

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 2015

5 August 2015

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

Second Quarter Financial Year 2015 Financial Statements and Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of consolidated comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2Q2015")

		Group			Group		
		3 Months Ended			6 Months Ended		
	Ì	30.06.15	30.06.14	Changes	30.06.15	30.06.14	Changes
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		38,450	42,876	(10.3)	95,941	64,910	47.8
Cost of sales		(29,240)	(35,401)	(17.4)	(63,836)	(52,534)	21.5
Gross profit		9,210	7,475	23.2	32,105	12,376	159.4
Gross profit margin		24.0%	17.4%	_	33.5%	19.1%	
Other operating income	(i)	83	235	(64.7)	993	4.372	(77.2)
Selling and distribution	(1)	03	233	(04.7)	993	4,372	(77.3)
costs		(3,008)	(2,368)	27.0	(5,297)	(4,245)	24.8
Administrative and		(0,000)	(2,000)	27.0	(0,207)	(1,210)	24.0
general costs		(3,130)	(3,073)	1.9	(6,222)	(5,254)	18.4
Other operating		(=, -= -)	(0,010)		(-, ,	(-, - ,	
Expenses	(ii)	(737)	1,255	(158.7)	(617)	1,345	(145.9)
Finance costs	(iii)	(290)	(657)	(55.9)	(626)	(1,513)	(58.6)
Share of results of			, ,				
Associates		(155)	(233)	(33.5)	(178)	(148)	20.3
Profit before tax	(iv)	1,973	2,634	(25.1)	20,158	6,933	190.8
Income tax expense		(441)	(469)	(6.0)	(2,635)	(411)	N.M.
Profit for the period	•	1,532	2,165	(29.2)	17,523	6,522	168.7
Attributable to:							
Owners of the Company		1,266	2,055	(38.4)	17,257	4,967	N.M.
Non-controlling interests		266	110	141.8	266	1,555	(82.9)
	ĺĺ	1,532	2,165	(29.2)	17,523	6,522	168.7

N.M. – Not Meaningful

	—	Group —	—
	3 Months		
	30.06.15	30.06.14	Changes
	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME			
Profit net of tax	1,532	2,165	(29.2)
Other comprehensive income: Items that are or may be reclassified subsequently			
to profit or loss: Foreign currency translation	(1,090)	(995)	9.5
Share of other comprehensive income of an associate	_	_	_
Other comprehensive loss for the period, net of tax	(1,090)	(995)	9.5
Total comprehensive			
income for the period	442	1,170	(62.2)
Total comprehensive income attributable to:			
Owners of the Company	245	1,107	(77.9)
Non-controlling interests	197	63	N.M.
	442	1,170	(62.2)
	I	I	I

← Group				
6 Months				
30.06.15	30.06.14	Changes		
S\$'000	S\$'000	%		
17,523	6,522	168.7		
(1,326)	(1,187)	11.7		
(1)	1	(200.0)		
(1,327)	(1,186)	11.9		
16,196	5,336	N.M.		
15,909	4,088	N.M.		
287	1,248	(77.0)		
16,196	5,336	N.M.		

Notes:

 $\overline{1(a)(i)}$ Other operating income includes the following:

	3 Months Ended		
	30.06.15	30.06.14	
	S\$'000	S\$'000	
Commission fee income	_	14	
Foreign exchange gain	_	125	
Gain on disposal of assets held for sale	_	_	
Implicit interest income	_	43	
Interest income	10	4	
Other income	73	49	
	83	235	

6 Month	6 Months Ended		
30.06.15	30.06.14		
S\$'000	S\$'000		
_	14		
671	451		
_	3,581		
1	85		
32	13		
289	228		
993	4,372		

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

	3 Months Ended	
	30.06.15	30.06.14
	S\$'000	S\$'000
Bad debt expense	41	_
Foreign exchange loss	162	_
Impairment loss on investment in		
associates	_	776
Impairment loss on doubtful		
receivables	_	_
Impairment loss on property, plant and		
equipment	_	_
Inventories written off	127	1
Loss on disposal of derivatives	_	_
Write back of impairment loss on		
doubtful receivables	(6)	(1,365)
Write back of allowance for slow	,	(, ,
moving inventories	_	_
Write back of impairment loss on work-		
in-progress	_	(667)
Others	413	_
	737	(1,255)

6 Months Ended				
30.06.15	30.06.14			
S\$'000	S\$'000			
41 -	- -			
_	776			
3	41			
- 127 84	_ 1 _			
(18)	(1,496)			
(33)	_			
- 413	(667) –			
617	(1,345)			

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

	3 Months Ended	
	30.06.15	30.06.14
	S\$'000	S\$'000
Interest expense on:		
- Bank overdrafts	36	32
- Hire purchase	1	2
- Term loans	146	421
- Trust receipts	107	202
	290	657

6 Mont	6 Months Ended				
30.06.15	30.06.14				
S\$'000	S\$'000				
71	46				
3	3				
305	1,153				
247	311				
626	1,513				

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

	3 Months Ended 30.06.15 30.06.14		
	S\$'000	S\$'000	
reciation	488	502	

6 Month	6 Months Ended			
30.06.15	30.06.14			
S\$'000	S\$'000			
980	998			

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.

	Gro	oup	Company		
	As At	As At	As At	As At	
	30.06.15	31.12.14	30.06.15	31.12.14	
	S\$'000	S\$'000	S\$'000	S\$'000	
Non-current assets Property, plant and equipment	26 207	27 270	5	7	
Investment in subsidiaries	36,207	37,279	79,893	79,779	
Investment in associates	2,697	2,749	868	868	
Intangible assets	1	2,7 .0	_	_	
Other investment	20	20	_	_	
Other receivables	68	65	_	_	
Amount due from a related party	6,267	6,141	_	_	
Financial receivables	2,095	2,037	_	_	
Deferred tax assets	83	90	22	22	
Commont appets	47,438	48,382	80,788	80,676	
Current assets Inventories	19,958	26,405			
Trade and other receivables	26,266	26, 4 65 36,075	4	9	
Gross amount due from customer for work-in-progress	30	298	_	_	
Advance payment to suppliers	1,663	12,483	_	_	
Prepayments	440	287	6	13	
Deposits	180	175	4	4	
Financial receivables	285	708	_	_	
Amounts due from subsidiaries	_		8,309	6,566	
Amounts due from associates	6,649	4,176	36	24	
Fixed deposits	1,713	2,207	1,380	1,352	
Cash and bank balances	22,114	14,292	321	134	
Current liabilities	79,298	97,106	10,060	8,102	
Trade and other payables	29,922	42,612	2,521	2,060	
Advance payment from customers	393	3,770	_,=_:	_,000	
Deferred revenue	_	10	_	_	
Gross amount due to customer for work-in-progress	28	27	_	_	
Amounts due to subsidiaries	_	_	2,801	1,223	
Amounts due to associates	1,068	841	838	822	
Amount due to a related party	2,204	2,101	_	_	
Amounts due to bankers Term loans	8,772 10,732	29,682 11,309	_	_	
Hire purchase creditors	13	37	_	_	
Derivatives	_	753	_	_	
Provision for income tax	7,197	4,264	129	306	
	60,329	95,406	6,289	4,411	
Net comment as at	40.000	4 700	0.774	0.004	
Net current assets	18,969	1,700	3,771	3,691	
Non-current liabilities					
Term loans	137	272	_	_	
Amount due to a subsidiary	_	_	9,400	9,211	
Provision for post-employment benefits	4	5	_	_	
Deferred tax liabilities	2,531	2,531	_		
	2,672	2,808	9,400	9,211	
Net assets	63,735	47,274	75,159	75,156	
Familia attributable to assess of the October					
Equity attributable to owners of the Company Share capital	144,099	144,099	144,099	144,099	
Foreign currency translation reserve	(5,914)	(4,567)	- TTT,USS	1 77 ,033	
Capital reserve	2,778	2,778	_	_	
Revaluation reserve	16,598	16,598	_	_	
Other reserves	(977)	(976)	_	_	
Accumulated losses	(80,375)	(97,632)	(68,940)	(68,943)	
	76,209	60,300	75,159	75,156	
Non-controlling interests	(12,474)	(13,026)	_	_	
Total equity	63,735	47,274	75,159	75,156	

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

Amount repayable in one year or less, or on demand

As at 30 S\$'0		As at 31.12.14 S\$'000			
Secured	Unsecured	Secured	Unsecured		
19,516	1	41,024	4		

Amount repayable after one year

As at 30 S\$'0		As at 31.12.14 S\$'000			
Secured	Unsecured	Secured	Unsecured		
137	-	272	-		

Details of any collaterals

The Group's secured borrowings comprise bank overdrafts, hire purchase creditors, trust receipts and term loans.

The Group's term loans, overdrafts and trust receipts (collectively known as "Amounts due to Bankers") are secured on:

- (i) Subsidiaries' properties located at 47 and 49 Genting Road, Singapore 349489, at 11 Tuas Avenue 1, Singapore 639496, and at 12 Chin Bee Drive, Singapore 619868;
- (ii) Bank deposits pledged by the Company and its subsidiaries;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee by a director of a subsidiary; and
- (v) Subsidiary's inventories.

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Gro	oup	Gro	oup
	For 3 Mon	ths Ended	For 6 Mon	ths Ended
	30.06.15	30.06.14	30.06.15	30.06.14
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	1,973	2,634	20,158	6,933
Adjustments for:	,	,	,	,
Depreciation of property, plant and				
equipment	488	502	980	998
Gain on disposal of assets held for sale				
(Note A)	_	_	_	(3,581)
Impairment loss on investment in				(-,,
associates	_	776	_	776
Implicit interest income	_	(43)	(1)	(85)
Interest expense	290	657	626	1,513
Interest income	(10)	(4)	(32)	(13)
Loss on disposal of derivatives	_	_	84	_
Share of results of associates	155	233	178	148
Share of other comprehensive income of			""	1.0
an associate	_	_	1	_
Exchange loss	129	(26)	344	43
Operating cash flows before changes	120	(20)	011	
in working capital	3,025	4,729	22,338	6,732
(Increase)/decrease in:	0,020	4,720	22,000	0,702
Inventories	3.039	636	6,530	(1,055)
Trade and other receivables	28,136	(3,324)	9,056	2,198
Gross amount due from customer for	20,100	(0,021)	0,000	2,100
work-in-progress	348	107	268	77
Financial receivables	221	69	436	119
Advance payment to suppliers	600	887	10,825	(9,638)
Prepayments	(23)	(292)	39	(463)
Deposits	1	(52)	(2)	(54)
Amounts due from associates	(212)	(28)	(149)	12
(Decrease)/increase in:	(212)	(20)	(143)	12
Trade and other payables	(5,244)	2,238	(7,361)	2,231
Bills receivables (settled)/purchased	(9,474)	2,200	(9,474)	10,308
Gross amount due to customer for work-	(5, 1, 1)		(3, 1, 1)	. 5,555
in-progress	(86)	138	_	138
Advance payment from customers	(1,602)	138	(3,380)	(633)
Deferred revenue	(.,002)	_	(10)	(20)
Amounts due to associates	202	(53)	227	(143)
Amount due a related party	(38)	6	47	(14)
Derivatives	_		(838)	()
Cash flows generated from operations	18,893	5,199	28,552	9,795
Income tax refunded/(paid)	921	(553)	291	(2,566)
Net cash generated from operating	-	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \		,,,,,,
activities	19,814	4,646	28,843	7,229

	Gro	oup	Gro	oup	
		ths Ended		ths Ended	
	30.06.15	30.06.14	30.06.15	30.06.14	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from investing activities:					
Interest income received	9	3	30	11	
Investment in associate	_	-	(78)	_	
Shareholder loan to an associate	(1,420)	-	(2,242)	_	
Payments made to suppliers for					
conversion of a vessel	(1,813)	(2,402)	(5,634)	(4,812)	
Purchase of property, plant and equipment	(261)	(276)	(350)	(388)	
Proceeds from disposal of assets held for					
sale, net of cash disposed of (Note A)	_	_	_	(426)	
Net cash used in investing activities	(3,485)	(2,675)	(8,274)	(5,615)	
Cash flows from financing activities:	(505)	(0.50)	(0.5.4)	(0.40)	
Interest expense paid	(587)	(353)	(854)	(846)	
Capital contribution from non-controlling			005		
interest of a subsidiary	_	-	265	_	
(Repayment)/proceeds from secured bank	(4.000)	(000)	500	4.000	
overdrafts	(1,602)	(262)	596	1,923	
Repayment of hire obligations under	(40)	(44)	(00)	(00)	
purchase – net	(12)	(11)	(23)	(22)	
Drawdown of term loans	752 (010)	1,708	2,731	8,548	
Repayment of term loans	(910)	(5,325)	(3,489)	(12,465)	
Decrease/(increase) in pledged deposits	136	270 237	668	(702)	
(Decrease)/Increase in trust receipts	(7,071)		(12,708)	(5,744)	
Net cash used in financing activities	(9,294)	(3,736)	(12,814)	(9,308)	
Net increase/(decrease) in cash and cash					
equivalents	7,035	(1,765)	7,755	(7,694)	
Effect of exchange rate changes on cash	•				
and cash equivalents	(200)	(98)	203	(173)	
Cash and cash equivalents at beginning of					
period	15,473	13,771	14,350	19,775	
Cash and cash equivalents at end of					
the period	22,308	11,908	22,308	11,908	

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		
	30.06.15	30.06.14		
	S\$'000	S\$'000		
Cash and cash equivalents at the end of the period:				
Cash and bank balances and fixed deposits	23,827	14,152		
Less: Bank deposits pledged	(1,519)	(2,244)		
Cash and cash equivalents	22,308	11,908		

Note A

On 12 March 2014, the Group completed the disposal of its subsidiaries, FEE Water (China-PZH) Ltd and Federal Environmental (Panzhihua) Co., Ltd, which were previously classified as assets held for sale. The effect of the disposal on the financial position of the Group is as follows:

Effect of disposal on the financial position of the Group	Group
	30.06.14
	S\$'000
Assets:	
Property, plant and equipment	109
Financial receivables	26,478
Inventories	213
Other receivables	75
Prepayment	3
Fixed deposits	412
Cash and bank balances	64
	27,354
Liabilities:	
Trade payables	4,630
Other payables	4,029
Deferred revenue	41
Amount due to a related party	103
Term loans	20,970
Deferred tax liabilities	463
	30,236
Net liabilities derecognised	(2,882)
Consideration received, satisifed in cash	50
Cash and cash equivalents disposed of	(476)
Net cash outflow	(426)
	(120)
Gain on disposal:	
Consideration received	50
Net liabilities derecognised	2,882
Cumulative exchange differences in respect of the net liabilities of the subsidiaries	
reclassified from equity on loss of control of subsidiaries	649
	3,581

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

	Attributable to owners of the Company									
GROUP	Share capital S\$'000	Accumu- lated 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	144,099	(97,632)	(4,567)	2,778	16,598	(976)	(83,799)	60,300	(13,026)	47,274
Profit, net of tax Other comprehensive income: Items that may be reclassified subsequently to profit or loss:	_	15,991	-	-	-	-	15,991	15,991	-	15,991
Foreign currency translation Share of other comprehensive income of an	_	-	(326)	-	-	_	(326)	(326)	90	(236)
associate	_	_	_	_	_	(1)	(1)	(1)	_	(1)
Total comprehensive income/(loss) for the period	-	15,991	(326)	-	-	(1)	15,664	15,664	90	15,754
Change in ownership interests in a subsidiary Capital contribution by non-controlling interest in a subsidiary company	-	-	-	-	_	-	_	_	265	265
Balance at 31.03.15	144,099	(81,641)	(4,893)	2,778	16,598	(977)	(68,135)	75,964	(12,671)	63,293
Profit, net of tax Other comprehensive income: Items that may be reclassified subsequently to profit or loss:	_	1,266	-	-	_	_	1,266	1,266	266	1,532
Foreign currency translation	_	_	(1,021)	_	_	_	(1,021)	(1,021)	(69)	(1,090)
Total comprehensive income/(loss) for the period	-	1,266	(1,021)	-	-	-	245	245	197	442
Balance at 30.06.15	144,099	(80,375)	(5,914)	2,778	16,598	(977)	(67,890)	76,209	(12,474)	63,735

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

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

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
Balance at 01.01.15	144,099	(68,943)	75,156
Loss for the period	_	(106)	(106)
Total comprehensive loss for the period	_	(106)	(106)
Balance at 31.03.15	144,099	(69,049)	75,050
Profit for the period	_	109	109
Total comprehensive profit for the period	_	109	109
Balance at 30.06.15	144,099	(68,940)	75,159
Balance at 01.01.14	144,099	(54,811)	89,288
Loss for the period	-	(79)	(79)
Total comprehensive loss for the period	_	(79)	(79)
Balance at 31.03.14	144,099	(54,890)	89,209
Loss for the period	_	(10)	(10)
Total comprehensive loss for the period	_	(10)	(10)
Balance at 30.06.14	144,099	(54,900)	89,199

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 2015.

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

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.15	31.12.14
Total number of issued shares	1,407,675,433	1,407,675,433
(excluding treasury shares)		

As at 30 June 2015 and 31 December 2014 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 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

The adoption of these new / revised FRS and INT FRS did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 Month	s Ended	6 Months Ended		
	30.06.15 30.06.14		30.06.15	30.06.14	
	Cents	Cents	Cents	Cents	
(i) Based on weighted average number of ordinary shares in issue	0.09	0.15	1.23	0.35	
(ii) On a fully diluted basis	0.09	0.15	1.23	0.35	

The weighted average number of shares for the 3 months ended 30 June 2015 and 6 months ended 30 June 2015 were 1,407,675,433 (3 months ended 30 June 2014 and 6 months ended 30 June 2014: 1,407,675,433).

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 30.06.15	5.41	5.34
As at 31.12.14	4.28	5.34

Net asset value per share is calculated based on the number of ordinary shares in issue of 1,407,675,433 as at 30 June 2015 (31 December 2014: 1,407,675,433).

- 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

1H2015 versus 1H2014

Overview

The Group posted strong performance for the first half of 2015 ("1H2015") compared with the corresponding period in 2014 ("1H2014") with profit before tax increasing by almost two-fold to S\$20.2 million on the back of a 48% increase in total turnover. Group turnover increased to S\$95.9 million, boosted by higher sales from the trading business segment. Earnings per share for 1H2015 increased to 1.23 cents (1H2014: 0.35 cents).

Revenue

Group revenue of S\$95.9 million was 48% higher than 1H2014 (1H2014: S\$64.9 million). The increase was due mainly to higher contribution from the trading business segment, which made up 97% of total turnover.

Gross profit

Gross profit of S\$32.1 million was 159% higher than 1H2014 (1H2014: S\$12.4 million). The increase was due mainly to the increase in total turnover and higher gross profit margin of 33.5% (1H2014 GP margin: 19.1%).

Other operating income

Other operating income of S\$1.0 million was 77% lower than 1H2014 (1H2014: S\$4.4 million). The decrease was due mainly to the absence of a one-time gain of S\$3.6 million relating to the disposal of assets held for sale. The assets disposed were the Group's investments in Federal Environmental (Panzhihua) Co., Ltd ("FEPZH") and its immediate holding company, FEE Water (China-PZH) Ltd ("FEEW"). FEPZH owns and operates the wastewater treatment plant located at Panzhihua, Sichuan Province, in the People's Republic of China ("PRC"). The decrease was partly offset by higher foreign exchange gain.

Selling and distribution costs

Selling and distribution costs of S\$5.3 million were 25% higher than 1H2014 (1H2014: S\$4.2 million). The increase was due mainly to higher R&D and marketing related expenses.

Administrative and general costs

Administrative and general costs of S\$6.2 million were 18% higher than 1H2014 (1H2014: S\$5.3 million). Administrative and general costs were lower in 1H2014 because of the write-back of certain overseas tax provisions in 1H2014.

Other operating expenses

Other operating expenses for 1H2015 amounted to S\$0.6 million compared with a net credit of S\$1.3 million for 1H2014. The net credit in 1H2014 was due mainly to a higher writeback of impairment loss on doubtful receivables and a one-time writeback of impairment loss on work-in-progress in 2014, which was partly offset by an impairment loss on investment in associates.

Finance costs

Finance costs of S\$0.6 million were 59% lower than 1H2014 (1H2014: S\$1.5 million). The decrease was due mainly to the overall reduction in borrowings after the repayment of the vessel conversion loan and the disposal of the Group's investment in FEEW and FEPZH in 2014.

Share of results of associates

The Group's share of results of its associates for 1H2015 was a loss of \$178,000 compared to \$148,000 for 1H2014. The increase was due mainly to higher losses reported by an associate company.

Income tax expense

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

Earnings per share ("EPS")

The EPS for 1H2015 increased to 1.23 cents from 0.35 cents for 1H2014.

2Q2015 versus 2Q2014

Overview

The Group posted a profit before tax of S\$2.0 million on a turnover of S\$38.5 million for the second guarter of 2015 ("**2Q2015**"). Earnings per share for the guarter was 0.09 cents.

Revenue

Revenue of S\$38.5 million for 2Q2015 was 10% lower than 2Q2014 (2Q2014: S\$42.9 million). The decrease was due mainly to lower sales to customers in the PRC in 2Q2015 as compared with 2Q2014 due to the project-based nature of the trading business.

Gross profit

Gross profit of S\$9.2 million was 23% higher than 2Q2014 despite the decrease in revenue. The higher gross profit was due mainly to the higher gross profit margin of 24.0% (2Q2014 GP margin: 17.4%) for sales recorded in 2Q2015.

Other operating income

Other operating income of S\$83,000 was 65% lower than 2Q2014 (2Q2014: S\$235,000). The decrease was due mainly to the absence of a foreign exchange gain of S\$125,000 recorded in 2Q2014.

Selling and distribution costs

Selling and distribution costs of S\$3.0 million were 27% higher than 2Q2014 (2Q2014: S\$2.4 million). The increase was due mainly to higher R&D and marketing related costs incurred during the quarter.

Administrative and general costs

Administrative and general costs incurred amounted to S\$3.13 million, which was marginally higher than the costs incurred in 2Q2014 of S\$3.07 million.

Other operating expenses

Other operating expenses for 2Q2015 amounted to S\$0.7 million compared with a net credit amount of S\$1.3 million for 2Q2014. The net credit balance in 2Q2014 was due mainly to a higher writeback of impairment loss on doubtful receivables and a one-time writeback of impairment loss on work-in-progress recorded in 2Q2014, which was partly reduced by the impairment loss on investment in associates.

Finance costs

Finance costs of S\$290,000 were 56% lower than 2Q2014 (2Q2014: S\$657,000). The decrease was due mainly to the overall reduction in borrowings after the repayment of the vessel conversion loan and the disposal of the Group's investment in FEEW and FEPZH in 2014.

Share of results of associates

The Group's share of results of its associates for 2Q2015 was a loss of \$155,000 compared to \$233,000 for 2Q2014. The decrease was due mainly to the non-recognition of losses in excess of the Group's investment in an associate company.

Income tax expenses

Income tax expenses of S\$441,000 were 6% lower than 2Q2014. The decrease was due mainly to a lower net profit before tax of S\$2.0 million compared to a profit before tax of S\$2.6 million for 2Q2014.

Earnings per share

The EPS for 2Q2015 was 0.09 cents (2Q2014: 0.15 cents).

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 June 2015, net assets attributable to owners of the Company amounted to S\$76.2 million, which translates to a net asset value per ordinary share of 5.41 cents.

Non-current assets

Non-current assets decreased by \$944,000 or by 2.0% to \$47.4 million. The decrease was due mainly to a reduction in property, plant and equipment ("**PPE**") of \$1.1 million (-2.9%). The decrease in PPE was due mainly to depreciation expenses for the period and foreign exchange translation loss arising from the depreciation of the Indonesian Rupiah ("**IDR**") against the Singapore dollar as certain PPE is denominated in IDR. The decrease was partly offset by additions made to PPE.

The decrease in PPE was partly offset by an increase in amount due from a related party and financial receivables. The increase in amount due from a related party of S\$126,000 (+2.1%) and financial receivables of S\$58,000 (+2.9%) was due mainly to foreign exchange translation gains arising from the appreciation of the United States dollar and Chinese Yuan against the Singapore dollar respectively.

Current assets

Current assets decreased by \$17.8 million or 18.3% to \$79.3 million. The reduction was due mainly to:

- A decrease in inventories of S\$6.4 million (-24.4%) due mainly to a reduction in goods in-transit and finished goods as at 30 June 2015 as these goods were delivered to customers;
- A decrease in trade and other receivables of S\$9.8 million (-27.2%) due mainly to sales collections received;
- A decrease in gross amount due from customer for work-in-progress ("WIP") of S\$268,000 (-90%) due mainly to the recognition of revenue associated with the WIP; and
- A decrease in advance payment to suppliers of S\$10.8 million (-86.7%) due mainly to the transfer of the advance payment to costs of sales following the completion of delivery of goods to a customer.

The decrease was partly offset by an increase in amounts due from associates of S\$2.5 million (+59.2%) and cash and bank balances of S\$7.8 million (+54.7%). The increase in amounts due from associates was due to an increase in loans to an associate and the appreciation of the US dollar against the Singapore dollar. The increase in cash and bank balances was due mainly to sales collections received.

Current liabilities

Current liabilities decreased by S\$35.1 million or by 37% to S\$60.3 million. The reduction was due mainly to:

- A decrease in trade and other payables of S\$12.7 million (-30%);
- A decrease in advance payment from customers of S\$3.4 million (-90%) as advance payment received from customers was recognised as sales for completed deliveries of goods;
- A decrease in deferred revenue of S\$10,000 (-100%) as revenue has been recognised;
- A decrease in amounts due to bankers and term loans of S\$20.9 million (-70%) and S\$577,000 (-5%) respectively. The decrease was due mainly to a net reduction in trust receipts and borrowings; and
- A decrease in derivatives of S\$753,000 (-100%) due to the settlement of the forward foreign exchange contract in March 2015. The forward foreign exchange contract was to hedge the foreign currency exposure relating to the cost of a project that has been completed.

The decrease was partly offset by an increase in provision for income tax of S\$2.9 million (+69%) and amounts due to associates and a related party of S\$227,000 (+27%) and S\$103,000 (+5%) respectively.

Net current assets

Net current assets improved from \$1.7 million to \$19.0 million as at 30 June 2015. The Group's cash and bank balances increased to S\$22.1 million.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Amounts due from subsidiaries Amounts due to subsidiaries

Amounts due to subsidiaries increased by S\$1.6 million (+129%) to S\$2.8 million due mainly to loans obtained from a subsidiary. The amounts received were subsequently loaned to another subsidiary of the Company, which resulted in an increase of S\$1.7 million (+27%) in amounts due from subsidiaries. The amounts due from subsidiaries as at 30 June 2015 was S\$8.3 million.

Amounts due from associates

Amounts due from associates increased by S\$12,000 (+50%) to S\$36,000 due mainly to increase in loans extended to an associate company.

Cash and bank balances

Cash and bank balances increased by S\$187,000 (+140%) to S\$321,000 due mainly to repayment of loans received from a subsidiary.

Trade and other payables

Trade and other payables increased by S\$461,000 (+22%) to S\$2.5 million due mainly to increase in accruals for staff related costs.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's available cash and cash equivalents increased to \$\$22.3 million as at 30 June 2015. Operating activities generated a net cash of \$28.8 million whereas investing and financing activities utilised \$8.3 million and \$12.8 million respectively.

The cash used for investing activities related mainly to payments to suppliers for the conversion and offshore commissiong of the vessel, *Federal II*, and loans made to an associate company.

The cash used for financing activities related mainly to a net repayment in term loans and settlement of trust receipts, which was partly offset by proceeds received from secured bank overdrafts, term loans and the reduction in pledged deposits.

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

No forecast or prospect statement was given.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Trading business

The trading business segment contributed revenue of S\$93.2 million for the 6 months ended 30 June 2015 or 97% of total turnover for the Group. The Group remains focused on growing the trading business in terms of products offered and presence in the Southeast Asia region. As of 27 July 2015, the Group has outstanding orders on-hand amounting to S\$28 million, including S\$13 million of new orders received.

Marine Logistics business - Federal II

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

The vessel is chartered to China National Offshore Oil Corporation ("**CNOOC**") and charter operations commenced on 10 June 2015. The duration of the charter is till 6 September 2018 and there is an option for CNOOC to renew the charter for a further 5 years to 6 September 2023.

Resources business - Supply and leasing of equipment to increase output from oil and gas wells

The Group entered into an option agreement on 14 July 2015 to acquire 51.3% of the issued and paid-up share capital of PT Petrosa Novomet Indonesia ("**PTPNI**"). PTPNI was incorporated in January 2015 to supply, lease and operate specialised equipment using advanced technology that is able to increase the production and yield of onshore and offshore oil and gas wells.

The investment in PTPNI will allow the Group to expand and strengthen its foothold in the upstream oil and gas sector in Indonesia under the Group's Resources business segment. PTPNI is in active discussions with major oil companies in Indonesia to utilise and deploy the equipment for wells operated by these major oil companies.

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

BY ORDER OF THE BOARD

Koh Kian Kiong Executive Chairman & CEO Koh Maggie Executive Director

5 August 2015