



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

**Unaudited Financial Statements and Dividend Announcement for  
the First Quarter ended  
31 March 2016**

9 May 2016

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.

## Table of Contents

---

	Page No
Consolidated Statement of Comprehensive Income	3
Statements of Financial Position	6
Consolidated Statement of Cash Flows	8
Statements of Changes in Equity	10
Review of Performance	15
Outlook	19



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

## First Quarter Financial Year 2016 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 FIRST QUARTER ("1QFY2016")

		Group		
		3 Months Ended		Changes
		31.03.16	31.03.15	
		S\$'000	S\$'000	
<b>INCOME STATEMENT</b>				
Revenue		23,133	57,491	(59.8)
Cost of sales		(17,288)	(34,596)	(50.0)
<b>Gross profit</b>		<b>5,845</b>	<b>22,895</b>	<b>(74.5)</b>
<b>Gross profit margin</b>		<b>25.3%</b>	<b>39.8%</b>	
Other operating income	(i)	1,198	1,072	11.8
Selling and distribution costs		(2,456)	(2,289)	7.3
Administrative and general costs		(2,740)	(3,092)	(11.4)
Other operating expenses	(ii)	(560)	(42)	N.M.
Finance costs	(iii)	(97)	(336)	(71.1)
Share of results of associates		755	(23)	N.M.
Profit before tax	(iv)	1,945	18,185	(89.3)
Income tax expense		(244)	(2,194)	(88.9)
<b>Profit for the period</b>		<b>1,701</b>	<b>15,991</b>	<b>(89.4)</b>
<b>Attributable to:</b>				
Owners of the Company		1,324	15,991	(91.7)
Non-controlling interests		377	-	N.M.
		<b>1,701</b>	<b>15,991</b>	<b>(89.4)</b>

**N.M. – Not Meaningful**

	← Group →		
	3 Months Ended		Changes
	31.03.16	31.03.15	
	S\$'000	S\$'000	%
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Profit net of tax	1,701	15,991	(89.4)
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net surplus on revaluation of freehold/ leasehold land and buildings	88	-	N.M.
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation represents other comprehensive income for the period, net of tax	(402)	(236)	70.3
Share of other comprehensive income of an associate	-	(1)	(100.0)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(314)</b>	<b>(237)</b>	<b>32.5</b>
<b>Total comprehensive income for the period</b>	<b>1,387</b>	<b>15,754</b>	<b>(91.2)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	1,198	15,664	(92.4)
Non-controlling interests	189	90	110.0
	<b>1,387</b>	<b>15,754</b>	<b>(91.2)</b>

**N.M. – Not Meaningful**

**Notes:**

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

	<b>3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Share of profits from partnership	184	–
Foreign exchange gain	–	833
Implicit interest income	2	1
Interest income	3	22
Interest income from a related party	158	–
Write off of partial proceeds for disposal of an associate	713	–
Other income	138	216
	<b>1,198</b>	<b>1,072</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Foreign exchange loss	599	–
Impairment loss on doubtful receivables	49	3
Loss on disposal of derivatives	–	84
Write back of allowance for slow moving inventories	–	(33)
Write back of impairment loss on doubtful receivables	(17)	(12)
Reversal of accruals and provisions for vessel disposed off in 2014	(117)	–
Others	46	–
	<b>560</b>	<b>42</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest expense on:		
- Bank overdrafts	5	35
- Hire purchase	–	1
- Term loans	65	160
- Trust receipts	27	140
	<b>97</b>	<b>336</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation	532	492

**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 31.03.16	As At 31.12.15	As At 31.03.16	As At 31.12.15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	35,609	36,070	4	4
Investment in subsidiaries	–	–	79,877	79,861
Investment in associates	10,350	2,858	7,495	732
Intangible assets	1,396	1,364	–	–
Other investment	20	20	–	–
Other receivables	68	68	–	–
Amount due from a related party	6,277	6,564	–	–
Amount due from subsidiary	–	–	4,643	4,855
Amount due from an associate	4,643	4,855	–	–
Financial receivables	820	860	–	–
Deferred tax assets	279	273	22	22
	<b>59,462</b>	<b>52,932</b>	<b>92,041</b>	<b>85,474</b>
<b>Current assets</b>				
Inventories	17,536	17,761	–	–
Trade receivables and other receivables	15,511	13,362	5	5
Gross amount due from customer for work-in-progress	187	10	–	–
Advance payment to suppliers	2,003	1,392	–	–
Prepayments	223	281	28	17
Deposits	141	154	4	6
Financial receivables	990	1,267	–	–
Amounts due from subsidiaries	–	–	5,390	5,742
Amounts due from associates	12,264	14,501	80	81
Fixed and bank deposits	4,677	4,890	1,385	1,448
Cash and bank balances	15,948	15,647	52	39
	<b>69,480</b>	<b>69,265</b>	<b>6,944</b>	<b>7,338</b>
<b>Current liabilities</b>				
Trade payables and other payables	24,951	23,902	1,205	2,332
Provisions	4,832	5,054	–	–
Advance payment from customers	1,744	663	–	–
Advance payment from an associate	2,423	1,192	–	–
Gross amount due to customer for work-in-progress	–	4	–	–
Amounts due to subsidiaries	–	–	2,775	2,807
Amounts due to associates	18	19	7	7
Amount due to a related party	2,011	2,166	–	–
Amounts due to bankers	8,513	5,781	–	–
Term loans	6,303	6,986	–	–
Provision for taxation	6,488	6,194	132	132
	<b>57,283</b>	<b>51,961</b>	<b>4,119</b>	<b>5,278</b>
<b>Net current assets</b>	<b>12,197</b>	<b>17,304</b>	<b>2,825</b>	<b>2,060</b>
<b>Non-current liabilities</b>				
Amount due to a subsidiary	–	–	16,178	9,847
Provision for post-employment benefits	68	68	–	–
Deferred tax liabilities	2,602	2,566	–	–
	<b>2,670</b>	<b>2,634</b>	<b>16,178</b>	<b>9,847</b>
<b>Net assets</b>	<b>68,989</b>	<b>67,602</b>	<b>78,688</b>	<b>77,687</b>

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

	Group		Company	
	As At 31.03.16 S\$'000	As At 31.12.15 S\$'000	As At 31.03.16 S\$'000	As At 31.12.15 S\$'000
<b>Equity attributable to owners of the Company</b>				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(6,020)	(5,806)	–	–
Capital reserve	2,778	2,778	–	–
Revaluation reserve	25,111	25,023	–	–
Other reserves	(977)	(977)	–	–
Accumulated losses	(84,326)	(85,650)	(65,411)	(66,412)
	80,665	79,467	78,688	77,687
Non-controlling interests	(11,676)	(11,865)	–	–
<b>Total equity</b>	<b>68,989</b>	<b>67,602</b>	<b>78,688</b>	<b>77,687</b>

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

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

As at 31.03.16 S\$'000		As at 31.12.15 S\$'000	
Secured	Unsecured	Secured	Unsecured
14,042	774	11,961	806

**Amount repayable after one year**

As at 31.03.16 S\$'000		As at 31.12.15 S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**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 and its subsidiaries;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee 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.**

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	1,945	18,185
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	532	492
Implicit interest income	(2)	(1)
Interest expense	97	336
Interest income	(161)	(22)
Loss on disposal of derivatives	–	84
Share of results of associates	(755)	23
Share of other comprehensive income of an associate	–	1
Write off of partial proceeds for disposal of an associate	(713)	–
Exchange loss	342	215
<b>Operating cash flows before changes in working capital</b>	<b>1,285</b>	<b>19,313</b>
<u>(Increase)/decrease in:</u>		
Inventories	19	3,491
Trade and other receivables	(2,278)	(19,076)
Gross amount due from customer for work-in-progress	(177)	(80)
Financial receivables	234	215
Advance payment to suppliers	(626)	10,225
Prepayments	54	63
Deposits	9	(3)
Amounts due from associates	(3,869)	63
<u>(Decrease)/increase in:</u>		
Trade and other payables	2,757	(2,117)
Gross amount due to customer for work-in-progress	(4)	87
Advance payment from customers	1,092	(1,778)
Advance payment from an associate	61	–
Deferred revenue	–	(10)
Amounts due to associates	–	25
Amount due a related party	(69)	85
Derivatives	–	(838)
<b>Cash flows (used in) / generated from operations</b>	<b>(1,512)</b>	<b>9,665</b>
Income tax refund / (paid)	47	(630)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,465)</b>	<b>9,035</b>
<b>Cash flows from investing activities:</b>		
Additions to intangible assets	(32)	–
Interest income received	3	21
Investment in an associate company	–	(78)
Payments made to suppliers for conversion of a vessel	(229)	(3,821)
Purchase of property, plant and equipment	(8)	(89)
Shareholder's loans to an associate	–	(823)
<b>Net cash used in investing activities</b>	<b>(266)</b>	<b>(4,790)</b>



	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities:</b>		
Interest expense paid	(82)	(267)
Capital contribution from non-controlling interest of a subsidiary company	–	265
(Repayment)/proceeds from secured bank overdrafts	(143)	2,198
Repayment of hire obligations under purchase – net	–	(11)
Drawdown of term loans	484	1,979
Repayment of term loans	(937)	(2,579)
Increase in pledged deposits	–	532
Increase/(decrease) in trust receipts	3,249	(5,639)
<b>Net cash generated from / (used in) from financing activities</b>	<b>2,571</b>	<b>(3,522)</b>
Net increase in cash and cash equivalents	840	723
Effect of exchange rate changes on cash and cash equivalents	(547)	403
Cash and cash equivalents at beginning of period	15,851	14,350
<b>Cash and cash equivalents at end of period</b>	<b>16,144</b>	<b>15,476</b>

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

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.16</b>	<b>31.03.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash and cash equivalents at the end of the period:</b>		
Cash and bank balances and fixed deposits	20,625	20,334
Less: Bank deposits pledged	(4,481)	(4,858)
<b>Cash and cash equivalents</b>	<b>16,144</b>	<b>15,476</b>

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

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
<b>Balance at 01.01.16</b>	<b>144,099</b>	<b>(85,650)</b>	<b>(5,806)</b>	<b>2,778</b>	<b>25,023</b>	<b>(977)</b>	<b>(64,632)</b>	<b>79,467</b>	<b>(11,865)</b>	<b>67,602</b>
Profit, net of tax	-	1,324	-	-	-	-	1,324	1,324	377	1,701
Other comprehensive income:										
Items that will not be reclassified subsequently to profit or loss:										
Net surplus on revaluation of freehold/leasehold land and buildings	-	-	-	-	88	-	88	88	-	88
Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	(214)	-	-	-	(214)	(214)	(188)	(402)
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>1,324</b>	<b>(214)</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>1,198</b>	<b>1,198</b>	<b>189</b>	<b>1,387</b>
<b>Balance at 31.03.16</b>	<b>144,099</b>	<b>(84,326)</b>	<b>(6,020)</b>	<b>2,778</b>	<b>25,111</b>	<b>(977)</b>	<b>(63,434)</b>	<b>80,665</b>	<b>(11,676)</b>	<b>68,989</b>

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

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	Non-controlling interests S\$'000	Equity, total S\$'000
Balance at 01.01.15 (restated)	144,099	(106,213)	(4,411)	2,778	25,023	(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)
<b>Total comprehensive income / (loss) for the period</b>	<b>–</b>	<b>15,991</b>	<b>(326)</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>15,664</b>	<b>15,664</b>	<b>90</b>	<b>15,754</b>
<b><u>Change in ownership interests in as subsidiary</u></b>										
Capital contribution by non-controlling Interest in a subsidiary company	–	–	–	–	–	–	–	–	265	265
<b>Balance at 31.03.15</b>	<b>144,099</b>	<b>(90,222)</b>	<b>(4,737)</b>	<b>2,778</b>	<b>25,023</b>	<b>(977)</b>	<b>(68,135)</b>	<b>75,964</b>	<b>(12,671)</b>	<b>63,293</b>

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
<b>Balance at 01.01.16</b>	<b>144,099</b>	<b>(66,412)</b>	<b>77,687</b>
Profit for the period	–	1,001	1,001
Total comprehensive income for the period	–	1,001	1,001
<b>Balance at 31.03.16</b>	<b>144,099</b>	<b>(65,411)</b>	<b>78,688</b>
<b>Balance at 01.01.15</b>	<b>144,099</b>	<b>(68,943)</b>	<b>75,156</b>
Loss for the period	–	(106)	(106)
Total comprehensive loss for the period	–	(106)	(106)
<b>Balance at 31.03.15</b>	<b>144,099</b>	<b>(69,049)</b>	<b>75,050</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State 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 3 months ended 31 March 2016.

As at 31 March 2016 and 31 December 2015 respectively, the Company did not have any convertible securities.

As at 31 March 2016 and 31 December 2015 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.**

	<b>31.03.16</b>	<b>31.12.15</b>
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 31 March 2016 and 31 December 2015 respectively, there were no treasury shares held.

- 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 2015.

**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 2016.

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	
	31.03.16	31.03.15 (Restated)
(i) Based on weighted average number of ordinary shares in issue	cents 0.94	cents 11.36
(ii) On a fully diluted basis	0.94	11.36

The weighted average number of shares for the 3 months ended 31 March 2016 were 140,767,484. The comparative earnings per share for the three months ended 31 March 2015 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 August 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 31.03.16	57.30	55.90
As at 31.12.15	56.45	55.19

Net asset value per share is calculated based on the number of ordinary shares in issue of 140,767,484 as at 31 March 2016 (31 December 2015: 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 STATEMENT OF COMPREHENSIVE INCOME**

### **Overview**

Despite a challenging business environment and weak economic outlook, the Group recorded a consolidated profit before tax of \$1.9 million on a turnover of \$23.1 million for the first quarter of 2016. Earnings per ordinary share on a fully diluted basis for the quarter was 0.94 cents and net asset value per ordinary share increased to 57.30 cents.

As of 25 April 2016, the Group has committed orders totalling \$42 million, for which delivery is expected to be made in 2016.

### **Revenue**

Group turnover of \$23.1 million was 60% lower as compared with 1Q2015. The decrease in turnover was due to the project-based nature of the trading business and the completion of a major project in 1Q2015.

When compared with the previous quarter (4Q2015), turnover was 30% higher. The increase was attributed to the procurement services provided to the Group's associate, PT Gunanusa Utama Fabricators ("PTG") for PTG's on-going projects.

The Group's trading business segment continues to be the key earnings driver and contributes 97% of overall turnover.

### **Gross profit**

Gross profit of \$5.8 million was 75% lower as compared with the corresponding period in 2015. The decrease was due to lower revenue recorded in 1Q2016 as compared with 1Q2015 and a decrease in gross profit margin. The reduction in gross profit margin was due to a change in the sales mix and a more competitive business environment.

**Other operating income**

Other operating income of \$1.2 million was 12% higher than 1Q2015. Other operating income for the current quarter comprised mainly a recognition of partial proceeds of \$713,000 as other income. The proceeds received were in relation to the sale of the Group's shares in an associate company. Please refer to the Company's announcement on 27 April 2016 for further information.

Other components of other operating income include the share of profits from partnership of \$184,000 and interest income from a related party of \$158,000. Other operating income for 1Q2015 comprised mainly a foreign exchange gain of \$833,000.

**Selling and distribution costs**

Selling and distribution costs of \$2.5 million was 7% higher than the corresponding quarter in 2015. The increase was due mainly to higher marketing fees and related expenses arising from a change in the sales mix.

**Administrative and general costs**

Administrative and general costs of \$2.7 million was 11% lower than 1Q2015. The decrease was due mainly to a reduction in provisions for staff related costs.

**Other operating expenses**

Other operating expenses of \$560,000 comprised mainly a foreign exchange loss of \$599,000, which was partly offset by the reversal of \$117,000 relating to accruals and provisions for vessel disposed off in 2014. The foreign exchange loss arose because of a weaker US currency.

**Finance costs**

Finance costs of \$97,000 was \$239,000 lower than the corresponding quarter in 2015. The reduction was in-line with the overall reduction in amounts due to bankers and term loans.

**Share of results of associates**

The Group's share of results of associates amounted to \$755,000 compared with a loss of \$23,000 for 1Q2015. The Group recorded a share of profit of \$376,000 from its 30% interest in PT Eastern Jason. The profit relates to the charter of *Federal II* to China National Offshore Oil Corporation ("CNOOC"). The Group also recorded a share of profit of \$379,000 from another of its associate.

**Income tax expense**

Income tax expense of \$244,000 related to provisions made for current period tax expense.



**Earnings per ordinary share (“EPS”)**

The fully diluted EPS for 1Q2016 was 0.94 cents (1Q2015: 11.36 cents).

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

As at 31 March 2016, the overall net assets attributable to owners of the Company and net asset value per ordinary share increased to \$80.7 million and 57.30 cents respectively. The Group’s aggregate cash, bank balances and deposits amounted to \$20.6 million. Excluding pledged deposits, the Group’s cash position would be \$16.1 million. The Group is in a net cash position of \$5.8 million.

**Non-current assets**

Overall non-current assets increased by \$6.5 million to \$59.5 million as at 31 March 2016. The increase was due mainly to an increase in investment in associates of \$7.5 million. The increase in investment in associates was due to the designation of loans to an associate as quasi-equity loans and recognition of the Group’s share of associates’ profits for the quarter.

The increase was partly offset by:

- a reduction in property, plant and equipment of \$461,000, mainly due to depreciation charge for the period; and
- a reduction in amounts due from a related party and from an associate of \$287,000 and \$212,000 respectively arising from a weaker US dollar.

**Current assets**

Current assets increased by \$215,000 to \$69.5 million as at 31 March 2016. The increase was due mainly to:

- an increase in trade and other receivables of \$2.1 million; and
- an increase in advance payment to suppliers of \$611,000 relating to on-going projects.

The increase was partly offset by a decrease in amounts due from associates of \$2.2 million and decrease in financial receivables of \$277,000. The decrease in amounts due from associates was due mainly to the designation of loans to an associate as quasi-equity loans. The reduction in financial receivables was due to receipt of payments under the minimum guaranteed water volume for the Chengdu Industrial waterplant located in Xinjing County, Chengdu, in the People’s Republic of China.

**Current liabilities**

Current liabilities increased by \$5.3 million to \$57.3 million as at 31 March 2016. The increase was mainly to due:

- an increase in trade and other payables of \$1.0 million;
- an increase in advance payments from customers and an associate of \$1.1 million and \$1.2 million respectively relating to on-going projects; and
- an increase in amounts due to bankers of \$2.7 million which relates to a net increase in trade financing facilities utilised.

The increase was partly offset by a reduction in term loans of \$683,000.

**Net current assets**

The Group's net current assets position as at 31 March 2016 was \$12.2 million, a decrease of \$5.1 million as compared with 31 December 2015. The decrease was due mainly to the designation of loans to an associate as quasi-equity loans and an increase in advance payments received from customers and an associate in relation to on-going projects. The Group's current ratio remains at a healthy level of 1.2 times.

**Non-current liabilities**

Non-current liabilities of \$2.7 million were largely unchanged as compared with 31 December 2015 and comprised mainly provisions for post-employment benefits and deferred tax liabilities.

**STATEMENT OF FINANCIAL POSITION FOR THE COMPANY****Investment in associates**

Investment in associates increased by \$6.8 million. The increase was due mainly to designation of loans to an associate as quasi-equity loans.

**Amount due from a subsidiary (Non-current assets)**

The non-current portion of the amount due from a subsidiary decreased by \$212,000 to \$4.6 million. The reduction was due mainly to foreign exchange differences arising from a weaker US dollar.

**Amounts due from subsidiaries (Current assets)**

The current portion of the amount due from a subsidiary decreased by \$352,000. The decrease was due to repayment received from a subsidiary and foreign exchange differences arising from a weaker US dollar.

**Trade and other payables (Current liabilities)**

Trade and other payables decreased by \$1.1 million to \$1.2 million. The reduction was due mainly to the recognition of \$713,000 relating to the partial proceeds received in relation to the sale of shares in an associate as other income and payment of accrued staff related costs. Please refer to the Company's announcement on 27 April 2016 for further information relating to the sale of shares in an associate.

**Amount due to a subsidiary (Non-current liabilities)**

Amount due to a subsidiary increased by \$6.3 million to \$16.2 million. The increase was due to loans received from a subsidiary. The loans received were to fund the loans made by the Company to an associate.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 31 March 2016, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$16.1 million. Operating and investing activities utilised cash of \$1.5 million and \$266,000 respectively, whereas financing activities generated net cash of \$2.6 million.

The net cash utilised by operating activities was due mainly to the timing difference between payment to suppliers and collection of trade receivables, and an increase in the amounts due from associates. The net cash used in investing activities was due mainly to payments of \$229,000 to suppliers for costs relating to the conversion of *Federal II*. The cash generated from financing activities related mainly to the net increase in trust receipts of \$3.2 million which was partly offset by a net repayment of term loans of \$453,000.

**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**

Despite a challenging business environment and weak economic outlook, the Group has secured an outstanding order book of \$42 million as at 25 April 2016. The outstanding orders are expected to be delivered by December 2016.

The Group is also working closely with its associate, PT Gunanusa Utama Fabricators ("PTG"), to secure more projects and orders. The Group will provide procurement services to PTG for

projects secured by PTG. PTG is an established contractor providing project management, engineering, procurement, construction, installation and commissioning (“EPCIC”) services for offshore, onshore and heavy engineering projects.

### **Land rig**

The Group owns a 1,200 HP land drilling rig and the rig was contracted for the drilling of three wells in Jaboi, Sabang, Aceh Province in Indonesia as part of a geothermal power plant project in the region. The rig was not mobilised in 2015 due to delays in obtaining the approval of the Indonesian Forestry Ministry. The approval was finally obtained in February 2016. The rig will only be mobilised upon receipt of downpayment from the charterer and the downpayment has yet to be received. The charterer has the option to extend the charter for the drilling of a further seven wells at the same location. The Group is concurrently exploring other suitable opportunities for the land rig.

### ***Federal II***

*Federal II*, a floating, storage and offloading vessel (“FSO”), is owned by Group’s associate, PT Eastern Jason (“PTEJ”). The Group holds a 30% interest in PTEJ. *Federal II* is chartered to CNOOC until 6 September 2018 and CNOOC has the option to renew the charter for a further 5 years. The charter provides the Group with a steady source of recurring earnings through the Group’s 30% share in the results of PTEJ. For the first quarter of 2016, the Group recognised a share of profit of \$376,000.

## **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 31 March 2016, 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 May 2016**