



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

**Unaudited Financial Statements and Dividend Announcement for
the Third Quarter and Nine Months ended
30 September 2018**

9 November 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

Third 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 THIRD QUARTER ("3Q2018") AND PERIOD ENDED 30 SEPTEMBER 2018

		Group			Group		
		3 Months Ended		Changes	9 Months Ended		Changes
		30.09.18	30.09.17		30.09.18	30.09.17	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		9,658	42,391	(77.2)	30,884	107,568	(71.3)
Cost of sales		(6,895)	(36,373)	(81.0)	(23,327)	(90,704)	(74.3)
Gross profit		2,763	6,018	(54.1)	7,557	16,864	(55.2)
Gross profit margin		28.6%	14.2%		24.5%	15.7%	
Other income	(i)	431	892	(51.7)	2,366	1,849	28.0
Selling and distribution costs		(1,231)	(1,316)	(6.5)	(3,676)	(3,920)	(6.2)
Administrative and general costs		(2,659)	(3,076)	(13.6)	(8,075)	(8,818)	(8.4)
Other operating expenses	(ii)	(1,127)	(646)	74.5	(1,785)	(1,804)	(1.1)
Finance costs	(iii)	(268)	(303)	(11.6)	(859)	(757)	13.5
Share of results of associates		317	175	81.1	1,112	444	150.5
(Loss) / Profit before tax	(iv)	(1,774)	1,744	N.M.	(3,360)	3,858	(187.1)
Income tax (expense) / credit		—	(422)	(100.0)	10	(1,092)	(100.9)
(Loss) / Profit for the period		(1,774)	1,322	N.M.	(3,350)	2,766	N.M.
Attributable to:							
Owners of the Company		(1,624)	1,453	N.M.	(2,828)	3,085	(191.7)
Non-controlling interests		(150)	(131)	14.5	(522)	(319)	63.6
		(1,774)	1,322	N.M.	(3,350)	2,766	N.M.

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	9 Months Ended		Changes
	30.09.18	30.09.17		30.09.18	30.09.17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
(Loss) / Profit net of tax	(1,774)	1,322	N.M.	(3,350)	2,766	N.M.
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Net deficit on revaluation of freehold/leasehold land and building	–	–	N.M.	(342)	–	N.M.
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation	299	(237)	N.M.	385	(458)	(184.1)
Share of other comprehensive (loss) / income of associates	(22)	(72)	(69.4)	123	(231)	(153.2)
Foreign currency translation on disposal of associates reclassified to profit and loss	7	–	N.M.	697	–	N.M.
Foreign currency translation on loss of control reclassified to profit and loss	–	–	N.M.	–	408	(100.0)
Other comprehensive income / (loss) for the period, net of tax	284	(309)	(191.9)	863	(281)	N.M.
Total comprehensive (loss) / income for the period	(1,490)	1,013	N.M.	(2,487)	2,485	N.M.
Total comprehensive (loss) / income attributable to:						
Owners of the Company	(1,448)	1,221	N.M.	(2,166)	2,921	(174.2)
Non-controlling interests	(42)	(208)	(79.8)	(321)	(436)	(26.4)
	(1,490)	1,013	N.M.	(2,487)	2,485	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Gain on disposal of property, plant and equipment	–	–	3	8
Implicit interest income	1	1	3	3
Interest income	61	690	671	1,093
Share of profits from partnership	–	–	136	143
Upfront fee from litigation funding agreement	–	–	300	–
Sundry income	369	201	1,253	602
	431	892	2,366	1,849

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

	3 Months Ended		9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	501	288	501	288
Bad debts recovered	–	(10)	–	(10)
Foreign exchange loss	529	368	498	1,246
Impairment loss on amount due from associates	–	9	3	17
Impairment loss on doubtful receivables	–	–	123	–
Inventories written off	82	–	121	10
Loss on disposal of a subsidiary	–	–	–	292
Loss on disposal of associates	7	–	449	–
Loss on disposal of other investment	7	–	7	–
Write back of impairment loss on doubtful receivables	–	(11)	–	(52)
Write back of impairment loss on amount due from associates	–	–	(4)	–
Other expenses	1	2	87	13
	1,127	646	1,785	1,804

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

	3 Months Ended		9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	41	19	77	83
- Term loans	203	110	631	252
- Trust receipts	24	174	151	422
	268	303	859	757

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

	3 Months Ended		9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation and amortisation	522	518	1,563	1,567

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 30.09.18	As At 31.12.17	As At 30.09.18	As At 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	30,406	32,434	–	–
Investment in subsidiaries	–	–	75,432	75,345
Investment in associates	6,083	4,748	732	732
Intangible assets	1,684	1,786	–	–
Other investments	538	558	538	538
Other receivables	13,095	13,094	13,022	13,022
Amount due from a related party	6,346	6,203	–	–
Amounts due from subsidiaries	–	–	4,694	4,588
Amount due from an associate	4,694	4,588	–	–
Deferred tax assets	620	665	–	–
	63,466	64,076	94,418	94,225
Current assets				
Inventories	11,501	12,796	–	–
Trade and other receivables	27,386	50,706	48	18
Gross amount due from customer for construction work-in-progress	–	104	–	–
Advance payment to suppliers	866	1,740	–	–
Prepayments	262	317	36	15
Deposits	70	62	19	10
Financial receivable	301	707	–	–
Amounts due from subsidiaries	–	–	5,405	7,026
Amounts due from associates	3,403	3,263	50	49
Fixed and bank deposits	1,455	1,422	1,421	1,389
Cash and bank balances	6,155	10,704	120	599
	51,399	81,821	7,099	9,106
Current liabilities				
Trade and other payables	15,213	23,416	720	1,081
Advance payment from customers	1,241	1,841	–	–
Amounts due to subsidiaries	–	–	1,575	1,217
Amounts due to associates	339	1,216	–	243
Amount due to a related party	1,934	2,009	–	–
Amounts due to bankers	6,591	19,311	–	–
Term loans	7,274	7,438	–	–
Provision for taxation	2,269	3,570	–	1
	34,861	58,801	2,295	2,542
Net current assets	16,538	23,020	4,804	6,564
Non-current liabilities				
Term loans	8,032	9,742	–	–
Amounts due to subsidiaries	–	–	21,828	21,335
Provision for post employment benefits	182	192	–	–
Deferred tax liabilities	2,297	2,367	–	–
	10,511	12,301	21,828	21,335
Net assets	69,493	74,795	77,394	79,454

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 30.09.18	As At 31.12.17	As At 30.09.18	As At 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(3,856)	(4,860)	—	—
Capital reserve	5	5	—	—
Revaluation reserve	16,731	17,073	—	—
Other reserves	(976)	(976)	—	—
Accumulated losses	(73,532)	(67,889)	(66,705)	(64,645)
	82,471	87,452	77,394	79,454
Non-controlling interests	(12,978)	(12,657)	—	—
Total equity	69,493	74,795	77,394	79,454

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 30.09.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
13,865	-	26,749	-

Amount repayable after one year

As at 30.09.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
8,032	-	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 9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss) / Profit before tax	(1,774)	1,744	(3,360)	3,858
<u>Adjustments for:</u>				
Amortisation of intangible assets	34	34	102	102
Depreciation of property, plant and equipment	488	484	1,461	1,465
Gain on disposal of property, plant and equipment	—	—	(3)	(8)
Implicit interest income	(1)	(1)	(3)	(3)
Interest expense	268	303	859	757
Interest income	(61)	(690)	(671)	(1,093)
Loss on disposal of a subsidiary (Note A)	—	—	—	292
Loss on disposal of associates	7	—	449	—
Loss on disposal of other investment	7	—	7	—
Share of results of associates	(317)	(175)	(1,112)	(444)
(Write-back of) / impairment loss on amount due from associates	—	9	(1)	17
Foreign exchange gain	(52)	(619)	(208)	(1,021)
Operating cash flows before changes in working capital	(1,401)	1,089	(2,480)	3,922
<u>(Increase)/decrease in:</u>				
Inventories	1,977	(53)	1,274	40
Trade and other receivables	1,449	(13,157)	23,623	(31,959)
Gross amount due from customer for construction work-in-progress	7	8	104	(63)
Financial receivable	69	105	394	425
Advance payment to suppliers	368	3,609	855	(772)
Prepayments	8	256	50	(70)
Deposits	(15)	(3)	(8)	9
Amounts due from associates	—	439	(65)	259
<u>(Decrease)/increase in:</u>				
Trade and other payables	(350)	(8,781)	(8,135)	1,111
Advance payment from customers	(263)	(3,115)	(184)	(215)
Amounts due to associates	(165)	65	(639)	55
Amount due to a related party	(3)	(17)	(14)	24
Provisions	—	(516)	—	(621)
Provision for post employment benefits	(5)	(4)	(10)	(8)
Cash flows generated from / (used in) operations	1,676	(20,075)	14,765	(27,863)
Income taxes paid	(662)	(231)	(1,367)	(863)
Interest income received	494	706	511	745
Net cash flows generated from / (used in) operating activities	1,508	(19,600)	13,909	(27,981)

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Interest income received	2	6	9	28
Investment in associate	—	—	(100)	—
Dividend received from an associate	—	29	—	29
Purchase of property, plant and equipment	(91)	(18)	(239)	(117)
Proceeds from disposal of property, plant and equipment	—	—	3	8
Proceeds from disposal of other investment	13	—	13	—
Shareholder loan to an associate (net)	—	—	—	(118)
Net cash flows (used in) / generated from investing activities	(76)	17	(314)	(170)
Cash flows from financing activities:				
Dividend paid	—	—	(2,815)	(2,815)
Interest expense paid	(269)	(280)	(946)	(704)
Proceeds from / (repayment of) secured bank overdrafts	715	90	2,802	(1,046)
Drawdown of term loans	441	623	1,481	6,045
Repayment of term loans	(849)	(559)	(3,309)	(1,689)
Decrease in restricted deposits	—	—	—	3
(Decrease)/increase in trust receipts	(4,540)	9,973	(15,421)	19,929
Net cash flows (used in) / generated from financing activities	(4,502)	9,847	(18,208)	19,723
Net decrease in cash and cash equivalents	(3,070)	(9,736)	(4,613)	(8,428)
Effect of exchange rate changes on cash and cash equivalents	25	(27)	66	(661)
Cash and cash equivalents at beginning of period	9,287	16,243	10,789	15,569
Cash and cash equivalents at end of the period	6,242	6,480	6,242	6,480

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

	Group	
	For 9 Months Ended	
	30.09.18	30.09.17
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	7,610	7,838
Less: Bank deposits pledged	(1,368)	(1,358)
Cash and cash equivalents	6,242	6,480

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

	Group 2017 \$'000
Asset:	
Other receivables	81
	<u>81</u>
Liabilities:	
Other payables	(1)
Provision for taxation	<u>(1)</u>
	<u>(2)</u>
Net assets derecognised	<u><u>79</u></u>
Consideration received, satisfied in cash	—
Cash and cash equivalents disposed of	<u>—</u>
Net cash outflow	<u><u>—</u></u>
Loss on disposal:	
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	<u>(408)</u>
	<u>(487)</u>
Non-controlling interest	<u>195</u>
	<u><u>(292)</u></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	Total equity 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			
Balance at 01.01.18	144,099	(67,889)	(4,860)	5	17,073	(976)	(56,647)	87,452	(12,657)	74,795
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
Total comprehensive (loss) / income for the period	—	(976)	564	—	—	—	(412)	(412)	(279)	(691)
Balance at 31.03.18	144,099	(68,865)	(4,296)	5	17,073	(976)	(57,059)	87,040	(12,936)	74,104
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
Total comprehensive (loss) / income for the period	—	(228)	264	—	(342)	—	(306)	(306)	—	(306)
Dividend paid	—	(2,815)	—	—	—	—	(2,815)	(2,815)	—	(2,815)
Balance at 30.06.18	144,099	(71,908)	(4,032)	5	16,731	(976)	(60,180)	83,919	(12,936)	70,983

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

GROUP	← Attributable to owners of the Company →									Non-controlling interests S\$'000	Total equity 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	Equity attributable to owners of the Company S\$'000			
Balance at 30.06.18	144,099	(71,908)	(4,032)	5	16,731	(976)	(60,180)	83,919	(12,936)	70,983	
Loss, net of tax	—	(1,624)	—	—	—	—	(1,624)	(1,624)	(150)	(1,774)	
Other comprehensive income:											
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	191	—	—	—	191	191	108	299	
Share of other comprehensive loss of associates	—	—	(22)	—	—	—	(22)	(22)	—	(22)	
Foreign currency translation on disposal of an associate reclassified to profit or loss	—	—	7	—	—	—	7	7	—	7	
Total comprehensive (loss) / income for the period	—	(1,624)	176	—	—	—	(1,448)	(1,448)	(42)	(1,490)	
Balance at 30.09.18	144,099	(73,532)	(3,856)	5	16,731	(976)	(61,628)	82,471	(12,978)	69,493	

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

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity 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			
Balance at 01.01.17	144,099	(69,306)	(4,575)	5	16,460	(976)	(58,392)	85,707	(11,718)	73,989
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)
Total comprehensive income / (loss) for the period	–	410	(13)	–	–	–	397	397	(251)	146
Balance at 31.03.17	144,099	(68,896)	(4,588)	5	16,460	(976)	(57,995)	86,104	(11,969)	74,135
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
Total comprehensive income for the period	–	1,222	81	–	–	–	1,303	1,303	23	1,326
Dividend paid	–	(2,815)	–	–	–	–	(2,815)	(2,815)	–	(2,815)
Disposal of a subsidiary company	–	–	–	–	–	–	–	–	(195)	(195)
Balance at 30.06.17	144,099	(70,489)	(4,507)	5	16,460	(976)	(59,507)	84,592	(12,141)	72,451

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

GROUP	← Attributable to owners of the Company →						Equity attributable to owners of the Company		
	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	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 30.06.17	144,099	(70,489)	(4,507)	5	16,460	(976)	(59,507)	84,592	72,451
Profit net of tax	–	1,453	–	–	–	–	1,453	1,453	1,322
Other comprehensive income:									
Items that are or may be reclassified subsequently to profit or loss:									
Foreign currency translation	–	–	(160)	–	–	–	(160)	(160)	(237)
Share of other comprehensive loss of associates	–	–	(72)	–	–	–	(72)	(72)	(72)
Total comprehensive income/(loss) for the period	–	1,453	(232)	–	–	–	1,221	1,221	1,013
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	(237)
Balance at 30.09.17	144,099	(69,036)	(4,739)	5	16,460	(976)	(58,286)	85,813	73,227

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 01.01.18	144,099	(64,645)	79,454
Profit for the period	–	742	742
Total comprehensive income for the period	–	742	742
Balance at 31.03.18	144,099	(63,903)	80,196
Loss for the period	–	(455)	(455)
Total comprehensive loss for the period	–	(455)	(455)
Dividend paid	–	(2,815)	(2,815)
Balance at 30.06.18	144,099	(67,173)	76,926
Profit for the period	–	468	468
Total comprehensive income for the period	–	468	468
Balance at 30.09.18	144,099	(66,705)	77,394

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 01.01.17	144,099	(64,823)	79,276
Profit for the period	–	515	515
Total comprehensive income for the period	–	515	515
Balance at 31.03.17	144,099	(64,308)	79,791
Profit for the period	–	962	962
Total comprehensive income for the period	–	962	962
Dividend paid	–	(2,815)	(2,815)
Balance at 30.06.17	144,099	(66,161)	77,938
Profit for the period	–	512	512
Total comprehensive income for the period	–	512	512
Balance at 30.09.17	144,099	(65,649)	78,450

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 9 months ended 30 September 2018.

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

As at 30 September 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.

	30.09.18	31.12.17
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 30 September 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		9 Months Ended	
	30.09.18	30.09.17	30.09.18	30.09.17
	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	(1.15)	1.03	(2.01)	2.19
(ii) On a fully diluted basis	(1.15)	1.03	(2.01)	2.19

The weighted average number of shares for the 3 months and 9 months ended 30 September 2018 were 140,767,484 (3 months and 9 months ended 30 September 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 30.09.18	58.59	54.98
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 September 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

9M2018 versus 9M2017

Overview

The Group recorded a net loss attributable to shareholders of \$2.8 million and loss per ordinary share of 2.01 cents for 9M2018.

Revenue

Revenue of \$30.9 million was 71.3% lower than the revenue for 9M2017 of \$107.6 million due to lower sales from Trading business.

Gross profit

Gross profit of \$7.6 million was 55.2% lower than the gross profit for 9M2017 of \$16.9 million. The decrease was due to lower revenue recorded in 9M2018. However, gross profit margin improved to 24.5% due to higher margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$2.4 million was 28% higher than the other income for 9M2017 of \$1.8 million. The other income for 9M2018 comprised mainly late payment interest of \$671,000 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 \$1.3 million in 9M2018 and it consisted of rental income, LC handling fee, late payment charges etc.

Selling and distribution costs

Selling and distribution costs of \$3.7 million were 6.2% lower than the costs incurred in 9M2017 of \$3.9 million. The decrease was due mainly to lower sales to customers in People's Republic of China and lower marketing related expenses.

Administrative and general costs

Administrative and general costs of \$8.1 million were 8.4% lower compared to the costs incurred in 9M2017 of \$8.8 million. The decrease was due to lower bank charges of \$404k as a result of lower sales from the trading business and lower professional fees of \$225k.

Other operating expenses

Other operating expenses of \$1.8 million which is almost the same to that of 9M2017. Operating expenses for 9M2018 comprised mainly of a provision of slow moving inventory of \$501,000, foreign exchange loss of \$498,000 and a one-time loss on disposal of an associate, Federal JWR Energy Pte Ltd of \$442,000 as announced on 13 February 2018.

Finance costs

Finance costs of \$859,000 were higher than the costs incurred in 9M2017 of \$757,000. 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 for 9M2018 was \$1.1 million as compared to \$444,000 for 9M2017. This is mainly due to our share of profit reported by the Group's associate company in Japan of \$214,000 in 9M2018 as compared to share of loss of \$145,000 in 9M2017 as well as improved results from an associate company in Indonesia.

Income tax credit

Income tax credit of \$10,000 was mainly related to prior year overprovision of tax expense.

3Q2018 vs 3Q2017

Overview

The Group recorded a net loss attributable to shareholders of \$1.6 million and loss per ordinary share of 1.15 cents for 3Q2018.

Revenue

Revenue for 3Q2018 decreased by 77.2% to \$9.6 million on the back of lower revenue recorded under the Trading business segment.

Gross profit

Gross profit of \$2.8 million was lower than the gross profit for 3Q2017 of \$6 million. The decrease was due to lower revenue recorded in 3Q2018. However, gross profit margin for 3Q2018 improved to 28.6% due to higher margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$431,000 was 51.7% lower than the other income for 3Q2017 of \$892,000. The decrease was due to lower late payment interest charged to customers by \$626,000 offset by higher sundry income of \$168,000. Sundry income relates mainly to handling and service fees.

Selling and distribution costs

Selling and distribution costs of \$1.2 million were 6.5% lower than the costs incurred in 3Q2017 of \$1.3 million. The decrease was due mainly to lower sales to customers in People's Republic of China and lower marketing related expenses.

Administrative and general costs

Administrative and general costs of \$2.7 million were 13.6% lower compared to the costs incurred in 3Q2017 of \$3.1 million. The decrease was mainly due to lower professional fees, bank charges and lower staff cost.

Other operating expenses

Other operating expenses of \$1.1 million were 74.5% higher than expenses of \$646,000 recorded in 3Q2017. Higher other operating expenses for 3Q2018 comprised mainly:

- a) Higher allowance for slow moving inventories by \$213,000;
- b) Higher foreign exchange loss by \$161,000; and
- c) Inventories written off by \$82,000.

Finance costs

Finance costs of \$268,000 was 11.6% lower than \$303,000 recorded in 3Q2017 due mainly lower interest incurred for trust receipts offset by higher interest from 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 \$317,000 for 3Q2018 were 81.1% higher than 3Q2017. This was mainly due to our share of profit reported by the Group's associate company in Japan of \$157,000 in 3Q2018 as compared to share of loss of \$12,000 in 3Q2017

Income tax expense

No tax was provided in 3Q2018 due to the losses incurred.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 September 2018, the net assets attributable to owners of the Company amounted to \$82.5 million, which translates to a net asset value per ordinary share of 58.59 cents.

Non-current assets

Non-current assets decreased by \$610,000 to \$63.5 million. The decrease was due mainly to:

- a) Net decrease in property, plant and equipment of \$2 million due mainly to recognition of depreciation charge for the period and foreign exchange translation differences; and
- b) Increase in investment in associates amounting to \$1.3 million mainly due to share of profits recorded of \$1.1 million 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 \$30.4 million to \$51.4 million. The decrease was due mainly to:

- a) Decrease in inventories by \$1.3 million to \$11.5 million subsequent to additional provision for slow moving inventories of \$501,000 and inventories written off of \$121,000.
- b) Decrease in trade and other receivables by \$23.3 million for the Zawtika Development Project Phase 1C; and
- c) Decrease in cash and bank balances by \$4.5 million.

Current liabilities

Current liabilities decreased by \$23.9 million to \$34.9 million. The decrease was due mainly to:

- a) Decrease in amounts due to bankers by \$12.7 million due to decrease in trade facilities utilised for the Zawtika Development Project Phase 1C;
- b) Decrease in trade and other payables by \$8.2 million for the Zawtika Development Project Phase 1C; and
- c) Decrease in provision for taxation by \$1.3 million mainly arising from current year's provision, partially offset by taxes paid.

Non-current liabilities

Non-current liabilities decreased by \$1.8 million to \$10.5 million, mainly due to repayment of term loans.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Non-current assets

Non-current assets increased marginally by \$193,000 to \$94.4 million.

Current assets

Current assets decreased by \$2 million to \$7.1 million. The decrease was due mainly to a decrease in amounts due from subsidiaries of \$1.6 million due to receipt of dividend from a subsidiary.

Current liabilities

Current liabilities decreased by \$247,000 to \$2.3 million. The decrease was due mainly to lower trade and other payables of \$361,000 as a result of lower accrued staff related costs offset by an increase of amounts due to subsidiaries.

Non-current liabilities

Non-current liabilities increased by \$493,000 to \$21.8 million. The increase was due mainly to 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 September 2018, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$6.2 million. For the 9 months ended 30 September 2018, operating activities generated net cash of \$13.9 million, whereas investing activities and financing activities utilised net cash of \$314,000 and \$18.2 million respectively.

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

The net cash utilised by 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 in 2Q2018.

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

On 5 November 2018, the Company released a profit warning on SGXNET regarding an expected loss for 3Q2018.

The actual results for 3Q2018 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 signs of recovery in oil prices, the oil and gas sector still faces intense challenges due largely to shortage of projects. Market fundamentals will remain volatile which is a

major challenge to generating revenue. The Group will continue to manage its costs and actively look for new potential markets which present opportunities for sustainable growth.

The Group will also continue to focus in forming strategic partnerships in order to strengthen its competitiveness in the trading business.

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 September 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**

**Koh Maggie
Executive Director**

9 November 2018