



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 2019**

5 August 2019

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 2019 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 ("2Q2019")

		Group			Group		
		3 Months Ended		Changes	6 Months Ended		Changes
		30.06.19	30.06.18		30.06.19	30.06.18	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		11,886	7,398	60.7	22,231	21,226	4.7
Cost of sales		(8,762)	(5,423)	61.6	(16,829)	(16,432)	2.4
Gross profit		3,124	1,975	58.2	5,402	4,794	12.7
Gross profit margin		26.3%	26.7%		24.3%	22.6%	
Other income	(i)	583	1,506	(61.3)	1,009	1,965	(48.7)
Selling and distribution costs		(1,167)	(1,193)	(2.2)	(2,244)	(2,445)	(8.2)
Administrative and general costs		(2,559)	(2,605)	(1.8)	(4,811)	(5,416)	(11.2)
Other operating expenses	(ii)	(348)	(67)	N.M.	(152)	(688)	(77.9)
Finance costs	(iii)	(324)	(277)	17.0	(633)	(591)	7.1
Share of results of associates and joint venture		154	221	(30.3)	170	795	(78.6)
Loss before tax	(iv)	(537)	(440)	22.0	(1,259)	(1,586)	(20.6)
Income tax credit / (expense)		3,454	(2)	N.M.	3,449	10	N.M.
Profit / (Loss) for the period		2,917	(442)	N.M.	2,190	(1,576)	N.M.
Attributable to:							
Owners of the Company		3,118	(228)	N.M.	2,506	(1,204)	N.M.
Non-controlling interests		(201)	(214)	(6.1)	(316)	(372)	(15.1)
		2,917	(442)	N.M.	2,190	(1,576)	N.M.

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	6 Months Ended		Changes
	30.06.19	30.06.18		30.06.19	30.06.18	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
Profit / (Loss) net of tax	2,917	(442)	N.M.	2,190	(1,576)	N.M.
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Net surplus / (deficit) on revaluation of freehold / leasehold land and buildings	234	(342)	(168.4)	234	(342)	(168.4)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation	227	330	(31.2)	(6)	86	(107.0)
Share of other comprehensive income / (loss) of associates and joint venture	30	148	(79.7)	(16)	145	(111.0)
Foreign currency translation on disposal of an associate reclassified to profit and loss	–	–	N.M.	–	690	(100.0)
Foreign currency translation on loss of control reclassified to profit and loss	(5)	–	N.M.	(5)	–	N.M.
Other comprehensive income for the period, net of tax	486	136	N.M.	207	579	(64.2)
Total comprehensive income / (loss) for the period	3,403	(306)	N.M.	2,397	(997)	N.M.
Total comprehensive income / (loss) attributable to:						
Owners of the Company	3,546	(306)	N.M.	2,732	(718)	N.M.
Non-controlling interests	(143)	–	N.M.	(335)	(279)	20.1
	3,403	(306)	N.M.	2,397	(997)	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Fee from litigation funding agreement	–	–	–	300
Foreign currency exchange gain	–	680	113	31
Gain on disposal of a subsidiary	3	–	3	–
Gain on disposal of property, plant and equipment	–	–	–	3
Implicit interest income	1	1	2	2
Interest income	138	300	198	610
Rental and related income	66	84	132	171
Share of profits from partnership	–	33	–	136
Sundry income	375	408	561	712
	583	1,506	1,009	1,965

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

	3 Months Ended		6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	137	–	137	–
Foreign currency exchange loss	88	–	–	–
Impairment loss on doubtful receivables	130	–	130	123
Impairment loss on amount due from associates	–	–	–	3
Inventories written off	3	2	3	39
Loss on disposal of an associate	–	–	–	442
Write back of impairment loss on doubtful receivables	(10)	–	(119)	–
Write back of impairment loss on amount due from associates	–	–	–	(4)
Other expenses	–	65	1	85
	348	67	152	688

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

	3 Months Ended		6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	39	27	77	37
- Term loans	180	200	358	407
- Trust receipts	53	50	94	147
- Lease liabilities	52	–	104	–
	324	277	633	591

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

	3 Months Ended		6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation and amortisation	529	497	1,074	1,041
Depreciation of right-of-use assets	93	–	186	–
	622	497	1,260	1,041

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 30.06.19	As At 31.12.18	As At 30.06.19	As At 31.12.18
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	19,544	31,316	–	–
Investment properties	11,257	–	–	–
Right-of-use assets	3,728	–	–	–
Investment in subsidiaries	–	–	77,826	77,876
Investment in associates and joint venture	6,148	5,994	732	732
Intangible assets	1,582	1,650	–	–
Financial assets at fair value through other comprehensive income	538	538	538	538
Other receivables	13,097	13,095	13,022	13,022
Deferred tax assets	732	722	–	–
	56,626	53,315	92,118	92,168
Current assets				
Inventories	11,596	12,625	–	–
Trade receivables	28,629	23,867	–	–
Other receivables	5,073	6,859	1,499	46
Advance payment to suppliers	430	779	–	–
Prepayments	308	250	8	16
Deposits	56	78	4	24
Financial receivable	–	300	–	–
Amounts due from subsidiaries	–	–	2,693	1,875
Amounts due from associates	2,956	2,979	49	50
Amount due from a related party	6,278	6,327	–	–
Tax receivables	210	–	–	–
Fixed and bank deposits	1,389	1,398	1,353	1,363
Cash and bank balances	2,969	8,968	102	188
	59,894	64,430	5,708	3,562
Current liabilities				
Trade payables	4,888	8,233	–	–
Other payables	10,171	10,007	671	649
Contract liabilities	545	924	–	–
Amounts due to subsidiaries	–	–	2,566	1,226
Amounts due to associates	9	10	–	–
Amount due to a related party	1,928	1,926	–	–
Amounts due to bankers	9,261	8,067	–	–
Term loans	7,837	8,535	–	–
Lease liabilities	257	–	–	–
Provision for taxation	–	2,620	–	–
	34,896	40,322	3,237	1,875
Net current assets	24,998	24,108	2,471	1,687
Non-current liabilities				
Term loans	5,887	7,352	–	–
Amounts due to subsidiaries	–	–	19,563	19,716
Provision for post employment benefits	216	211	–	–
Lease liabilities	3,520	–	–	–
Deferred tax liabilities	2,156	2,390	–	–
	11,779	9,953	19,563	19,716
Net assets	69,845	67,470	75,026	74,139

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 30.06.19	As At 31.12.18	As At 30.06.19	As At 31.12.18
	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
Treasury shares	(25)	(25)	(25)	(25)
Foreign currency translation reserve	(3,756)	(3,748)	–	–
Capital reserve	5	5	–	–
Revaluation reserve	18,016	17,782	–	–
Other reserves	(976)	(976)	–	–
Accumulated losses	(74,000)	(76,506)	(69,048)	(69,935)
	83,363	80,631	75,026	74,139
Non-controlling interests	(13,518)	(13,161)	–	–
Total equity	69,845	67,470	75,026	74,139

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 30.06.19 S\$'000		As at 31.12.18 S\$'000	
Secured	Unsecured	Secured	Unsecured
17,098	–	16,602	–

Amount repayable after one year

As at 30.06.19 S\$'000		As at 31.12.18 S\$'000	
Secured	Unsecured	Secured	Unsecured
5,887	–	7,352	–

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; and
- (v) Subsidiary's inventories.

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	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Loss before tax	(537)	(440)	(1,259)	(1,586)
<u>Adjustments for:</u>				
Amortisation of intangible assets	34	34	68	68
Depreciation of property, plant and equipment	495	463	1,006	973
Depreciation of right-of-use assets	93	–	186	–
Gain on disposal of property, plant and equipment	–	–	–	(3)
Gain on disposal of a subsidiary (Note A)	(3)	–	(3)	–
Implicit interest income	(1)	(1)	(2)	(2)
Interest expense	324	277	633	591
Interest income	(138)	(300)	(198)	(610)
Loss on disposal of an associate	–	–	–	442
Share of results of associates and joint venture	(154)	(221)	(170)	(795)
Write back of impairment loss on amount due from associates	–	–	–	(1)
Exchange loss / (gain)	4	29	(2)	(156)
Operating cash flows before changes in working capital	117	(159)	259	(1,079)
<u>(Increase)/decrease in:</u>				
Inventories	240	(1,279)	1,023	(704)
Trade and other receivables	(1,337)	18,114	(2,801)	22,175
Contract assets	–	109	–	97
Financial receivable	(3)	109	299	325
Advance payment to suppliers	560	(35)	350	486
Prepayments	(52)	(31)	(57)	42
Deposits	21	–	22	7
Amounts due from associates	–	17	–	(65)
<u>(Decrease)/increase in:</u>				
Trade and other payables	(355)	(3,465)	(3,177)	(7,785)
Contract liabilities	(275)	561	(384)	79
Amounts due to associates	–	(163)	–	(473)
Amount due to a related party	14	(59)	14	(10)
Provision for post employment benefits	3	–	5	(5)
Cash flows (used in) / generated from operations	(1,067)	13,719	(4,447)	13,090
Income taxes refund / (paid)	614	(671)	610	(706)
Interest expense paid	(52)	–	(87)	–
Interest income received	3	2	7	17
Net cash flows (used in) / generated from operating activities	(502)	13,050	(3,917)	12,401

	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Interest income received	3	4	8	7
Investment in joint venture	–	(100)	–	(100)
Net cash outflow on disposal of a subsidiary (Note A)	(24)	–	(24)	–
Purchase of property, plant and equipment	(94)	(66)	(414)	(148)
Proceeds from disposal of property, plant and equipment	–	–	–	3
Net cash flows used in investing activities	(115)	(162)	(430)	(238)
Cash flows from financing activities:				
Dividend paid	–	(2,815)	–	(2,815)
Interest expense paid	(315)	(288)	(547)	(677)
Proceeds from secured bank overdrafts	540	2,209	616	2,086
Drawdown of term loans	657	773	904	1,041
Repayment of term loans	(1,997)	(1,231)	(3,063)	(2,459)
(Decrease) / increase in trust receipts	(1,073)	(9,897)	594	(10,882)
Principal elements of lease payments	(69)	–	(154)	–
Net cash used in financing activities	(2,257)	(11,249)	(1,650)	(13,706)
Net (decrease) / increase in cash and cash equivalents	(2,874)	1,639	(5,997)	(1,543)
Effect of exchange rate changes on cash and cash equivalents	6	174	(1)	41
Cash and cash equivalents at beginning of period	5,873	7,474	9,003	10,789
Cash and cash equivalents at end of the period	3,005	9,287	3,005	9,287

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

	Group	
	For 6 Months Ended	
	30.06.19	30.06.18
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	4,358	10,650
Less: Bank deposits pledged	(1,353)	(1,363)
Cash and cash equivalents	3,005	9,287

Note A

The voluntary liquidation of a subsidiary, Federal-WH Marathon Ltd, has been completed (Please refer to announcement on 29 May 2019). 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 2019 S\$'000
Assets:	
Cash and bank balances	49
Net assets derecognised	<u>49</u>
Consideration received, satisfied in cash	25
Cash and cash equivalents disposed of	<u>(49)</u>
Net cash outflow	<u>(24)</u>
Gain on disposal:	
Consideration received	25
Net assets derecognised	(49)
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	5
	<u>(19)</u>
Non-controlling interest	<u>22</u>
	<u>3</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 →										
	Share capital S\$'000	Tresuary shares 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	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 01.01.19	144,099	(25)	(76,506)	(3,748)	5	17,782	(976)	(63,443)	80,631	(13,161)	67,470
Loss net of tax	–	–	(612)	–	–	–	–	(612)	(612)	(115)	(727)
Other comprehensive loss:											
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	(156)	–	–	–	(156)	(156)	(77)	(233)
Share of other comprehensive loss of associates and joint venture	–	–	–	(46)	–	–	–	(46)	(46)	–	(46)
Total comprehensive loss for the period	–	–	(612)	(202)	–	–	–	(814)	(814)	(192)	(1,006)
Balance at 31.03.19	144,099	(25)	(77,118)	(3,950)	5	17,782	(976)	(64,257)	79,817	(13,353)	66,464
Profit net of tax	–	–	3,118	–	–	–	–	3,118	3,118	(201)	2,917
Other comprehensive income:											
Items that will not be reclassified subsequently to profit or loss:											
Net surplus on revaluation of freehold land and buildings	–	–	–	–	–	234	–	234	234	–	234
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	167	–	–	–	167	167	60	227
Share of other comprehensive income of associates and joint venture	–	–	–	30	–	–	–	30	30	–	30
Foreign currency translation on loss of control reclassified to profit or loss	–	–	–	(3)	–	–	–	(3)	(3)	(2)	(5)
Total comprehensive income / (loss) for the period	–	–	3,118	194	–	234	–	3,546	3,546	(143)	3,403
Disposal of a subsidiary company	–	–	–	–	–	–	–	–	–	(22)	(22)
Balance at 30.06.19	144,099	(25)	(74,000)	(3,756)	5	18,016	(976)	(60,711)	83,363	(13,518)	69,845

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 →										
	Share capital S\$'000	Tresuary shares 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	Non-controlling interests S\$'000	Total equity 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 and joint venture	–	–	–	(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 and joint venture	–	–	–	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

The Company	Share capital	Treasury shares	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.01.19	144,099	(25)	(69,935)	74,139
Profit for the period	–	–	94	94
Total comprehensive income for the period	–	–	94	94
Balance at 31.03.19	144,099	(25)	(69,841)	74,233
Profit for the period	–	–	793	793
Total comprehensive income for the period	–	–	793	793
Balance at 30.06.19	144,099	(25)	(69,048)	75,026
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

- 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 2019.

The Company did not have any convertible securities as at 30 June 2019 (30 June 2018: Nil).

There were no subsidiary holdings as at 30 June 2019 (30 June 2018: Nil).

There were a total of 100,000 treasury shares held as at 30 June 2019 (30 June 2018: Nil).

- 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.**

	Number of shares	
	30.06.19	31.12.18
Total number of issued shares	140,767,484	140,767,484
Less: Treasury shares	(100,000)	(100,000)
Total number of issued shares excluding treasury shares	140,667,484	140,667,484

- 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.**

The Company held 100,000 treasury shares as at 30 June 2019. 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 2018, except that the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

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 all the new and revised standards which are effective for annual period beginning on or after 1 January 2019. The adoption of the new standards that are effective on 1 January 2019 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, except for SFRS(I) 16 Leases.

Under SFRS(I) 16, the Group is required to recognise on the balance sheet a liability to make lease payments (i.e. lease liabilities) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use assets). The Group is also required to separately recognise the interest expense on the lease liability and depreciation charge on the right-of-use asset. The adoption has resulted in increases in total assets, total liabilities, depreciation charge and finance cost.

The Group has adopted SFRS(I) 16 using the modified retrospective approach as of 1 January 2019, with no restatement of comparative information.

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.

	Group			
	3 Months Ended		6 Months Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
(i) Based on the weighted average number of ordinary shares in issue	2.22 cents	(0.16) cents	1.78 cents	(0.86) cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	140,667,484	140,767,484	140,667,484	140,767,484
(ii) On a fully diluted basis	2.22 cents	(0.16) cents	1.78 cents	(0.86) cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	140,667,484	140,767,484	140,667,484	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 30.06.19	59.26	53.34
As at 31.12.18	57.32	52.71

Net asset value per share is calculated based on the number of ordinary shares in issue (excluding treasury shares) of 140,667,484 as at 30 June 2019 (31 December 2018: 140,667,484).

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

1H2019 versus 1H2018

Overview

The Group recorded a net profit attributable to shareholders of \$2.5 million and earnings per ordinary share of 1.78 cents for 1H2019.

Revenue

Revenue of \$22.2 million in 1H2019 was 4.7% higher than the revenue for 1H2018 of \$21.2 million. This was mainly due to higher revenue registered by the fire detection and protection system business and the provision of procurement services to the infrastructure sector in Indonesia, partially offset by the weak demand for the flow line control product.

Gross profit

Gross profit of \$5.4 million in 1H2019 was 12.7% higher than the gross profit for 1H2018 of \$4.8 million. The increase was mainly due to higher revenue recorded in 1H2019. Gross profit margin improved to 24.3% (1H2018: 22.6%) mainly due to higher margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$1.0 million in 1H2019 was 48.7% lower than the other income for 1H2018 of \$2.0 million. This was mainly due to lower interest income and fees.. Sundry income in 1H2019, comprising mainly handling fees and late payment charges, was also lower at \$561,000 (1H2018: \$712,000).

Selling and distribution costs

Selling and distribution costs of \$2.2 million in 1H2019 were 8.2% lower than the costs incurred in 1H2018 of \$2.4 million mainly due to lower marketing and sales related expenses.

Administrative and general costs

Administrative and general costs of \$4.8 million in 1H2019 were 11.2% lower compared to the costs incurred in 1H2018 of \$5.4 million mainly due to lower rental, legal and professional fees and the classification of depreciation for the land drilling rig under cost of sales during its deployment.

Other operating expenses

Other operating expenses in 1H2019 amounted to \$152,000 as compared to \$688,000 for 1H2018. Other operating expenses in 1H2019 mainly comprised allowance for slow moving inventories and net impairment loss on doubtful receivables.

Finance costs

Finance costs of \$633,000 were marginally higher than the costs incurred in 1H2018 of \$591,000. The increase was mainly due to the recognition of interest expense on lease liabilities of \$104,000, partially offset by lower interest expense resulting from lower bank borrowings.

Share of results of associates and joint venture

The Group's share of results of its associates and joint venture of \$170,000 were 78.6% lower than the \$795,000 for 1H2018.

The decrease was mainly due to share of losses incurred by our associated company in Japan. Our Indonesian associate's performance was also affected by the lower charter rate after the renewed 5-year charter hire contract in the 3Q2018.

Income tax expense

The Group recorded a tax credit of \$3.4 million in 1H2019 as compared to a tax credit of \$10,000 for 1H2018 as a result of write back of prior years' tax overprovision by a subsidiary after finalisation of prior years' tax assessment in 1H2019.

2Q2019 versus 2Q2018**Overview**

The Group recorded a net profit attributable to shareholders of \$3.1 million and earnings per ordinary share of 2.22 cents for 2Q2019.

Revenue

Revenue in 2Q2019 increased by 60.7% to \$11.9 million (2Q2018: \$7.3 million). This was mainly due to higher revenue registered by the fire detection and protection system business and the provision of procurement services to the infrastructure sector in Indonesia.

Gross profit

Higher revenue in 2Q2019 resulted in higher gross profit of \$3.1 million in 2Q2019 (2Q2018: \$2.0 million). Gross profit margin in 2Q2019 of 26.3% was comparable to 2Q2018 margin of 26.7%.

Other income

Other income of \$583,000 in 2Q2019 was lower than the other income for 2Q2018 of \$1.5 million. This was mainly due to the absence of net foreign currency exchange gain in 2Q2019 (2Q2018: \$680,000) and lower interest income, such as late payment interest, of \$138,000 (2Q2018: \$300,000).

Selling and distribution costs

Selling and distribution costs of \$1.2 million in 2Q2019 were comparable to the costs incurred in 2Q2018 of \$1.2 million.

Administrative and general costs

Administrative and general costs of \$2.6 million in 2Q2019 were comparable to the costs incurred in 2Q2018 of \$2.6 million.

Other operating expenses

Other operating expenses in 2Q2019 amounted to \$348,000 as compared to \$67,000 for 2Q2018. Other operating expenses for 2Q2019 mainly comprised allowance for slow moving inventories, impairment loss on doubtful receivables and net foreign currency exchange loss.

Finance costs

Higher finance costs of \$324,000 (2Q2018: \$277,000) was marginally higher in 2Q2019, mainly due to interest expense on lease liabilities recognised of \$52,000 for the period.

Share of results of associates and joint venture

The Group's share of results of its associates and joint venture of \$154,000 in 2Q2019 (2Q2018: \$221,000) was lower mainly due to losses incurred by our associated company in Japan in 2Q2019.

Income tax expense

The Group recorded a tax credit of \$3.4 million in 2Q2019 as compared to a tax expense of \$2,000 as a result of write back of prior years' tax overprovision by a subsidiary after finalisation of prior years' tax assessment in 2Q2019.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP**Net assets attributable to owners of the Company**

As at 30 June 2019, the net assets attributable to owners of the Company amounted to \$83.4 million, which translates to a net asset value per ordinary share of 59.26 cents.

Non-current assets

Non-current assets increased by \$3.3 million to \$56.6 million (31 December 2018: \$53.3 million). The increase was mainly due to:

- a) Recognition of right-of-use assets amounting to \$3.7 million under the newly introduced financial reporting standard SFRS (I) 16;
- b) Increase in investment properties of \$11.3m as a result of reclassification of a subsidiary's freehold land and buildings from property, plant and equipment to investment properties.

The above is partially offset by:

- c) Decrease in property, plant and equipment of \$11.8 million mainly due to reclassification of a subsidiary's freehold land and buildings to investment properties.

Current assets

Current assets decreased by \$4.5 million to \$59.9 million (31 December 2018: \$64.4 million). The decrease was mainly due to:

- a) Decrease in inventories of \$1.0 million;
- b) Decrease in cash and bank balances of \$6.0 million mainly due to the longer credit period particularly in the Indonesian infrastructure projects as well as settlement of trade payables.

The above is partially offset by:

- c) Increase in trade and other receivables of \$3.0 million due to the increase in revenue for 2Q2019 particularly in the Indonesian infrastructure projects that carry a longer credit period.

Current liabilities

Current liabilities decreased by \$5.4 million to \$34.9 million (31 December 2018: \$40.3 million). The decrease was mainly due to:

- a) Decrease in trade and other payables of \$3.2 million mainly due to settlement of trade payables;
- b) Decrease in provision for taxation of \$2.6 million mainly due to write back of prior years' tax overprovision by a subsidiary after finalisation of prior years' tax assessment.

Non-current liabilities

Non-current liabilities increased by \$1.8 million to \$11.8 million (31 December 2018: \$10.0 million) mainly due to the recognition of lease liabilities amounting to \$3.5 million partially offset by a \$1.5 million decrease in term loans.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY**Non-current assets**

Non-current assets decreased marginally by \$50,000 to \$92.1 million from \$92.2 million.

Current assets

Current assets increased by \$2.1 million to \$5.7 million (31 December 2018: \$3.6 million). The increase was mainly due to an increase in amounts due from subsidiaries and other receivables.

Current liabilities

Current liabilities increased by \$1.3 million to \$3.2 million (31 December 2018: \$1.9 million). The increase was mainly due to an increase in amounts due to subsidiaries.

Non-current liabilities

Non-current liabilities decreased by \$153,000 to \$19.6 million (31 December 2018: \$19.7 million) due to a decrease in amounts due to subsidiaries arising from foreign exchange translation differences as a result of a weaker US dollar.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2019, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$3.0 million. For the 6 months ended 30 June 2019, operating activities utilised cash of \$3.9 million, investing activities utilised cash of \$430,000 and financing activities utilised cash of \$1.7 million.

The net cash used in operating activities was mainly due to an increase in trade and other receivables and a decrease in trade and other payables, partially offset by a decrease in inventories and tax refund received.

The net cash used in investing activities was mainly due to additions to property, plant and equipment.

The net cash used in financing activities was mainly due to the net decrease in amount owing to banks.

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.

The demand for the Group's flow line control products has been weak in the 1H2019, and is expected to remain weak. The Group will continue to bid for new projects anticipated to come on stream in the second half of 2019.

The Group is active in the provision of procurement services for the infrastructure sector in Indonesia as well as the fire protection and detection system business during the 1H2019. The Group anticipates that these two segments will continue to grow.

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 and the reason(s) for the decision.

No dividends have been declared or recommended as working capital is required for the Group's business activities.

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 2019, 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

5 August 2019