



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 2015**

6 November 2015

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 2015 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 ("3Q2015") AND PERIOD ENDED 30 SEPTEMBER 2015

		Group			Group		
		3 Months Ended		Changes	9 Months Ended		Changes
		30.09.15	30.09.14		30.09.15	30.09.14	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		14,914	28,883	(48.4)	110,855	93,793	18.2
Cost of sales		(9,656)	(23,110)	(58.2)	(73,492)	(75,644)	(2.8)
Gross profit		5,258	5,773	(8.9)	37,363	18,149	105.9
Gross profit margin		35.3%	20.0%		33.7%	19.4%	
Other operating income	(i)	1,289	698	84.7	2,282	5,070	(55.0)
Selling and distribution costs		(2,141)	1,252	N.M.	(7,438)	(2,993)	148.5
Administrative and general costs		(1,965)	(2,660)	(26.1)	(8,187)	(7,914)	3.4
Other operating Expenses	(ii)	(1,248)	(23,731)	(94.7)	(1,865)	(22,386)	(91.7)
Finance costs	(iii)	(150)	(369)	(59.3)	(776)	(1,882)	(58.8)
Share of results of Associates		52	(683)	107.6	(126)	(831)	(84.8)
Profit/(loss) before tax	(iv)	1,095	(19,720)	105.6	21,253	(12,787)	N.M.
Income tax expense		(203)	(65)	N.M.	(2,838)	(476)	N.M.
Profit/(loss) for the period		892	(19,785)	104.5	18,415	(13,263)	N.M.
Attributable to:							
Owners of the Company		647	(19,618)	103.3	17,904	(14,651)	N.M.
Non-controlling interests		245	(167)	N.M.	511	1,388	(63.2)
		892	(19,785)	104.5	18,415	(13,263)	N.M.

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	9 Months Ended		Changes
	30.09.15	30.09.14		30.09.15	30.09.14	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
Profit/(loss) net of tax	892	(19,785)	104.5	18,415	(13,263)	N.M.
Other comprehensive income: Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation	(532)	179	N.M.	(1,858)	(1,008)	84.3
Share of other comprehensive income of an associate	—	—	—	(1)	1	N.M.
Other comprehensive profit/(loss) for the period, net of tax	(532)	179	N.M.	(1,859)	(1,007)	84.6
Total comprehensive income/(loss) for the period	360	(19,606)	101.8	16,556	(14,270)	N.M.
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(131)	(19,593)	99.3	15,778	(15,505)	N.M.
Non-controlling interests	491	(13)	N.M.	778	1,235	(37.0)
	360	(19,606)	101.8	16,556	(14,270)	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		9 Months Ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Commission fee income	–	(1)	–	13
Foreign exchange gain	1,105	247	1,776	698
Gain on disposal of assets held for sale	–	–	–	3,581
Implicit interest income	1	45	2	130
Interest income	90	36	122	49
Other income	93	371	382	599
	1,289	698	2,282	5,070

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

	3 Months Ended		9 Months Ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	–	616	–	616
Bad debt expense	–	–	41	–
Impairment loss on investment in associates	–	–	–	776
Impairment loss on doubtful receivables	–	–	3	41
Inventories written off	–	–	127	1
Loss on disposal of asset under construction	–	24,122	–	24,122
Loss on disposal of derivatives	–	–	84	–
Loss on disposal of slow moving inventories	976	–	976	–
Write back of impairment loss on doubtful receivables	(10)	(1,007)	(28)	(2,503)
Write back of allowance for slow moving inventories	–	–	(33)	–
Write back of impairment loss on work-in-progress	–	–	–	(667)
Others	282	–	695	–
	1,248	23,731	1,865	22,386

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

	3 Months Ended		9 Months Ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	7	22	78	68
- Hire purchase	1	2	4	5
- Term loans	114	287	419	1,439
- Trust receipts	28	58	275	370
	150	369	776	1,882

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

	3 Months Ended		9 Months Ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	491	471	1,471	1,469

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 30.09.15	As At 31.12.14	As At 30.09.15	As At 31.12.14
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	36,096	37,279	5	7
Investment in subsidiaries	–	–	80,203	79,779
Investment in associates	2,845	2,749	868	868
Intangible assets	2	1	–	–
Other investment	20	20	–	–
Other receivables	71	65	–	–
Amount due from a related party	6,633	6,141	–	–
Financial receivables	2,131	2,037	–	–
Deferred tax assets	77	90	22	22
	47,875	48,382	81,098	80,676
Current assets				
Inventories	18,521	26,405	–	–
Trade and other receivables	15,699	36,075	5	9
Gross amount due from customer for work-in-progress	15	298	–	–
Advance payment to suppliers	1,535	12,483	–	–
Prepayments	329	287	31	13
Deposits	182	175	4	4
Financial receivables	290	708	–	–
Amounts due from subsidiaries	–	–	9,180	6,566
Amounts due from associates	15,733	4,176	39	24
Fixed deposits	1,635	2,207	1,460	1,352
Cash and bank balances	13,183	14,292	35	134
	67,122	97,106	10,754	8,102
Current liabilities				
Trade and other payables	28,008	42,612	2,818	2,060
Advance payment from customers	542	3,770	–	–
Deferred revenue	1	10	–	–
Gross amount due to customer for work-in-progress	64	27	–	–
Amounts due to subsidiaries	–	–	3,148	1,223
Amounts due to associates	898	841	886	822
Amount due to a related party	2,242	2,101	–	–
Amounts due to bankers	2,869	29,682	–	–
Term loans	6,541	11,309	–	–
Hire purchase creditors	4	37	–	–
Derivatives	–	753	–	–
Provision for income tax	7,135	4,264	95	306
	48,304	95,406	6,947	4,411
Net current assets	18,818	1,700	3,807	3,691
Non-current liabilities				
Term loans	62	272	–	–
Amount due to a subsidiary	–	–	9,949	9,211
Provision for post-employment benefits	5	5	–	–
Deferred tax liabilities	2,531	2,531	–	–
	2,598	2,808	9,949	9,211
Net assets	64,095	47,274	74,956	75,156
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(6,692)	(4,567)	–	–
Capital reserve	2,778	2,778	–	–
Revaluation reserve	16,598	16,598	–	–
Other reserves	(977)	(976)	–	–
Accumulated losses	(79,728)	(97,632)	(69,143)	(68,943)
	76,078	60,300	74,956	75,156
Non-controlling interests	(11,983)	(13,026)	–	–
Total equity	64,095	47,274	74,956	75,156

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 30.09.15 S\$'000		As at 31.12.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
9,413	1	41,024	4

Amount repayable after one year

As at 30.09.15 S\$'000		As at 31.12.14 S\$'000	
Secured	Unsecured	Secured	Unsecured
62	-	272	-

Details of any collaterals

The Group's secured borrowings comprise bank overdrafts, hire purchase creditors, 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 and its subsidiaries;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee by a director of a subsidiary; and
- (v) Subsidiary's inventories.

The Group's hire purchases are secured over mortgages on plant and machinery and motor vehicles of certain subsidiaries.

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	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit/(loss) before tax	1,095	(19,720)	21,253	(12,787)
<u>Adjustments for:</u>				
Allowance for slow moving inventories	–	616	–	616
Depreciation of property, plant and equipment	491	471	1,471	1,469
Gain on disposal of assets held for sale (Note A)	–	–	–	(3,581)
Impairment loss on investment in associates	–	–	–	776
Impairment loss on doubtful receivables	–	–	3	41
Implicit interest income	(1)	(45)	(2)	(130)
Interest expense	150	369	776	1,882
Interest income	(90)	(36)	(122)	(49)
Inventories written off	–	–	–	1
Loss on disposal of derivatives	–	–	84	–
Loss on disposal of asset under construction	–	24,122	–	24,122
Share of results of associates	(52)	683	126	831
Share of other comprehensive income of an associate	–	–	1	–
Exchange (gain)/loss	(261)	(235)	83	(63)
Write back of impairment loss on doubtful receivables	(10)	(1,007)	(28)	(2,503)
Write back of impairment loss on work-in-progress	–	–	–	(667)
Operating cash flows before changes in working capital	1,322	5,218	23,645	9,958
<u>(Increase)/decrease in:</u>				
Inventories	1,498	(167)	8,028	(1,223)
Trade and other receivables	10,587	5,907	19,658	9,717
Gross amount due from customer for work-in-progress	15	(290)	283	454
Financial receivables	–	82	436	201
Advance payment to suppliers	145	(194)	10,970	(9,832)
Prepayments	20	(248)	59	(711)
Deposits	–	(11)	(2)	(65)
Amounts due from associates	(1,411)	(1,326)	(1,560)	(1,353)
<u>(Decrease)/increase in:</u>				
Trade and other payables	(2,190)	(9,807)	(9,551)	(7,576)
Bills receivables (settled)/purchased	–	–	(9,474)	10,308
Gross amount due to customer for work-in-progress	36	(138)	36	–
Advance payment from customers	139	974	(3,241)	341
Deferred revenue	1	5	(9)	(15)
Amounts due to associates	(170)	21	57	(122)
Amount due to a related party	2	(71)	49	(85)
Derivatives	–	–	(838)	–
Cash flows generated from / (used in) operations	9,994	(45)	38,546	9,997

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.15	30.09.14	30.09.15	30.09.14
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income received	–	34	–	45
Interest expense paid	–	(795)	–	(1,641)
Income tax (paid)/refunded	(278)	(633)	13	(3,199)
Net cash generated from / (used in) operating activities	9,716	(1,439)	38,559	5,202
Cash flows from investing activities:				
Interest income received	89	–	119	–
Investment in associate	–	–	(78)	–
Loans to associates	(7,275)	(1,180)	(9,517)	(1,180)
Payments made to suppliers for conversion of a vessel	(843)	(26,228)	(6,477)	(31,041)
Purchase of property, plant and equipment	(633)	(27)	(983)	(415)
Net cash outflow from disposal of assets held for sale (Note A)	–	–	–	(426)
Proceeds from disposal of asset under construction	–	51,439	–	51,439
Net cash (used in) / generated from investing activities	(8,662)	24,004	(16,936)	18,377
Cash flows from financing activities:				
Interest expense paid	(173)	–	(1,027)	–
Capital contribution from non-controlling interest of a subsidiary	–	–	265	–
(Repayment)/proceeds from secured bank overdrafts	(1,158)	(1,276)	(562)	647
Repayment of hire obligations under purchase – net	(9)	(11)	(32)	(33)
Drawdown of term loans	1,654	953	4,385	9,501
Repayment of term loans	(6,095)	(15,533)	(9,584)	(27,998)
Decrease/(Increase) in pledged deposits	171	18	839	(723)
(Decrease)/Increase in trust receipts	(5,090)	128	(17,798)	(5,823)
Net cash used in financing activities	(10,700)	(15,721)	(23,514)	(24,429)
Net (decrease)/increase in cash and cash equivalents	(9,646)	6,844	(1,891)	(850)
Effect of exchange rate changes on cash and cash equivalents	724	236	927	63
Cash and cash equivalents at beginning of period	22,308	11,908	14,350	19,775
Cash and cash equivalents at end of the period	13,386	18,988	13,386	18,988

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	
	30.09.15	30.09.14
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	14,818	21,253
Less: Bank deposits pledged	(1,432)	(2,265)
Cash and cash equivalents	13,386	18,988

Note A

On 12 March 2014, the Group completed the disposal of its subsidiaries, FEE Water (China-PZH) Ltd and Federal Environmental (Panzhuhua) Co., Ltd, which were previously classified as assets held for sale. 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
	30.09.14
	S\$'000
Assets:	
Property, plant and equipment	109
Financial receivables	26,478
Inventories	213
Other receivables	75
Prepayment	3
Fixed deposits	412
Cash and bank balances	64
	27,354
Liabilities:	
Trade payables	4,630
Other payables	4,029
Deferred revenue	41
Amount due to a related party	103
Term loans	20,970
Deferred tax liabilities	463
	30,236
Net liabilities derecognised	(2,882)
Consideration received, satisfied in cash	50
Cash and cash equivalents disposed of	(476)
Net cash outflow	(426)
Gain on disposal:	
Consideration received	50
Net liabilities derecognised	2,882
Cumulative exchange differences in respect of the net liabilities of the subsidiaries reclassified from equity on loss of control of subsidiaries	649
	3,581

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			
Balance at 01.01.15	144,099	(97,632)	(4,567)	2,778	16,598	(976)	(83,799)	60,300	(13,026)	47,274
Profit, net of tax	–	15,991	–	–	–	–	15,991	15,991	–	15,991
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(326)	–	–	–	(326)	(326)	90	(236)
Share of other comprehensive income of an Associate	–	–	–	–	–	(1)	(1)	(1)	–	(1)
Total comprehensive income/(loss) for the period	–	15,991	(326)	–	–	(1)	15,664	15,664	90	15,754
<u>Change in ownership interests in a subsidiary</u>										
Capital contribution by non-controlling interest in a subsidiary company	–	–	–	–	–	–	–	–	265	265
Balance at 31.03.15	144,099	(81,641)	(4,893)	2,778	16,598	(977)	(68,135)	75,964	(12,671)	63,293
Profit, net of tax	–	1,266	–	–	–	–	1,266	1,266	266	1,532
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(1,021)	–	–	–	(1,021)	(1,021)	(69)	(1,090)
Total comprehensive income/(loss) for the period	–	1,266	(1,021)	–	–	–	245	245	197	442
Balance at 30.06.15	144,099	(80,375)	(5,914)	2,778	16,598	(977)	(67,890)	76,209	(12,474)	63,735

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	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			
Balance at 30.06.15	144,099	(80,375)	(5,914)	2,778	16,598	(977)	(67,890)	76,209	(12,474)	63,735
Profit, net of tax	–	647	–	–	–	–	647	647	245	892
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(778)	–	–	–	(778)	(778)	246	(532)
Share of other comprehensive income of an associate	–	–	–	–	–	–	–	–	–	–
Total comprehensive income/(loss) for the period	–	647	(778)	–	–	–	(131)	(131)	491	360
Balance at 30.09.15	144,099	(79,728)	(6,692)	2,778	16,598	(977)	(68,021)	76,078	(11,983)	64,095

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 →										
	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	Reserve of disposal group classified as held for sale S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
Balance at 01.01.14	144,099	(75,047)	(4,383)	2,778	14,092	(990)	(63,550)	80,549	536	(13,799)	67,286
Profit, net of tax	–	2,912	–	–	–	–	2,912	2,912	–	1,445	4,357
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	604	–	–	–	604	604	(536)	(260)	(192)
Share of other comprehensive income of an associate	–	–	–	–	–	1	1	1	–	–	1
Total comprehensive income/(loss) for the period	–	2,912	604	–	–	1	3,517	3,517	(536)	1,185	4,166
<u>Others</u>											
Transfer from accumulated losses to statutory reserve fund	–	(13)	–	–	–	13	–	–	–	–	–
Balance at 31.03.14	144,099	(72,148)	(3,779)	2,778	14,092	(976)	(60,033)	84,066	–	(12,614)	71,452
Profit, net of tax	–	2,055	–	–	–	–	2,055	2,055	–	110	2,165
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	(948)	–	–	–	(948)	(948)	–	(47)	(995)
Total comprehensive income/(loss) for the period	–	2,055	(948)	–	–	–	1,107	1,107	–	63	1,170
Balance at 30.06.14	144,099	(70,093)	(4,727)	2,778	14,092	(976)	(58,926)	85,173	–	(12,551)	72,622

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 →										
	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	Reserve of disposal group classified as held for sale S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
Balance at 30.06.14	144,099	(70,093)	(4,727)	2,778	14,092	(976)	(58,926)	85,173	–	(12,551)	72,622
Loss, net of tax	–	(19,618)	–	–	–	–	(19,618)	(19,618)	–	(167)	(19,785)
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	25	–	–	–	25	25	–	154	179
Total comprehensive (loss)/income for the period	–	(19,618)	25	–	–	–	(19,593)	(19,593)	–	(13)	(19,606)
Balance at 30.09.14	144,099	(89,711)	(4,702)	2,778	14,092	(976)	(78,519)	65,580	–	(12,564)	53,016

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 01.01.15	144,099	(68,943)	75,156
Loss for the period	–	(106)	(106)
Total comprehensive loss for the period	–	(106)	(106)
Balance at 31.03.15	144,099	(69,049)	75,050
Profit for the period	–	109	109
Total comprehensive profit for the period	–	109	109
Balance at 30.06.15	144,099	(68,940)	75,159
Loss for the period	–	(203)	(203)
Total comprehensive loss for the period	–	(203)	(203)
Balance at 30.09.15	144,099	(69,143)	74,956

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 01.01.14	144,099	(54,811)	89,288
Loss for the period	–	(79)	(79)
Total comprehensive loss for the period	–	(79)	(79)
Balance at 31.03.14	144,099	(54,890)	89,209
Loss for the period	–	(10)	(10)
Total comprehensive loss for the period	–	(10)	(10)
Balance at 30.06.14	144,099	(54,900)	89,199
Profit for the period	–	378	378
Total comprehensive profit for the period	–	378	378
Balance at 30.09.14	144,099	(54,522)	89,577

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as 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 2015.

As at 30 September 2015 and 31 December 2014 respectively, the Company did not have any convertible securities.

As at 30 September 2015 and 31 December 2014 respectively, there were no treasury shares held.

- 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.**

	30.09.15	31.12.14
Total number of issued shares (excluding treasury shares)	140,767,484	1,407,675,433

As at 30 September 2015 and 31 December 2014 respectively, there were no treasury shares held.

The Company effected and completed its share consolidation exercise on 18 Aug 2015 by consolidating every ten existing issued ordinary shares in the capital of the Company into one ordinary share. The issued share capital of the Company post consolidation comprised 140,767,484 shares.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, consistent with those of the audited financial statements for the year ended 31 December 2014.

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.

In the current financial period, the Group adopted the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2015.

The adoption of these new / revised FRS and INT FRS 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		
	30.09.15	30.09.14 (Restated)	30.09.14 (Previously reported)	30.09.15	30.09.14 (Restated)	30.09.14 (Previously reported)
	Cents	Cents	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	0.46	(13.94)	(1.39)	12.72	(10.41)	(1.04)
(ii) On a fully diluted basis	0.46	(13.94)	(1.39)	12.72	(10.41)	(1.04)

The weighted average number of shares for the three months and nine months ended 30 September 2015 were 140,767,484 ordinary shares. The comparative earnings per share for the three months and nine months ended 30 September 2014 were restated based on the post consolidation weighted average number of shares of 140,767,484 ordinary shares.

The Company effected and completed its share consolidation exercise on 18 Aug 2015 by consolidating every ten existing issued ordinary shares in the capital of the Company into one ordinary share.

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 30.09.15	54.05	53.25
As at 31.12.14 (Restated)	42.84	53.39
As at 31.12.14 (Previously reported)	4.28	5.34

The net asset value per share is calculated based on the number of ordinary shares in issue as at 30 September 2015 of 140,767,484 (31 December 2014 restated: 140,767,484). The number of issued shares used for the computation of the net asset value per ordinary share as at 31 December 2014 was adjusted for the effect of the share consolidation.

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

9M2015 versus 9M2014

Overview

For the 9 months ended 30 Sep 2015 ("**9M2015**"), the Group reported revenue of S\$110.9 million (9M2014: S\$93.8 million) and profit before tax of S\$21.3 million (9M2014: Loss before tax of S\$12.8 million). The better performance in 2015 was due mainly to higher sales from the Group's trading business segment, which contributed 97% of the total Group turnover.

Revenue

Revenue of S\$110.9 million was 18% higher than the corresponding period in 2014 (9M2014: S\$93.8 million). The increase was due mainly to higher sales of oil and gas products to customers in Southeast Asia.

Gross profit

Gross profit of S\$37.4 million was 106% higher than the corresponding period in 2014 (9M2014: S\$18.1 million). The increase was consistent with the increase in turnover as well as an improvement in gross profit margin. The higher margin in 2015 was due mainly to better margins from certain sales orders and a change in the sales mix.

Other operating income

Other operating income of S\$2.3 million was 55% lower than the corresponding period in 2014 (9M2014: S\$5.1 million). The decrease was due mainly to the absence of a one-time gain of S\$3.6 million relating to the disposal of assets held for sale. The assets disposed were the Group's investments in Federal Environmental (Panzhuhua) Co., Ltd ("FEPZH") and its immediate holding company, FEE Water (China-PZH) Ltd ("FEEW"). FEPZH owns and operates the wastewater treatment plant located in Panzhuhua, Sichuan Province, in the People's Republic of China. The decrease was partly offset by higher foreign exchange gain.

Selling and distribution costs

Selling and distribution costs of S\$7.4 million were 149% higher than the corresponding period in 2014 (9M2014: S\$3.0 million). Selling and distribution costs incurred in 2014 were lower as a result of the reversal of accrued marketing related costs of S\$3.7 million in 3Q2014.

Excluding the effect of the reversal of accrued marketing related costs, the increase in selling and distribution costs would be S\$0.7 million or an increase of 10%, which was consistent with the increase in turnover for 2015.

Administrative and general costs

Administrative and general costs of S\$8.2 million were 3% higher than the corresponding period in 2014 (9M2014: S\$7.9 million). The increase was due mainly to a higher amount of tax provisions reversed in 2014 as compared with 2015. Provisions for overseas taxes amounting to S\$1.2 million and S\$0.8 million were reversed in 2014 and 2015 respectively as these tax liabilities have reached the statutory timebar.

Other operating expenses

Other operating expenses of S\$1.9 million were 92% lower than the corresponding period in 2014 (9M2014: S\$22.4 million). Other operating expenses were higher in 2014 mainly as a result of the loss on disposal of asset (*Federal II*) under construction of S\$24.1 million. In 2015, other operating expenses comprised mainly the loss on disposal of slow moving stocks of S\$976,000.

Finance costs

Finance costs of S\$776,000 were 59% lower than the corresponding period in 2014 (9M2014: S\$1.9 million). The decrease was due mainly to the overall reduction in term loans and amounts due to bankers.

Share of results of associates

The Group's share of results of its associates was a net loss of S\$126,000, compared with S\$831,000 (net loss) for the corresponding period in 2014.

The reduction in share of loss was due mainly to positive contributions from PT Eastern Jason ("PTEJ") following the commencement of the *Federal II* charter in June 2015. The Group has a 30% equity interest in PTEJ. The Group ceases to recognise losses of certain associates because the Group's share of losses has exceeded the carrying amount of the underlying investments.

Income tax expense

The increase in income tax expense was due mainly to provisions made for current period tax expense.

Earnings per share ("EPS")

The EPS for 9M2015 was 12.72 cents compared with a loss per share of 10.41 cents for 9M2014. The comparative EPS figure was adjusted based on the post-consolidation weighted average number of shares.

3QFY2015 vs 3QFY2014

Revenue

Revenue of S\$14.9 million was 48% lower than the corresponding period in 2014 (3Q2014: S\$28.9 million). The decrease was due to lower sales from the Group's trading business segment. Sales were affected by the project-based nature of the business as well as overall weaker market conditions.

Gross profit

Gross profit of S\$5.3 million was 9% lower than the corresponding period in 2014 (3Q2014: S\$5.8 million). The decrease was due to lower turnover in 3Q2015. However, gross profit margin was higher because of a change in the sales mix.

Other operating income

Other operating income of S\$1.3 million was 85% higher than the corresponding period in 2014 (3Q2014: S\$698,000). The increase was due mainly to higher foreign exchange gain arising from the appreciation of the US dollar against the Singapore dollar.

Selling and distribution costs

Selling and distribution costs of S\$2.1 million were 271% higher than the corresponding period in 2014 (3Q2014: S\$1.3 million credit balance). The negative selling and distribution costs reported in 3Q2014 was due to the reversal of accrued marketing related costs of S\$3.7 million that was no longer required.

Administrative and general costs

Administrative and general costs of S\$2.0 million were 26% lower than the corresponding period in 2014 (3Q2014: S\$2.7 million). The decrease was due mainly to reversal of provisions for overseas taxes of S\$0.8 million as these tax liabilities have reached the statutory timebar.

Other operating expenses

Other operating expenses of S\$1.2 million were 95% lower than the corresponding period in 2014 (3Q2014: S\$23.7 million). The higher other operating expenses in 2014 was due mainly to the loss on disposal of asset (*Federal II*) under construction. The other operating expenses incurred in 3Q2015 comprised mainly the loss on disposal of slow moving inventories of S\$976,000.

Finance costs

Finance costs of S\$150,000 were 59% lower than the corresponding period in 2014 (3Q2014: S\$369,000). The decrease is consistent with the reduction in term loans and amounts due to bankers.

Share of results of associates

The Group's share of results of its associates was a net gain of S\$52,000, compared with a net loss of S\$683,000 for the corresponding period in 2014. The improvement in associates' results in 3Q2015 was due mainly to positive contributions from PTEJ, following the commencement of the *Federal II* charter in June 2015. The Group has a 30% equity interest in PTEJ. The Group ceases to recognise losses of certain associates because the Group's share of losses has exceeded the carrying amount of the underlying investments.

Income tax expense

Income tax expense relates to provisions for current period tax liabilities.

Earnings per share ("EPS")

The EPS for 3Q2015 was 0.46 cents compared with a loss per share of 13.94 cents for 3Q2014. The comparative EPS figure was adjusted based on the post-consolidation weighted average number of shares.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 Sep 2015, the net assets attributable to owners of the Company amounted to S\$76.1 million, which translates to a net asset value per ordinary share of 54.05 cents (31 Dec 2014: 42.84 cents).

Non-current assets

Non-current assets decreased by S\$507,000 or by 1% to S\$47.9 million. The reduction was due mainly to a reduction in property, plant and equipment (“PPE”) of S\$1.2 million (-3.2%). The decrease in PPE was due mainly to depreciation expenses for the period and foreign currency translation loss arising from the depreciation of the Indonesian Rupiah (“IDR”) against the Singapore dollar as certain PPE is denominated in IDR.

The decrease in PPE was partly offset by additions made to PPE and an increase in amount due a related party. The increase in amount due from a related party of S\$492,000 (+8%) was due mainly to foreign exchange translation gains arising from the appreciation of the US dollar against the Singapore dollar.

Current assets

Current assets decreased by S\$30.0 million or by 31% to S\$67.1 million. The reduction was due mainly to:

- A decrease in inventories of S\$7.9 million (-30%) due mainly to a reduction in goods in-transit, higher sales and the disposal of slow moving inventories;
- A decrease in trade and other receivables of S\$20.4 million (-56%) due mainly to sales collections received;
- A decrease in gross amount due from customer for work-in-progress (“WIP”) of S\$283,000 (-95%) due to the completion of the WIP and the recognition of the associated revenue;
- A decrease in advance payment to suppliers of S\$10.9 million (-88%) due mainly to the transfer of the advance payment to costs of sales following the completion of delivery of goods to a customer;
- A decrease in financial receivables of S\$418,000 (-59%) due to receipt of payments from the Chengdu government under the minimum guaranteed water volume for the Chengdu industrial waterplant located in Xinjing County, Chengdu, in the PRC; and
- A decrease in fixed deposits, cash and bank balances of S\$1.7 million (-11%).

The decrease was partly offset by an increase in amounts due from associates of S\$11.6 million. The increase in amounts due from associates was due to increase in loans to the Group’s associate companies and the appreciation of the US dollar against the Singapore dollar as the loans are denominated in US dollar.

Current liabilities

Current liabilities decreased by S\$47.1 million (-49%) to S\$48.3 million. The reduction was due mainly to:

- A decrease in trade and other payables of S\$14.6 million (-34%);
- A decrease in advance payment from customers of S\$3.2 million (-86%) as these advance payments were recognised as revenue for sales orders delivered to customers;
- A decrease in deferred revenue of S\$9,000 (-90%) as revenue has been recognised during the year;
- A decrease in amounts due to bankers and term loans of S\$26.8 million (-90%) and S\$4.8 million (-42%) respectively. The decrease was due mainly to a net repayment in trust receipts and bank borrowings; and

- A decrease in derivatives of S\$753,000 (-100%) due to the settlement of the forward foreign exchange contract in March 2015. The forward foreign exchange contract was to hedge the foreign currency exposure relating to the cost of a project that has since been completed.

The decrease was partly offset by an increase in provision for income tax of S\$2.9 million, gross amount due to customer for work-in-progress of S\$37,000, amounts due to associates of S\$57,000 and amount due to a related party of S\$141,000.

Net current assets

The Group's net current assets position improved by S\$17.1 million to S\$18.8 million as at 30 Sep 2015. The Group's cash and cash equivalents as at 30 Sep 15, excluding pledged deposits, amounted to S\$13.4 million.

Non-current liabilities

Non-current liabilities decreased by S\$210,000 (-7%) to S\$2.6 million. The decrease was due mainly to the reduction in term loans of S\$210,000 (-77%).

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Amounts due from subsidiaries (Current assets)

Amounts due to subsidiaries (Current and non-current liabilities)

The current and non-current portions of amounts due to subsidiaries increased by S\$1.9 million (+157%) and S\$738,000 (+8%) respectively. The amounts received from subsidiaries were subsequently loaned to other subsidiaries of the Company, which resulted in an increase of S\$2.6 million (+40%) in amounts due from subsidiaries.

Amounts due from associates

Amounts due from associates increased by S\$15,000 (+63%) to S\$39,000 due mainly to increase in loans extended to an associate company.

Fixed deposits

Increase in fixed deposits of S\$108,000 (+8%) due to the appreciation of the US dollar against the Singapore dollar as the deposits are denominated in US dollar.

Cash and bank balances

Cash and bank balances decreased by S\$99,000 (-74%) due to increase in loans to subsidiaries of the Company.

Trade and other payables

Trade and other payables increased by S\$758,000 (+37%) to S\$2.8 million due mainly to increase in accruals for staff related costs.

Amounts due to associates

Amounts due to associates increased by S\$64,000 (+8%) to S\$886,000. The increase is due to the appreciation of the US dollar as the amounts due to associates are denominated in US dollar.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents for the 9 months ended 30 Sep 15 decreased by S\$1.9 million to S\$13.4 million. Operating activities generated net cash of S\$38.6 million whereas investing and financing activities utilised S\$16.9 million and S\$23.5 million respectively.

The cash used for investing activities related mainly to payments of S\$6.5 million to suppliers for the conversion and offshore commissioning of the vessel, *Federal II*, additions to PPE of S\$983,000 and loans to associate companies of S\$9.5 million.

The cash used for financing activities related mainly to the net repayment in term loans of S\$5.2 million and net settlement of trust receipts of S\$17.8 million, net repayment of secured bank overdrafts of S\$562,000 and interest paid of S\$1.0 million.

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

No forecast or prospect statement was given.

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.

Trading business

The trading business segment contributed S\$107.5 million in revenue for the 9 months ended 30 Sep 2015, which comprised 97% of the total turnover for the Group. Due to the depressed oil prices and overall weakness in the global economy, activities in the oil and gas sectors have slowed down and margins have also fallen due to increasing competition.

To address these challenges, the Group intensified its focus and strategies which culminated in the signing of a master procurement agreement between PT Gunanusa Utama Fabricators ("**PT GUF**") and Federal Hardware Engineering Co. Pte Ltd ("**FHEC**") in October 2015. FHEC is a wholly-owned subsidiary of the Group and PT GUF is an associate company in which the Group holds an equity interest of 20.7%.

Founded in 1980, PT GUF provides project management, engineering, procurement, construction, installation and commissioning ("**EPCIC**") services for both offshore and onshore projects in the oil and gas sectors, as well as for other heavy engineering projects. PT GUF is an established EPCIC company. In addition to its home market in Indonesia, PT GUF has completed projects in Myanmar, India, Thailand and Brunei. Its facilities include an 18 ha yard located about 120 km west of Jakarta. The yard has an 800 metre waterfront and 2 jetties, each with an 8,000 and a 10,000 ton load out capacity respectively.

The Group's strengths as a procurement specialist complement PT GUF's EPCIC capabilities. Under the agreement, FHEC would provide procurement services to PT GUF for two of its on-going projects and the procurement value for these projects is USD16.8 million. Together with PT GUF, the Group expects to be able to secure more projects.

As of end of October 2015, the Group has a committed order book of S\$48 million, which includes the two PT GUF projects. The Group will continue to actively pursue and bid for projects in the Southeast Asia region and in the People's Republic of China, as well as expand its product offerings. The Group will also manage its costs carefully and prudently so as to minimise overhead costs.

Marine Logistics business – Federal II

Under the Group's marine logistics business, *Federal II*, a floating, storage and offloading ("FSO") vessel, is owned by PT Eastern Jason ("PTEJ"). Eastern Jason Fabrication Services Pte Ltd ("EJFS"), a wholly-owned subsidiary of the Group, holds a 30% equity interest in PTEJ.

The vessel is chartered to China National Offshore Oil Corporation ("CNOOC") and charter operations commenced on 10 June 2015. The duration of the charter is till 6 September 2018 and there is an option for CNOOC to renew the charter for a further five years to 6 September 2023.

The charter provides the Group with a steady source of recurring income through the Group's share in the results of PTEJ. However, the charter would not have a significant impact on the results of the Group for 2015.

Resource business – Land rig

In the Group's 1Q2015 results announcement on 6 May 2015, the Group informed that a contract with value of USD917,000 was signed on 17 April 2015 for the charter of its 1,200 HP land rig. Under the contract, the rig is to be deployed for the drilling of three wells at Jaboi, Sabang, in Aceh Province, Indonesia, as part of the plan to develop an 80 MW geothermal power plant in Sabang to meet the growing power demand in the area. Upon the completion of the three wells, the charterer has the option to extend the charter for the drilling of a further seven wells at the same location. The charterer is a drilling company and the end user is the developer of the geothermal power plant project.

The drilling of the 3 wells was expected to be completed in 2015 but as the necessary land approval from the Forest Ministry has not yet been obtained by the end user, the rig has not yet been deployed.

"Sabang Mayor Zulkifli H. Adam welcomes the project, saying that it would help increase power supply in the area, which is seen as crucial to lure new investment into the local maritime, tourism, and shipping sectors. He vowed to help speed up permitting and land acquisition process for the project.", reported the Petromindo (Indonesian Oil, Mining and Energy news publication) in its 21 October to 21 November 2015 issue.

The Group is closely monitoring the approval process and also, the subsequent deployment of the rig. Further updates will be provided when there are fresh developments.

Resource business – Supply and leasing of equipment to increase output from oil and gas wells

In the announcements made by the Group on 14 July 2015 and 5 August 2015, the Group informed that an option agreement to acquire 51.3% of PT Petrosa Novomet Indonesia ("PTPNI") was signed on 14 July 2015. PTPNI was incorporated in January 2015 to supply, lease and operate specialised equipment using advanced technology that is able to increase the production and yield of onshore and offshore oil and gas wells. The proposed investment in PTPNI is intended to expand and strengthen the Group's foothold in the upstream oil and gas sector in Indonesia.

The Group is still in discussions with the relevant stakeholders in terms of how the business is structured and the roles and responsibilities of each stakeholder before any investment is made. Therefore, the Group's investment is contingent upon finalisation of such discussions and agreements, and there is no assurance that such agreements may be reached with all parties concerned. Further updates will be provided when there are fresh developments.

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.

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 2015, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Koh Kian Kiong
Executive Chairman & CEO

Koh Maggie
Executive Director

6 November 2015