



**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 2016**

5 August 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.

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

## Second 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 SECOND QUARTER ("2Q2016")

		Group			Group		
		3 Months Ended		Changes	6 Months Ended		Changes
		30.06.16	30.06.15		30.06.16	30.06.15	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>INCOME STATEMENT</b>							
Revenue		18,443	38,450	(52.0)	41,576	95,941	(56.7)
Cost of sales		(14,295)	(29,240)	(51.1)	(31,583)	(63,836)	(50.5)
<b>Gross profit</b>		<b>4,148</b>	<b>9,210</b>	<b>(55.0)</b>	<b>9,993</b>	<b>32,105</b>	<b>(68.9)</b>
<b>Gross profit margin</b>		<b>22.5%</b>	<b>24.0%</b>		<b>24.0%</b>	<b>33.5%</b>	
Other operating income	(i)	163	83	96.4	1,362	993	37.2
Selling and distribution costs		(1,667)	(3,008)	(44.6)	(4,123)	(5,297)	(22.2)
Administrative and general costs		(2,735)	(3,130)	(12.6)	(5,475)	(6,222)	(12.0)
Other operating Expenses	(ii)	1,205	(737)	N.M	645	(617)	N.M
Finance costs	(iii)	(163)	(290)	(43.8)	(261)	(626)	(58.3)
Share of results of Associates		251	(155)	N.M	1,006	(178)	N.M
<b>Profit before tax</b>	(iv)	<b>1,202</b>	<b>1,973</b>	<b>(39.1)</b>	<b>3,147</b>	<b>20,158</b>	<b>(84.4)</b>
Income tax expense		(101)	(441)	(77.1)	(345)	(2,635)	(86.9)
<b>Profit for the period</b>		<b>1,101</b>	<b>1,532</b>	<b>(28.1)</b>	<b>2,802</b>	<b>17,523</b>	<b>(84.0)</b>
<b>Attributable to:</b>							
Owners of the Company		1,109	1,266	(12.4)	2,433	17,257	(85.9)
Non-controlling interests		(8)	266	(103.0)	369	266	38.7
		<b>1,101</b>	<b>1,532</b>	<b>(28.1)</b>	<b>2,802</b>	<b>17,523</b>	<b>(84.0)</b>

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	6 Months Ended		Changes
	30.06.16	30.06.15		30.06.16	30.06.15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Profit net of tax	1,101	1,532	(28.1)	2,802	17,523	(84.0)
<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 building	–	–	N.M	88	–	N.M
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation	280	(1,090)	(125.7)	(122)	(1,326)	(90.8)
Share of other comprehensive income of an associate	–	–	N.M	–	(1)	(100.0)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>280</b>	<b>(1,090)</b>	<b>(125.7)</b>	<b>(34)</b>	<b>(1,327)</b>	<b>(97.4)</b>
<b>Total comprehensive income for the period</b>	<b>1,381</b>	<b>442</b>	<b>N.M</b>	<b>2,768</b>	<b>16,196</b>	<b>(82.9)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	1,382	245	N.M	2,580	15,909	(83.8)
Non-controlling interests	(1)	197	(100.5)	188	287	(34.5)
	<b>1,381</b>	<b>442</b>	<b>212.4</b>	<b>2,768</b>	<b>16,196</b>	<b>(82.9)</b>

**N.M. – Not Meaningful**

**Notes:**

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

	3 Months Ended		6 Months Ended	
	30.06.16	30.06.15	30.06.16	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
Share of profits from partnership	–	–	184	–
Foreign exchange gain	–	–	–	671
Gain on disposal of property, plant and equipment	1	–	1	–
Implicit interest income	1	–	3	1
Interest income	91	10	95	32
Interest income from a related party	–	–	158	–
Write off of partial proceeds for disposal of an associate	–	–	713	–
Other income	70	73	208	289
	163	83	1,362	993

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

	3 Months Ended		6 Months Ended	
	30.06.16	30.06.15	30.06.16	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
Bad debt expense	–	41	–	41
Foreign exchange loss	73	162	672	–
Impairment loss on amount due from associates	32	–	32	–
Impairment loss on doubtful receivables	12	–	60	3
Inventories written off	36	127	36	127
Loss on disposal of derivatives	–	–	–	84
Write back of impairment loss on doubtful receivables	(1,400)	(6)	(1,417)	(18)
Write back of allowance for slow moving inventories	–	–	–	(33)
Reversal of accruals and provisions for vessel disposed off in 2014	(20)	–	(137)	–
Others	62	413	109	413
	(1,205)	737	(645)	617

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

	3 Months Ended		6 Months Ended	
	30.06.16	30.06.15	30.06.16	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	19	36	24	71
- Hire purchase	–	1	–	3
- Term loans	103	146	168	305
- Trust receipts	41	107	69	247
	163	290	261	626

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

	3 Months Ended		6 Months Ended	
	30.06.16	30.06.15	30.06.16	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	525	488	1,057	980

**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 30.06.16	As At 31.12.15	As At 30.06.16	As At 31.12.15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	35,261	36,070	3	4
Investment in subsidiaries	–	–	77,719	79,861
Investment in associates	12,706	2,858	9,508	732
Intangible assets	1,396	1,364	–	–
Other investments	1,420	20	–	–
Other receivables	66	68	–	–
Amount due from a related party	6,265	6,564	–	–
Amount due from subsidiary	–	–	4,633	4,855
Amount due from an associate	4,634	4,855	–	–
Financial receivables	792	860	–	–
Deferred tax assets	282	273	22	22
	<b>62,822</b>	<b>52,932</b>	<b>91,885</b>	<b>85,474</b>
<b>Current assets</b>				
Inventories	17,981	17,761	–	–
Trade receivables and other receivables	12,896	13,362	2	5
Gross amount due from customer for work-in-progress	651	10	–	–
Advance payment to suppliers	3,381	1,392	–	–
Prepayments	212	281	18	17
Deposits	185	154	4	6
Financial receivables	856	1,267	–	–
Amounts due from subsidiaries	–	–	4,353	5,742
Amounts due from associates	17,582	14,501	80	81
Fixed and bank deposits	4,670	4,890	1,382	1,448
Cash and bank balances	9,830	15,647	647	39
	<b>68,244</b>	<b>69,265</b>	<b>6,486</b>	<b>7,338</b>
<b>Current liabilities</b>				
Trade payables and other payables	24,075	23,902	559	2,332
Provisions	4,823	5,054	–	–
Advance payment from customers	1,601	663	–	–
Advance payment from an associate	2,488	1,192	–	–
Gross amount due to customer for work-in-progress	–	4	–	–
Amounts due to subsidiaries	–	–	2,894	2,807
Amounts due to associates	17	19	7	7
Amount due to a related party	1,953	2,166	–	–
Amounts due to bankers	14,338	5,781	–	–
Term loans	6,242	6,986	–	–
Provision for taxation	4,602	6,194	79	132
	<b>60,139</b>	<b>51,961</b>	<b>3,539</b>	<b>5,278</b>
<b>Net current assets</b>	<b>8,105</b>	<b>17,304</b>	<b>2,947</b>	<b>2,060</b>
<b>Non-current liabilities</b>				
Amount due to a subsidiary	–	–	18,173	9,847
Provision for post-employment benefits	68	68	–	–
Deferred tax liabilities	2,600	2,566	–	–
	<b>2,668</b>	<b>2,634</b>	<b>18,173</b>	<b>9,847</b>
<b>Net assets</b>	<b>68,259</b>	<b>67,602</b>	<b>76,659</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 30.06.16 S\$'000	As At 31.12.15 S\$'000	As At 30.06.16 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	(5,747)	(5,806)	–	–
Capital reserve	2,778	2,778	–	–
Revaluation reserve	25,111	25,023	–	–
Other reserves	(977)	(977)	–	–
Accumulated losses	(85,328)	(85,650)	(67,440)	(66,412)
	79,936	79,467	76,659	77,687
Non-controlling interests	(11,677)	(11,865)	–	–
<b>Total equity</b>	<b>68,259</b>	<b>67,602</b>	<b>76,659</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 30.06.16 S\$'000		As at 31.12.15 S\$'000	
Secured	Unsecured	Secured	Unsecured
19,828	752	11,961	806

**Amount repayable after one year**

As at 30.06.16 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>Group</b>	
	<b>For 3 Months Ended</b>		<b>For 6 Months Ended</b>	
	<b>30.06.16</b>	<b>30.06.15</b>	<b>30.06.16</b>	<b>30.06.15</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>				
Profit before tax	1,202	1,973	3,147	20,158
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	525	488	1,057	980
Gain on disposal of property, plant and equipment	(1)	–	(1)	–
Impairment of amount due from associate	32	–	32	–
Implicit interest income	(1)	–	(3)	(1)
Interest expense	163	290	261	626
Interest income	(91)	(10)	(253)	(32)
Loss on disposal of derivatives	–	–	–	84
Share of results of associates	(251)	155	(1,006)	178
Share of other comprehensive income of an associate	–	–	–	1
Write back of impairment loss on doubtful other receivables	(1,400)	–	(1,400)	–
Write off of partial proceeds for disposal of an associate	–	–	(713)	–
Exchange (gain)/loss	(196)	129	146	344
<b>Operating cash flows before changes in working capital</b>	<b>(18)</b>	<b>3,025</b>	<b>1,267</b>	<b>22,338</b>
<u>(Increase)/decrease in:</u>				
Inventories	(626)	3,039	(607)	6,530
Trade and other receivables	2,628	28,136	350	9,056
Gross amount due from customer for work-in-progress	(464)	348	(641)	268
Financial receivables	109	221	343	436
Advance payment to suppliers	(1,378)	600	(2,004)	10,825
Prepayments	–	(23)	54	39
Deposits	(48)	1	(39)	(2)
Amounts due from associates	(5,022)	(212)	(8,891)	(149)
<u>(Decrease)/increase in:</u>				
Trade and other payables	(694)	(5,244)	2,063	(7,361)
Bills receivables settled	–	(9,474)	–	(9,474)
Gross amount due to customer for work-in-progress	1	(86)	(3)	–
Advance payment from customers	(148)	(1,602)	944	(3,380)
Advance payment from associates	(130)	–	(69)	–
Deferred revenue	–	–	–	(10)
Amounts due to associates	–	202	–	227
Amount due to a related party	1	(38)	(68)	47
Derivatives	–	–	–	(838)
<b>Cash flows (used in)/generated from operations</b>	<b>(5,789)</b>	<b>18,893</b>	<b>(7,301)</b>	<b>28,552</b>
Income tax (paid)/refunded	(1,993)	921	(1,946)	291
<b>Net cash (used in)/from operating activities</b>	<b>(7,782)</b>	<b>19,814</b>	<b>(9,247)</b>	<b>28,843</b>



	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.06.16	30.06.15	30.06.16	30.06.15
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities:</b>				
Interest income received	3	9	6	30
Dividend received from an associate	31	–	31	–
Investment in associate	–	–	–	(78)
Shareholder loan to an associate	(2,029)	(1,420)	(2,029)	(2,242)
Proceeds from sale of property, plant and equipment	1	–	1	–
Payments made to suppliers for conversion of a vessel	(125)	(1,813)	(354)	(5,634)
Purchase of intangible assets	–	–	(32)	–
Purchase of property, plant and equipment	(137)	(261)	(145)	(350)
<b>Net cash used in investing activities</b>	<b>(2,256)</b>	<b>(3,485)</b>	<b>(2,522)</b>	<b>(8,274)</b>
<b>Cash flows from financing activities:</b>				
Dividend paid	(2,111)	–	(2,111)	–
Interest expense paid	(162)	(587)	(244)	(854)
Capital contribution from non-controlling interest of a subsidiary	–	–	–	265
Proceeds/(Repayment) from secured bank overdrafts	2,775	(1,602)	2,632	596
Repayment of hire obligations under purchase – net	–	(12)	–	(23)
Drawdown of term loans	1,568	752	2,052	2,731
Repayment of term loans	(1,451)	(910)	(2,388)	(3,489)
Decrease in pledged deposits	–	136	–	668
Increase/(Decrease) in trust receipts	3,261	(7,071)	6,510	(12,708)
<b>Net cash from /(used in) financing activities</b>	<b>3,880</b>	<b>(9,294)</b>	<b>6,451</b>	<b>(12,814)</b>
Net (decrease)/increase in cash and cash equivalents	(6,158)	7,035	(5,318)	7,755
Effect of exchange rate changes on cash and cash equivalents	41	(200)	(506)	203
Cash and cash equivalents at beginning of period	16,144	15,473	15,851	14,350
<b>Cash and cash equivalents at end of the period</b>	<b>10,027</b>	<b>22,308</b>	<b>10,027</b>	<b>22,308</b>

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	
	30.06.16	30.06.15
	S\$'000	S\$'000
<b>Cash and cash equivalents at the end of the period:</b>		
Cash and bank balances and fixed deposits	14,500	26,948
Less: Bank deposits pledged	(4,473)	(4,640)
<b>Cash and cash equivalents</b>	<b>10,027</b>	<b>22,308</b>

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

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>
Profit, net of tax	-	1,109	-	-	-	-	1,109	1,109	(8)	1,101
Other comprehensive income:										
Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	273	-	-	-	273	273	7	280
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>1,109</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,382</b>	<b>1,382</b>	<b>(1)</b>	<b>1,381</b>
Dividend paid	-	(2,111)	-	-	-	-	(2,111)	(2,111)	-	(2,111)
<b>Balance at 30.06.16</b>	<b>144,099</b>	<b>(85,328)</b>	<b>(5,747)</b>	<b>2,778</b>	<b>25,111</b>	<b>(977)</b>	<b>(64,163)</b>	<b>79,936</b>	<b>(11,677)</b>	<b>68,259</b>

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

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 01.01.15 (restated)</b>	<b>144,099</b>	<b>(106,213)</b>	<b>(4,411)</b>	<b>2,778</b>	<b>25,023</b>	<b>(976)</b>	<b>(83,799)</b>	<b>60,300</b>	<b>(13,026)</b>	<b>47,274</b>
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 a 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>
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)
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>1,266</b>	<b>(1,021)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>245</b>	<b>245</b>	<b>197</b>	<b>442</b>
<b>Balance at 30.06.15</b>	<b>144,099</b>	<b>(88,956)</b>	<b>(5,758)</b>	<b>2,778</b>	<b>25,023</b>	<b>(977)</b>	<b>(67,890)</b>	<b>76,209</b>	<b>(12,474)</b>	<b>63,735</b>

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

<b>The Company</b>	<b>Share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 01.01.16</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>
Profit for the period	–	82	82
Total comprehensive loss for the period	–	82	82
Dividend paid	–	(2,111)	(2,111)
<b>Balance at 30.06.16</b>	<b>144,099</b>	<b>(67,440)</b>	<b>76,659</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>
Profit for the period	–	109	109
Total comprehensive profit for the period	–	109	109
<b>Balance at 30.06.15</b>	<b>144,099</b>	<b>(68,940)</b>	<b>75,159</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 6 months ended 30 June 2016.

As at 30 June 2016 and 31 December 2015 respectively, the Company did not have any convertible securities.

As at 30 June 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>30.06.16</b>	<b>31.12.15</b>
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 30 June 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		6 Months Ended	
	30.06.16	30.06.15 (Restated)	30.06.16	30.06.15 (Restated)
	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	0.79	0.90	1.73	12.26
(ii) On a fully diluted basis	0.79	0.90	1.73	12.26

The weighted average number of shares for the 3 months ended 30 June 2016 and 6 months ended 30 June 2016 were 140,767,484. The comparative earnings per share for the 3 months ended 30 June 2015 and 6 months ended 30 June 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 30.06.16	56.79	54.46
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 30 June 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**

### **1H2016 versus 1H2015**

#### **Overview**

The Group recorded a net profit of \$2.8 million for the first half of 2016 despite a weak operating environment. The Group's results were boosted by a write-back of impairment loss on doubtful receivables of \$1.4 million and share of results of associates of \$1.0 million. Earnings per share for 1H2016 amounted to 1.73 cents.

#### **Revenue**

Revenue of \$41.6 million was 57% lower than 1H2015 due to the project-based nature of the Trading business and lower sales from China and Indonesia in the first half of 2016.

#### **Gross profit**

Gross profit of \$10.0 million was 69% lower than 1H2015. The decrease was due to lower revenue as well as a reduction in gross profit margin.

#### **Other operating income**

Other operating income of \$1.4 million was 37% higher than 1H2015. Other operating income for 1H2016 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.
- Share of profits from partnership of \$184,000.
- Interest income from a related party of \$158,000.

For 1H2015, other operating income comprised mainly a foreign exchange gain of \$671,000.

### **Selling and distribution costs**

Selling and distribution costs of \$4.1 million were 22% lower than 1H2015. The decrease was due to lower sales and hence, lower marketing related costs.

### **Administrative and general costs**

Administrative and general costs of \$5.5 million were 12% lower than 1H2015 due to mainly to a reduction in provisions for staff related costs.

### **Other operating expenses**

Other operating expenses for 1H2016 amounted to a credit balance of \$645,000 compared with an expense of \$617,000 for 1H2015. For 1H2016, other operating expenses included a write-back of impairment loss on doubtful receivables of \$1.4 million, which was partly offset by a foreign exchange loss of \$672,000.

### **Finance costs**

Finance costs of \$261,000 were 58% lower than 1H2015. 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 for 1H2016 was a net gain of \$1.0 million compared with a net loss of \$178,000 for 1H2015. The share of profit included \$0.5 million from the Group's 30% interest in PT Eastern Jason. PT Eastern Jason owns *Federal II* which is chartered to China National Offshore Oil Corporation ("**CNOOC**"). The Group also recorded a share of profit of \$0.6 million from another of its associate.

### **Income tax expense**

The income tax expense relates to provisions made for current tax expense.

### **Earnings per share ("EPS")**

The EPS for 1H2016 was 1.73 cents.



## **2Q2016 versus 2Q2015**

### **Overview**

The Group posted a net profit of \$1.1 million for the second quarter of 2016. Earnings per share for the quarter was 0.79 cents.

### **Revenue**

Revenue decreased by 52% to \$18.4 million. The decline in revenue was due in part to the project-based nature of the trading business and also, lower sales from China and Indonesia due to a slowdown in oil and gas activities.

### **Gross profit**

Gross profit was 55% lower at \$4.1 million. The decrease in gross profit was due to the decrease in revenue and lower gross profit margin of 22.5%. The reduction in gross margin was due to a change in the sales mix.

### **Other operating income**

Other operating income of \$163,000 comprised mainly interest income of \$91,000 and other income of \$70,000. Other income comprised mainly temporary employment credit and rental income.

### **Selling and distribution costs**

Selling and distribution costs of \$1.7 million were 45% lower than 2Q2015. The decrease was due to lower sales and hence, lower marketing related costs.

### **Administrative and general costs**

Administrative and general costs decreased by 13% to \$2.7 million due to lower provisions for staff related costs.

### **Other operating expenses**

Other operating expenses for 2Q2016 were a credit of \$1.2 million and comprised mainly a write-back of impairment loss on doubtful receivables of \$1.4 million.

### **Finance costs**

Finance costs decreased by 44% to \$163,000. The reduction in finance costs was due mainly to lower overall bank borrowings.

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

The Group's share of results of its associates for 2Q2016 was a gain of \$251,000 compared to share of loss of \$155,000 for 2Q2015. The share of profits for the current quarter was mainly from PT Eastern Jason and KVC Co.

### **Income tax expenses**

Income tax expenses of \$101,000 were provisions made for current period tax expense.

### **Earnings per share**

The EPS for the quarter was 0.79 cents.

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

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

As at 30 June 2016, the net assets attributable to owners of the Company amounted to \$79.9 million, which translates to a net asset value per ordinary share of 56.79 cents.

### **Non-current assets**

Non-current assets increased by \$9.9 million to \$62.8 million. The increase was mainly due to:

a) Increase in investment in associated companies (+\$9.8 million)

The increase in investment in associated companies was due mainly to the designation of loans to an associate as quasi-equity loans and recognition of the Group's share of associates' profit for the period.

b) Increase in other investments (+\$1.4 million)

The increase in other investments was in relation to the recognition of the Group's 12% interest in PT Gasuma Federal Indonesia ("PTGFI"). The Group acquired the 12% interest in PTGFI under the terms of an option agreement made on 21 March 2011. Under the option agreement, Federal Hardware Engineering Co. Pte Ltd ("FHEC"), a wholly-owned subsidiary of the Company, was entitled to acquire 12% shares in PTGFI by paying an exercise price of one USD dollar. PTGFI operates an integrated gas processing and power plant in Tuban, East Java, Indonesia.

The increase was partly offset by:

a) Decrease in Property, Plant and Equipment (-\$0.8 million) due mainly to recognition of depreciation charge for the period;

- b) Decrease in amount due from a related party and an associate of \$299,000 and \$221,000 respectively arising from a weaker US dollar.

### **Current assets**

Current assets decreased by \$1.0 million to \$68.2 million. The decrease was due mainly to a reduction in cash and bank balances (-\$5.8 million), trade and other receivables (-\$466,000), financial receivables (-\$411,000) and fixed deposits (-\$220,000). The reduction in financial receivables was due to receipt of payments under the minimum guaranteed water volume for the Chengdu industrial water plant located in Xinjin County, Chengdu, in the People's Republic of China.

The decrease was partly offset by an increase in amounts due from associated companies (+\$3.1 million) due to sales made to an associate, advance payment to suppliers (+\$2.0 million) for on-going projects, gross amount due from customer for construction work-in-progress (+\$641,000) and inventories (+\$220,000).

### **Current liabilities**

Current liabilities increased by \$8.2 million to \$60.1 million. The increase was due mainly to:

- a) Increase in amounts due to bankers (+\$8.6 million) due mainly to increase in trade facilities utilised to finance on-going projects;
- b) Increase in advance payment from an associate (+\$1.3 million) in relation to sales to an associate;
- c) Increase in advance payment from customers (+\$0.9 million) in relation to on-going projects;
- d) Increase in trade and other payables (+\$173,000).

The increase was partly offset by a decrease in provision for income tax (-\$1.6 million) arising from taxes paid, net reduction in term loans (-\$0.7 million) and amounts due to related parties (-\$213,000).

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

### **Non-current assets**

Non-current assets increased by \$6.4 million to \$91.9 million. The increase was due mainly to an increase in investment in associates (+\$8.8 million) due to the designation of loans to an associate as quasi-equity loans.

The increase was partly offset by:

- a) Decrease in investment in subsidiaries (-\$2.1 million) due to repayment of quasi-equity loans received from a subsidiary;
- b) Decrease in amount due from a subsidiary (-\$222,000) due to foreign exchange differences arising from a weaker US dollar.

### **Current assets**

Current assets decreased by \$852,000 to \$6.5 million. The decrease was due mainly to a decrease in amounts due from subsidiaries (-\$1.4 million) due to receipt of dividend from a subsidiary. The decrease was offset by an increase in cash and bank balances (+\$0.6 million).

### **Current liabilities**

Current liabilities decreased by \$1.7 million to \$3.5 million. The decrease was due mainly to a reduction in trade and other payables (-\$1.8 million) arising from 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 the 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.)

### **Non-current liabilities**

Non-current liabilities increased by \$8.3 million to \$18.2 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 30 June 2016, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$10 million. For the 6 months ended 30 June 2016, operating activities and investing activities utilised \$9.2 million and \$2.5 million respectively, whereas financing activities provided net cash of \$6.5 million.

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The net cash utilised by operating activities was due mainly to the net increase in amounts due from an associate which were of a trade nature and increase in advance payment to suppliers. The net cash used in investing activities was due mainly to loans to an associate and payments to suppliers for costs relating to the conversion of *Federal II*.

The net increase in cash from financing activities was due mainly to the net increase in trust receipts and bank overdrafts. The increase was partly offset by dividend paid in 2Q2016.

**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**

As at 26 July 2016, the Group has outstanding orders of \$42 million for on-going projects. The Group is currently working closely with its associate, PT Gunanusa Utama Fabricators (“PTG”), on an EPCIC project. Further announcements will be made when details of the project are finalised. 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. The Group is currently in discussion with various parties on the possible charter of the land rig. The land rig was not deployed for the drilling of the three wells in Jaboi, Sabang, Aceh Province in Indonesia as no downpayment was received from the charterer.

***Federal II***

*Federal II*, a floating, storage and offloading vessel (“FSO”), is owned by the 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 half of 2016, the Group recognised a share of profit of \$0.5 million.

**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 June 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**

**5 August 2016**