1,576)	1,444	N.M.
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Net deficit on revaluation of freehold/leasehold land and buildings	(342)	–	N.M.	(342)	–	N.M.
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation	330	(171)	N.M.	86	(221)	(138.9)
Share of other comprehensive income / (loss) of associates	148	(74)	N.M.	145	(159)	(191.2)
Foreign currency translation on disposal of an associate reclassified to profit and loss	–	–	N.M.	690	–	N.M.
Foreign currency translation on loss of control reclassified to profit and loss	–	408	(100.0)	–	408	(100.0)
<b>Other comprehensive income for the period, net of tax</b>	<b>136</b>	<b>163</b>	<b>(16.6)</b>	<b>579</b>	<b>28</b>	<b>N.M.</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(306)</b>	<b>1,326</b>	<b>(123.1)</b>	<b>(997)</b>	<b>1,472</b>	<b>(167.7)</b>
<b>Total comprehensive (loss) / income attributable to:</b>						
Owners of the Company	(306)	1,303	(123.5)	(718)	1,700	(142.2)
Non-controlling interests	–	23	(100.0)	(279)	(228)	22.4
	<b>(306)</b>	<b>1,326</b>	<b>(123.1)</b>	<b>(997)</b>	<b>1,472</b>	<b>(167.7)</b>

**N.M. – Not Meaningful**

**Notes:**

1(a)(i) Other income includes the following:

	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange gain	680	–	31	–
Gain on disposal of property, plant and equipment	–	4	3	8
Implicit interest income	1	1	2	2
Interest income	300	379	610	403
Share of profits from partnership	33	–	136	143
Upfront fee from litigation funding agreement	–	–	300	–
Sundry income	492	162	883	401
	1,506	546	1,965	957

1(a)(ii) Other operating expenses include the following:

	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange loss	–	267	–	878
Impairment loss on amount due from associates	–	9	3	9
Impairment loss on doubtful receivables	–	–	123	–
Inventories written off	2	3	39	10
Loss on disposal of a subsidiary	–	292	–	292
Loss on disposal of an associate	–	–	442	–
Write back of impairment loss on doubtful receivables	–	(29)	–	(41)
Write back of impairment loss on amount due from associates	–	–	(4)	–
Other expenses	65	9	85	11
	67	551	688	1,159

1(a)(iii) Finance costs include the following:

	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	27	23	37	65
- Term loans	211	95	428	141
- Trust receipts	39	138	126	248
	277	256	591	454

1(a)(iv) (Loss)/Profit before tax is arrived at after charging the following:

	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation and amortisation	497	524	1,041	1,049

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

	Group		Company	
	As At 30.06.18 S\$'000	As At 31.12.17 S\$'000	As At 30.06.18 S\$'000	As At 31.12.17 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	31,013	32,434	–	–
Investment in subsidiaries	–	–	75,419	75,345
Investment in associates	5,789	4,748	732	732
Intangible assets	1,718	1,786	–	–
Other investments	558	558	538	538
Other receivables	13,096	13,094	13,022	13,022
Amount due from a related party	6,324	6,203	–	–
Amounts due from subsidiaries	–	–	4,678	4,588
Amount due from an associate	4,678	4,588	–	–
Deferred tax assets	644	665	–	–
	<b>63,820</b>	<b>64,076</b>	<b>94,389</b>	<b>94,225</b>
<b>Current assets</b>				
Inventories	13,483	12,796	–	–
Trade and other receivables	29,661	50,706	41	18
Gross amount due from customer for construction work-in-progress	7	104	–	–
Advance payment to suppliers	1,252	1,740	–	–
Prepayments	274	317	8	15
Deposits	55	62	4	10
Financial receivable	387	707	–	–
Amounts due from subsidiaries	–	–	5,073	7,026
Amounts due from associates	3,391	3,263	50	49
Fixed and bank deposits	1,450	1,422	1,416	1,389
Cash and bank balances	9,200	10,704	84	599
	<b>59,160</b>	<b>81,821</b>	<b>6,676</b>	<b>9,106</b>
<b>Current liabilities</b>				
Trade and other payables	15,602	23,416	613	1,081
Advance payment from customers	2,288	1,841	–	–
Amounts due to subsidiaries	–	–	1,773	1,217
Amounts due to associates	501	1,216	–	243
Amount due to a related party	2,004	2,009	–	–
Amounts due to bankers	10,445	19,311	–	–
Term loans	7,157	7,438	–	–
Provision for taxation	2,907	3,570	–	1
	<b>40,904</b>	<b>58,801</b>	<b>2,386</b>	<b>2,542</b>
<b>Net current assets</b>	<b>18,256</b>	<b>23,020</b>	<b>4,290</b>	<b>6,564</b>
<b>Non-current liabilities</b>				
Term loans	8,609	9,742	–	–
Amounts due to subsidiaries	–	–	21,753	21,335
Provision for post employment benefits	187	192	–	–
Deferred tax liabilities	2,297	2,367	–	–
	<b>11,093</b>	<b>12,301</b>	<b>21,753</b>	<b>21,335</b>
<b>Net assets</b>	<b>70,983</b>	<b>74,795</b>	<b>76,926</b>	<b>79,454</b>

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

	Group		Company	
	As At 30.06.18 S\$'000	As At 31.12.17 S\$'000	As At 30.06.18 S\$'000	As At 31.12.17 S\$'000
<b>Equity attributable to owners of the Company</b>				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(4,032)	(4,860)	–	–
Capital reserve	5	5	–	–
Revaluation reserve	16,731	17,073	–	–
Other reserves	(976)	(976)	–	–
Accumulated losses	(71,908)	(67,889)	(67,173)	(64,645)
	83,919	87,452	76,926	79,454
Non-controlling interests	(12,936)	(12,657)	–	–
<b>Total equity</b>	<b>70,983</b>	<b>74,795</b>	<b>76,926</b>	<b>79,454</b>

**1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:**

**Amount repayable in one year or less, or on demand**

As at 30.06.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
17,602	-	26,749	-

**Amount repayable after one year**

As at 30.06.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
8,609	-	9,742	-

**Details of any collaterals**

The Group's secured borrowings comprise bank overdrafts, trust receipts and term loans.

The Group's term loans, overdrafts and trust receipts (collectively known as "**Amounts due to Bankers**") are secured on:

- (i) Subsidiaries' properties located at 47 and 49 Genting Road, Singapore 349489, at 11 Tuas Avenue 1, Singapore 639496, and at 12 Chin Bee Drive, Singapore 619868;
- (ii) Bank deposits pledged by the Company;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee and pledge of real property by a director of a subsidiary;
- (v) Subsidiary's inventories;
- (vi) Deed of charge over the contract proceeds & first fixed charge over account in respect of certain sales proceeds; and
- (vii) First floating charge over receivables of a subsidiary.

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

	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
(Loss) / Profit before tax	(440)	1,704	(1,586)	2,114
<u>Adjustments for:</u>				
Amortisation of intangible assets	34	34	68	68
Depreciation of property, plant and equipment	463	490	973	981
Gain on disposal of property, plant and equipment	–	(4)	(3)	(8)
Implicit interest income	(1)	(1)	(2)	(2)
Interest expense	277	256	591	454
Interest income	(300)	(379)	(610)	(403)
Loss on disposal of an associate	–	–	442	–
Loss on disposal of a subsidiary ( <b>Note A</b> )	–	292	–	292
Share of results of associates	(221)	81	(795)	(269)
Impairment loss on / (writeback of) amount due from associates	–	9	(1)	9
Exchange loss / (gain)	29	(140)	(156)	(403)
<b>Operating cash flows before changes in working capital</b>	<b>(159)</b>	<b>2,342</b>	<b>(1,079)</b>	<b>2,833</b>
<u>(Increase)/decrease in:</u>				
Inventories	(1,279)	747	(704)	93
Trade and other receivables	18,114	(10,057)	22,175	(18,802)
Gross amount due from customer for construction work-in-progress	109	164	97	(71)
Financial receivable	109	106	325	320
Advance payment to suppliers	(35)	2,418	486	(4,381)
Prepayments	(31)	(42)	42	(327)
Deposits	–	–	7	12
Amounts due from associates	17	(33)	(65)	(180)
<u>(Decrease)/increase in:</u>				
Trade and other payables	(3,465)	9,691	(7,785)	9,893
Gross amount due to customer for construction work-in-progress	–	(52)	–	–
Advance payment from customers	561	843	79	2,900
Amounts due to associates	(163)	(4)	(473)	(10)
Amount due to a related party	(59)	41	(10)	41
Provisions	–	(105)	–	(105)
Provision for post employment benefits	–	(1)	(5)	(4)
<b>Cash flows generated from / (used in) operations</b>	<b>13,719</b>	<b>6,058</b>	<b>13,090</b>	<b>(7,788)</b>
Income taxes paid	(671)	(331)	(706)	(632)
Interest income received	2	25	17	39
<b>Net cash flows generated from / (used in) operating activities</b>	<b>13,050</b>	<b>5,752</b>	<b>12,401</b>	<b>(8,381)</b>



	<b>Group</b>		<b>Group</b>	
	<b>For 3 Months Ended</b>		<b>For 6 Months Ended</b>	
	<b>30.06.18</b>	<b>30.06.17</b>	<b>30.06.18</b>	<b>30.06.17</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from investing activities:</b>				
Interest income received	4	11	7	22
Investment in associate	(100)	–	(100)	–
Purchase of property, plant and equipment	(66)	(44)	(148)	(99)
Proceeds from disposal of property, plant and equipment	–	4	3	8
Shareholder's loan to an associate (net)	–	–	–	(118)
<b>Net cash flows used in investing activities</b>	<b>(162)</b>	<b>(29)</b>	<b>(238)</b>	<b>(187)</b>
<b>Cash flows from financing activities:</b>				
Dividend paid	(2,815)	(2,815)	(2,815)	(2,815)
Interest expense paid	(288)	(235)	(677)	(424)
Proceeds from / (repayment of) secured bank overdrafts	2,209	(816)	2,086	(1,136)
Drawdown of term loans	773	5,308	1,041	5,421
Repayment of term loans	(1,231)	(696)	(2,459)	(1,130)
Decrease in restricted deposits	–	3	–	3
(Decrease)/increase in trust receipts	(9,897)	(3,933)	(10,882)	9,957
<b>Net cash (used in) / generated from financing activities</b>	<b>(11,249)</b>	<b>(3,184)</b>	<b>(13,706)</b>	<b>9,876</b>
Net increase / (decrease) in cash and cash equivalents	1,639	2,539	(1,543)	1,308
Effect of exchange rate changes on cash and cash equivalents	174	(205)	41	(634)
Cash and cash equivalents at beginning of period	7,474	13,909	10,789	15,569
<b>Cash and cash equivalents at end of the period</b>	<b>9,287</b>	<b>16,243</b>	<b>9,287</b>	<b>16,243</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the balance sheet date:

	<b>Group</b>	
	<b>For 6 Months Ended</b>	
	<b>30.06.18</b>	<b>30.06.17</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash and cash equivalents at the end of the period:</b>		
Cash and bank balances and fixed deposits	10,650	17,620
Less: Bank deposits pledged	(1,363)	(1,377)
<b>Cash and cash equivalents</b>	<b>9,287</b>	<b>16,243</b>

**Note A**

The Members' Voluntary Liquidation of a subsidiary, GV Oilfield Engineering Private Limited, was completed during financial year 2017 (Please refer to announcement on 17 April 2017). The effect of the disposal on the financial position of the Group is as follows:

**Effect of disposal on the financial position of the Group**

	<b>Group 2017 \$'000</b>
<b>Asset:</b>	
Other receivables	81
	<u>81</u>
<b>Liabilities:</b>	
Other payables	(1)
Provision for taxation	(1)
	<u>(2)</u>
<b>Net assets derecognised</b>	<u>79</u>
Consideration received, satisfied in cash	–
Cash and cash equivalents disposed of	–
Net cash outflow	<u>–</u>
<b>Loss on disposal:</b>	
Consideration received	–
Net assets derecognised	(79)
Cumulative foreign currency exchange differences in respect of the net assets of the subsidiary reclassified to profit or loss on loss of control of subsidiary	(408)
	<u>(487)</u>
Non-controlling interest	195
	<u>(292)</u>

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

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
<b>Balance at 01.01.18</b>	<b>144,099</b>	<b>(67,889)</b>	<b>(4,860)</b>	<b>5</b>	<b>17,073</b>	<b>(976)</b>	<b>(56,647)</b>	<b>87,452</b>	<b>(12,657)</b>	<b>74,795</b>
Loss, net of tax	–	(976)	–	–	–	–	(976)	(976)	(158)	(1,134)
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(123)	–	–	–	(123)	(123)	(121)	(244)
Share of other comprehensive loss of associates	–	–	(3)	–	–	–	(3)	(3)	–	(3)
Foreign currency translation on disposal of an associate reclassified to profit or loss	–	–	690	–	–	–	690	690	–	690
<b>Total comprehensive (loss) / income for the period</b>	<b>–</b>	<b>(976)</b>	<b>564</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(412)</b>	<b>(412)</b>	<b>(279)</b>	<b>(691)</b>
<b>Balance at 31.03.18</b>	<b>144,099</b>	<b>(68,865)</b>	<b>(4,296)</b>	<b>5</b>	<b>17,073</b>	<b>(976)</b>	<b>(57,059)</b>	<b>87,040</b>	<b>(12,936)</b>	<b>74,104</b>
Loss, net of tax	–	(228)	–	–	–	–	(228)	(228)	(214)	(442)
Other comprehensive income:										
Items that will not be reclassified subsequently to profit or loss:										
Net deficit on revaluation of freehold/leasehold land and buildings	–	–	–	–	(342)	–	(342)	(342)	–	(342)
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	116	–	–	–	116	116	214	330
Share of other comprehensive income of associates	–	–	148	–	–	–	148	148	–	148
<b>Total comprehensive (loss) / income for the period</b>	<b>–</b>	<b>(228)</b>	<b>264</b>	<b>–</b>	<b>(342)</b>	<b>–</b>	<b>(306)</b>	<b>(306)</b>	<b>–</b>	<b>(306)</b>
Dividend paid	–	(2,815)	–	–	–	–	(2,815)	(2,815)	–	(2,815)
<b>Balance at 30.06.18</b>	<b>144,099</b>	<b>(71,908)</b>	<b>(4,032)</b>	<b>5</b>	<b>16,731</b>	<b>(976)</b>	<b>(60,180)</b>	<b>83,919</b>	<b>(12,936)</b>	<b>70,983</b>

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

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
<b>Balance at 01.01.17</b>	<b>144,099</b>	<b>(69,306)</b>	<b>(4,575)</b>	<b>5</b>	<b>16,460</b>	<b>(976)</b>	<b>(58,392)</b>	<b>85,707</b>	<b>(11,718)</b>	<b>73,989</b>
Profit net of tax	–	410	–	–	–	–	410	410	(129)	281
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	72	–	–	–	72	72	(122)	(50)
Share of other comprehensive loss of associates	–	–	(85)	–	–	–	(85)	(85)	–	(85)
<b>Total comprehensive income / (loss) for the period</b>	<b>–</b>	<b>410</b>	<b>(13)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>397</b>	<b>397</b>	<b>(251)</b>	<b>146</b>
<b>Balance at 31.03.17</b>	<b>144,099</b>	<b>(68,896)</b>	<b>(4,588)</b>	<b>5</b>	<b>16,460</b>	<b>(976)</b>	<b>(57,995)</b>	<b>86,104</b>	<b>(11,969)</b>	<b>74,135</b>
Profit net of tax	–	1,222	–	–	–	–	1,222	1,222	(59)	1,163
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(90)	–	–	–	(90)	(90)	(81)	(171)
Share of other comprehensive loss of associates	–	–	(74)	–	–	–	(74)	(74)	–	(74)
Foreign currency translation on loss of control reclassified to profit and loss	–	–	245	–	–	–	245	245	163	408
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>1,222</b>	<b>81</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,303</b>	<b>1,303</b>	<b>23</b>	<b>1,326</b>
Dividend paid	–	(2,815)	–	–	–	–	(2,815)	(2,815)	–	(2,815)
Disposal of a subsidiary company	–	–	–	–	–	–	–	–	(195)	(195)
<b>Balance at 30.06.17</b>	<b>144,099</b>	<b>(70,489)</b>	<b>(4,507)</b>	<b>5</b>	<b>16,460</b>	<b>(976)</b>	<b>(59,507)</b>	<b>84,592</b>	<b>(12,141)</b>	<b>72,451</b>

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

<b>The Company</b>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 01.01.18</b>	<b>144,099</b>	<b>(64,645)</b>	<b>79,454</b>
Profit for the period	–	742	742
Total comprehensive income for the period	–	742	742
<b>Balance at 31.03.18</b>	<b>144,099</b>	<b>(63,903)</b>	<b>80,196</b>
Loss for the period	–	(455)	(455)
Total comprehensive loss for the period	–	(455)	(455)
Dividend paid	–	(2,815)	(2,815)
<b>Balance at 30.06.18</b>	<b>144,099</b>	<b>(67,173)</b>	<b>76,926</b>
<b>Balance at 01.01.17</b>	<b>144,099</b>	<b>(64,823)</b>	<b>79,276</b>
Profit for the period	–	515	515
Total comprehensive income for the period	–	515	515
<b>Balance at 31.03.17</b>	<b>144,099</b>	<b>(64,308)</b>	<b>79,791</b>
Profit for the period	–	962	962
Total comprehensive income for the period	–	962	962
Dividend paid	–	(2,815)	(2,815)
<b>Balance at 30.06.17</b>	<b>144,099</b>	<b>(66,161)</b>	<b>77,938</b>

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

The Company did not issue any ordinary shares during the 6 months ended 30 June 2018.

As at 30 June 2018 and 31 December 2017 respectively, the Company did not have any convertible securities.

As at 30 June 2018 and 31 December 2017 respectively, there were no treasury shares held and subsidiary holdings.

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

	<b>30.06.18</b>	<b>31.12.17</b>
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 30 June 2018 and 31 December 2017 respectively, there were no treasury shares held.

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

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the Company's auditor.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)"), and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

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

The Group has adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), and all the new and revised standards which are effective for annual period beginning on or after 1 January 2018.

The adoption of the new standards that are effective on 1 January 2018 and SFRS(I) did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

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

	3 Months Ended		6 Months Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	(0.16)	0.87	(0.86)	1.16
(ii) On a fully diluted basis	(0.16)	0.87	(0.86)	1.16

The weighted average number of shares for the 3 months and 6 months ended 30 June 2018 were 140,767,484 (3 months and 6 months ended 30 June 2017: 140,767,484).

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group	Company
	Cents	Cents
As at 30.06.18	59.62	54.65
As at 31.12.17	62.13	56.44

Net asset value per share is calculated based on the number of ordinary shares in issue of 140,767,484 as at 30 June 2018 (31 December 2017: 140,767,484).

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

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

## **CONSOLIDATED INCOME STATEMENT**

### **1H2018 versus 1H2017**

#### **Overview**

The Group recorded a net loss attributable to shareholders of \$1.2 million and loss per ordinary share of 0.86 cents for 1H2018.

#### **Revenue**

Revenue of \$21.2 million in 1H2018 was 67.4% lower than the revenue for 1H2017 of \$65.2 million due to lower sales under the Trading business segment as a result of the near completion of Zawtika Development Project Phase 1C.

#### **Gross profit**

Gross profit of \$4.8 million in 1H2018 was 55.8% lower than the gross profit for 1H2017 of \$10.8 million. The decrease was due to lower revenue recorded in 1H2018. However, gross profit margin improved to 22.6% due to higher margins on sales for certain projects under the Trading business segment.

#### **Other income**

Other income of \$2 million in 1H2018 was 105.3% higher than the other income for 1H2017 of \$957,000. The other income for 1H2018 comprised mainly late payment interest of \$610,000 from an investee company and customers and a one-time upfront fee of \$300,000 from Mr George Deng in accordance with litigation funding agreement as announced on 11 January 2018. Sundry income was also higher at \$883,000 in 1H2018 and it consisted of rental income, LC handling fee, late payment charges etc.

#### **Selling and distribution costs**

Selling and distribution costs of \$2.4 million in 1H2018 were 6.1% lower than the costs incurred in 1H2017 of \$2.6 million.

#### **Administrative and general costs**

Administrative and general costs of \$5.4 million in 1H2018 were 5.7% marginally lower compared to the costs incurred in 1H2017 of \$5.7 million.

#### **Other operating expenses**

Other operating expenses in 1H2018 amounted to \$688,000 as compared to \$1.2 million for 1H2017. Other operating expenses for 1H2018 comprised mainly of a one-time loss on disposal of an associate, Federal JWR Energy Pte Ltd of \$442,000 as announced on 13 February 2018, and an impairment loss of doubtful trade receivables of \$123,000.

#### **Finance costs**

Finance costs of \$591,000 were higher than the costs incurred in 1H2017 of \$454,000. The increase was due mainly to additional term loans being drawn down in the later half of 2017.



### **Share of results of associates**

The Group's share of results of its associates of \$795,000 were 195.5% higher than 1H2017. Out of the \$795,000, \$200,000 was attributable to the share of results of our associate company in Indonesia whose management accounts for 4Q2017 was not available when we last reported our results on 25 February 2018.

Our associate company in Japan also recorded a share of profit of \$57,000 in 1H2018 as compared to a share of loss of \$133,000 in 1H2017.

### **Income tax expense**

The Group recorded a tax credit of \$10,000 in 1H2018 as compared to a tax expense of \$670,000 due to the operating losses.

## **2Q2018 versus 2Q2017**

### **Overview**

The Group recorded a net loss attributable to shareholders of \$228,000 and loss per ordinary share of 0.16 cents for 2Q2018.

### **Revenue**

Revenue for 2Q2018 decreased by 83.1% to \$7.4 million on the back of lower revenue recorded under the Trading business segment as a result of the near completion of Zawtika Development Project Phase 1C.

### **Gross profit**

Gross profit of \$2 million in 2Q2018 was lower than the gross profit for 2Q2017 of \$6.3 million. The decrease was due to lower revenue recorded in 2Q2018. However, gross profit margin for 2Q2018 improved to 26.7% due to higher margins on sales for certain projects under the Trading business segment.

### **Other income**

Other income of \$1.5 million in 2Q2018 was higher than the other income for 2Q2017 of \$546,000. Other income for 2Q2018 comprised mainly:

- a) Net foreign exchange gain of \$680,000 arising mainly from the appreciation of the USD against the SGD;
- b) Late payment interest charged to customers amounting to \$300,000; and
- c) Sundry income amounting to \$492,000 relates mainly to rental income, LC handling fee, late payment charges etc.

### **Selling and distribution costs**

Selling and distribution costs of \$1.2 million in 2Q2018 were marginally lower than the costs incurred in 2Q2017 of \$1.3 million.

### **Administrative and general costs**

Administrative and general costs of \$2.6 million in 2Q2018 were 12.3% lower compared to the costs incurred in 2Q2017 of \$3 million. The decrease was mainly due to lower professional fees and bank charges.

### **Other operating expenses**

Other operating expenses for 2Q2018 amounted to \$67,000 as compared to 2Q2017 of \$551,000.

The other operating expenses for 2Q2017 comprised mainly:

- a) Net foreign exchange loss of \$267,000 arising mainly from the depreciation of the USD against the SGD; and
- b) Loss on disposal of a subsidiary of \$292,000 relating to the winding up of GV Oilfield Engineering Pvt Ltd. Please refer to the Company's announcements dated 27 August 2010 and 17 April 2017 for further information.

#### **Finance costs**

Higher finance costs of \$277,000 was due mainly to additional term loans being drawn down in the later half of 2017.

#### **Share of results of associates**

The Group's share of results of its associates for 2Q2018 was \$221,000 as compared to a share of loss of \$81,000 for 2Q2017. This is mainly due to our share of loss reported by the Group's associate company in Japan of \$43,000 in 2Q2018 as compared to share of loss of \$250,000 in 2Q2017 as well as improved results from an associate company in Indonesia.

#### **Income tax expense**

Income tax expense in 2Q2018 was \$2,000 as compared to \$541,000 in 2Q2017 due to the operating loss recorded.

### **STATEMENT OF FINANCIAL POSITION FOR THE GROUP**

#### **Net assets attributable to owners of the Company**

As at 30 June 2018, the net assets attributable to owners of the Company amounted to \$70.9 million, which translates to a net asset value per ordinary share of 59.62 cents.

#### **Non-current assets**

Non-current assets decreased by \$256,000 to \$63.8 million. The decrease was due mainly to:

- a) Decrease in property, plant and equipment of \$1.4 million due mainly to recognition of depreciation charge for the period and revaluation deficit; and
- b) Increase in investment in associates amounting to \$1.04 million mainly due to share of profits recorded of \$795,000 and an investment in Federal Destini (S) Pte Ltd amounting to \$100,000 as announced on 16 January 2018.

#### **Current assets**

Current assets decreased by \$22.7 million to \$59.2 million. The decrease was due mainly to:

- a) Increase in inventories of \$687,000;
- b) Decrease in trade and other receivables of \$21 million due to the decrease in trade receivables for the Zawtika Development Project Phase 1C;
- c) Decrease in cash and bank balances of \$1.5 million.

#### **Current liabilities**

Current liabilities decreased by \$17.9 million to \$40.9 million. The decrease was due mainly to:

- a) Decrease in trade and other payables of \$7.8 million;
- b) Decrease in amounts due to bankers of \$8.9 million due to decrease in trade facilities utilised to finance on-going projects.

#### **Non-current liabilities**

Non-current liabilities decreased by \$1.2 million to \$11.1 million. The decrease was due mainly to a decrease in term loans of \$1.1 million.

## **STATEMENT OF FINANCIAL POSITION FOR THE COMPANY**

### **Non-current assets**

Non-current assets increased marginally by \$164,000 to \$94.4 million.

### **Current assets**

Current assets decreased by \$2.4 million to \$6.7 million. The decrease was due mainly to a decrease in amounts due from subsidiaries of \$2 million due to receipt of dividend from a subsidiary and a decrease in cash and bank balances of \$515,000.

### **Current liabilities**

Current liabilities decreased by \$156,000 to \$2.4 million. The decrease was due mainly to lower trade and other payables of \$468,000 and amounts due to associates of \$243,000. The decrease was partially offset by an increase in amounts due to subsidiaries of \$556,000.

### **Non-current liabilities**

Non-current liabilities increased by \$418,000 to \$21.7 million. This is due to an increase in amounts due to subsidiaries arising from foreign exchange translation differences caused by a stronger USD.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 30 June 2018, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$9.3 million. For the 6 months ended 30 June 2018, operating activities generated cash of \$12.4 million whereas investing activities utilised cash of \$238,000 and financing activities utilized cash of \$13.7 million.

The net cash generated by operating activities was due mainly to the net decrease in trade and other receivables and advance payment to suppliers, which was partially offset by a decrease in trade and other payable.

The net cash used in investing activities was due mainly to investment in an associate and addition to property, plant and equipment.

The net cash used by financing activities was due mainly to the net decrease in trust receipts and term loans used to finance the trading business, and partially offset by proceeds from bank overdrafts. There was also a dividend paid to shareholders during 2Q2018.

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

On 31 July 2018, the Company released a profit warning on SGXNET regarding an expected loss for 2Q2018.

The actual results for 2Q2018 correspond with the profit warning issued.

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

The outlook of the Group's business continues to be challenging.

Despite the recent recovery in oil prices, the oil and gas sector still faces intense competition. The oil and gas market remains volatile within the region. The Group will continue with its cost management and the Group will also actively explore entry into new potential markets.

The Group will strengthen its trading business position by forming strategic partnerships with regional partners within the region.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividends have been declared or recommended.

**13. Interested Person Transactions**

The Company does not have a shareholders' mandate for interested person transactions ("IPT").

The aggregate value of all IPTs during the financial period under review is less than S\$100,000.

**14. Negative Assurance Confirmation Statement on Interim Financial Statements**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the period ended 30 June 2018, to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**

**Koh Kian Kiong**  
**Executive Chairman & CEO**

**Maggie Koh**  
**Executive Director**

**12 August 2018**