



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

**Unaudited Financial Statements and Dividend Announcement
For the Third Quarter and Nine Months ended
30 September 2019**

8 November 2019

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

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

Third Quarter Financial Year 2019 Financial Statements and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE THIRD QUARTER ("3Q2019") AND PERIOD ENDED 30 SEPTEMBER 2019

| | | Group | | | Group | | |
|--|-------|----------------|----------------|-------------|----------------|----------------|----------------|
| | | 3 Months Ended | | Changes | 9 Months Ended | | Changes |
| | | 30.09.19 | 30.09.18 | | 30.09.19 | 30.09.18 | |
| | | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| INCOME STATEMENT | | | | | | | |
| Revenue | | 15,611 | 9,658 | 61.6 | 37,842 | 30,884 | 22.5 |
| Cost of sales | | (12,231) | (6,895) | 77.4 | (29,060) | (23,327) | 24.6 |
| Gross profit | | 3,380 | 2,763 | 22.3 | 8,782 | 7,557 | 16.2 |
| Gross profit margin | | 21.7% | 28.6% | | 23.2% | 24.5% | |
| Other income | (i) | 1,049 | 431 | 143.4 | 2,058 | 2,366 | (13.0) |
| Selling and distribution costs | | (1,155) | (1,231) | (6.2) | (3,399) | (3,676) | (7.5) |
| Administrative and general costs | | (2,962) | (2,659) | 11.4 | (7,773) | (8,075) | (3.7) |
| Other operating income / (expenses) | (ii) | 2,983 | (1,127) | N.M. | 2,831 | (1,785) | N.M. |
| Finance costs | (iii) | (358) | (268) | 33.6 | (991) | (859) | 15.4 |
| Share of results of associates and joint venture | | 333 | 317 | 5.0 | 503 | 1,112 | (54.8) |
| Profit / (loss) before tax | (iv) | 3,270 | (1,774) | N.M. | 2,011 | (3,360) | (159.9) |
| Income tax credit | | 42 | - | N.M. | 3,491 | 10 | N.M. |
| Profit / (loss) for the period | | 3,312 | (1,774) | N.M. | 5,502 | (3,350) | N.M. |
| Attributable to: | | | | | | | |
| Owners of the Company | | 3,425 | (1,624) | N.M. | 5,931 | (2,828) | N.M. |
| Non-controlling interests | | (113) | (150) | (24.7) | (429) | (522) | (17.8) |
| | | 3,312 | (1,774) | N.M. | 5,502 | (3,350) | N.M. |

N.M. – Not Meaningful

| | Group | | | Group | | |
|---|----------------|----------------|--------------|----------------|----------------|-------------|
| | 3 Months Ended | | Changes | 9 Months Ended | | Changes |
| | 30.09.19 | 30.09.18 | | 30.09.19 | 30.09.18 | |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| STATEMENT OF COMPREHENSIVE INCOME | | | | | | |
| Profit / (loss) net of tax | 3,312 | (1,774) | N.M. | 5,502 | (3,350) | N.M. |
| Other comprehensive income: | | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | | |
| Net surplus / (deficit) on revaluation of freehold / leasehold land and buildings | – | – | N.M. | 234 | (342) | (168.4) |
| Items that are or may be reclassified subsequently to profit or loss | | | | | | |
| Foreign currency translation | 519 | 299 | 73.6 | 513 | 385 | 33.2 |
| Share of other comprehensive income / (loss) of associates and joint venture | 137 | (22) | N.M. | 121 | 123 | (1.6) |
| Foreign currency translation on loss on control or disposal of associates reclassified to profit and loss | – | 7 | (100.0) | (5) | 697 | (100.7) |
| Other comprehensive income / (loss) for the period, net of tax | 656 | 284 | 131.0 | 863 | 863 | 0.0 |
| Total comprehensive income / (loss) for the period | 3,968 | (1,490) | N.M. | 6,365 | (2,487) | N.M. |
| Total comprehensive income / (loss) attributable to: | | | | | | |
| Owners of the Company | 3,950 | (1,448) | N.M. | 6,682 | (2,166) | N.M. |
| Non-controlling interests | 18 | (42) | (142.9) | (317) | (321) | (1.2) |
| | 3,968 | (1,490) | N.M. | 6,365 | (2,487) | N.M. |

N.M. – Not Meaningful

Notes:

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

| | 3 Months Ended | | 9 Months Ended | |
|---|----------------|----------|----------------|----------|
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Fee from litigation funding agreement | – | – | – | 300 |
| Foreign currency exchange gain | 185 | – | 299 | – |
| Gain on disposal of a subsidiary | – | – | 3 | – |
| Gain on disposal of property, plant and equipment | – | – | – | 3 |
| Implicit interest income | 1 | 1 | 3 | 3 |
| Interest income | 171 | 61 | 369 | 671 |
| Rental and related income | 66 | 66 | 198 | 237 |
| Share of profits from partnership | – | – | – | 136 |
| Sundry income | 626 | 303 | 1,186 | 1,016 |
| | 1,049 | 431 | 2,058 | 2,366 |
| | | | | |

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

| | 3 Months Ended | | 9 Months Ended | |
|---|----------------|----------|----------------|----------|
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Allowance for slow moving inventories | 816 | 501 | 953 | 501 |
| Amount due from associate written off | 25 | – | 25 | – |
| Foreign currency exchange loss | – | 529 | – | 498 |
| Impairment loss on doubtful receivables | 673 | – | 803 | 123 |
| Impairment loss on amount due from associates | – | – | – | 3 |
| Inventories written off | 5 | 82 | 8 | 121 |
| Loss on disposal of an associate | – | 7 | – | 449 |
| Loss on disposal of other investment | – | 7 | – | 7 |
| Loss on disposal of property, plant and equipment | 10 | – | 10 | – |
| Reversal of accruals of a vessel | (4,503) | – | (4,503) | – |
| Write back of impairment loss on amount due from associates | – | – | – | (4) |
| Write back of impairment loss on doubtful receivables | (10) | – | (129) | – |
| Other expenses | 1 | 1 | 2 | 87 |
| | (2,983) | 1,127 | (2,831) | 1,785 |
| | | | | |

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

| | 3 Months Ended | | 9 Months Ended | |
|----------------------|----------------|----------|----------------|----------|
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Interest expense on: | | | | |
| - Bank overdrafts | 43 | 41 | 120 | 77 |
| - Term loans | 173 | 191 | 531 | 598 |
| - Trust receipts | 92 | 36 | 186 | 184 |
| - Lease liabilities | 50 | – | 154 | – |
| | 358 | 268 | 991 | 859 |
| | | | | |

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

| | 3 Months Ended | | 9 Months Ended | |
|-------------------------------------|----------------|----------|----------------|----------|
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Depreciation and amortisation | 526 | 522 | 1,600 | 1,563 |
| Depreciation of right-of-use assets | 92 | – | 279 | – |
| | 618 | 522 | 1,879 | 1,563 |
| | | | | |

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

| | Group | | Company | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | As At 30.09.19 S\$'000 | As At 31.12.18 S\$'000 | As At 30.09.19 S\$'000 | As At 31.12.18 S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 19,255 | 31,316 | – | – |
| Investment properties | 11,257 | – | – | – |
| Right-of-use assets | 3,634 | – | – | – |
| Investment in subsidiaries | – | – | 78,009 | 77,876 |
| Investment in associates and joint venture | 6,618 | 5,994 | 732 | 732 |
| Intangible assets | 1,557 | 1,650 | – | – |
| Financial assets at fair value through other comprehensive income | 563 | 538 | 538 | 538 |
| Other receivables | 13,096 | 13,095 | 13,022 | 13,022 |
| Deferred tax assets | 748 | 722 | – | – |
| | 56,728 | 53,315 | 92,301 | 92,168 |
| Current assets | | | | |
| Inventories | 11,184 | 12,625 | – | – |
| Trade receivables | 35,522 | 23,867 | – | – |
| Other receivables | 2,528 | 6,859 | 104 | 46 |
| Advance payment to suppliers | 1,244 | 779 | – | – |
| Prepayments | 299 | 250 | 35 | 16 |
| Deposits | 54 | 78 | 4 | 24 |
| Financial receivable | – | 300 | – | – |
| Amounts due from subsidiaries | – | – | 2,826 | 1,875 |
| Amounts due from associates | 2,981 | 2,979 | 11 | 50 |
| Amount due from a related party | 6,414 | 6,327 | – | – |
| Tax receivables | 38 | – | – | – |
| Fixed and bank deposits | 1,419 | 1,398 | 1,382 | 1,363 |
| Cash and bank balances | 6,368 | 8,968 | 85 | 188 |
| | 68,051 | 64,430 | 4,447 | 3,562 |
| Current liabilities | | | | |
| Trade payables | 7,829 | 8,233 | – | – |
| Other payables | 6,141 | 10,007 | 738 | 649 |
| Contract liabilities | 4,333 | 924 | – | – |
| Amounts due to subsidiaries | – | – | 1,229 | 1,226 |
| Amounts due to associates | 9 | 10 | – | – |
| Amount due to a related party | 1,881 | 1,926 | – | – |
| Amounts due to bankers | 11,130 | 8,067 | – | – |
| Term loans | 8,093 | 8,535 | – | – |
| Lease liabilities | 301 | – | – | – |
| Provision for taxation | – | 2,620 | – | – |
| | 39,717 | 40,322 | 1,967 | 1,875 |
| Net current assets | 28,334 | 24,108 | 2,480 | 1,687 |
| Non-current liabilities | | | | |
| Term loans | 5,445 | 7,352 | – | – |
| Amounts due to subsidiaries | – | – | 19,987 | 19,716 |
| Provision for post employment benefits | 219 | 211 | – | – |
| Lease liabilities | 3,405 | – | – | – |
| Deferred tax liabilities | 2,156 | 2,390 | – | – |
| | 11,225 | 9,953 | 19,987 | 19,716 |
| Net assets | 73,837 | 67,470 | 74,794 | 74,139 |

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

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | As At 30.09.19 | As At 31.12.18 | As At 30.09.19 | As At 31.12.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 144,099 | 144,099 | 144,099 | 144,099 |
| Treasury shares | (25) | (25) | (25) | (25) |
| Foreign currency translation reserve | (3,231) | (3,748) | – | – |
| Capital reserve | 5 | 5 | – | – |
| Revaluation reserve | 18,016 | 17,782 | – | – |
| Other reserves | (976) | (976) | – | – |
| Accumulated losses | (70,575) | (76,506) | (69,280) | (69,935) |
| | 87,313 | 80,631 | 74,794 | 74,139 |
| Non-controlling interests | (13,476) | (13,161) | – | – |
| Total equity | 73,837 | 67,470 | 74,794 | 74,139 |

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

Amount repayable in one year or less, or on demand

| As at 30.09.19 S\$'000 | | As at 31.12.18 S\$'000 | |
|---------------------------|-----------|---------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 19,223 | - | 16,602 | - |

Amount repayable after one year

| As at 30.09.19 S\$'000 | | As at 31.12.18 S\$'000 | |
|---------------------------|-----------|---------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 5,445 | - | 7,352 | - |

Details of any collaterals

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

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

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

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

| | Group | | Group | |
|---|--------------------|----------------|--------------------|----------------|
| | For 3 Months Ended | | For 9 Months Ended | |
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | | | |
| Profit / (loss) before tax | 3,270 | (1,774) | 2,011 | (3,360) |
| <u>Adjustments for:</u> | | | | |
| Amortisation of intangible assets | 34 | 34 | 102 | 102 |
| Depreciation of property, plant and equipment | 492 | 488 | 1,498 | 1,461 |
| Depreciation of right-of-use assets | 92 | – | 279 | – |
| Loss / (gain) on disposal of property, plant and equipment | 10 | – | 10 | (3) |
| Gain on disposal of a subsidiary (Note A) | – | – | (3) | – |
| Implicit interest income | (1) | (1) | (3) | (3) |
| Interest expense | 358 | 268 | 991 | 859 |
| Interest income | (171) | (61) | (369) | (671) |
| Loss on disposal of an associate | – | 7 | – | 449 |
| Loss on disposal of other investment | – | 7 | – | 7 |
| Share of results of associates and joint venture | (333) | (317) | (503) | (1,112) |
| Write-back of impairment loss on amount due from associates (net) | – | – | – | (1) |
| Foreign currency exchange loss / (gain) | (58) | (52) | (61) | (208) |
| Operating cash flows before changes in working capital | 3,693 | (1,401) | 3,952 | (2,480) |
| <u>(Increase)/decrease in:</u> | | | | |
| Inventories | 398 | 1,977 | 1,421 | 1,274 |
| Trade and other receivables | (1,515) | 1,449 | (4,317) | 23,623 |
| Contract assets | – | 7 | – | 104 |
| Financial receivable | (2) | 69 | 296 | 394 |
| Advance payment to suppliers | (735) | 368 | (384) | 855 |
| Prepayments | 10 | 8 | (47) | 50 |
| Deposits | 2 | (15) | 24 | (8) |
| Amounts due from associates | 39 | – | 39 | (65) |
| <u>(Decrease)/increase in:</u> | | | | |
| Trade and other payables | (1,490) | (350) | (4,667) | (8,135) |
| Contract liabilities | 1,323 | (263) | 939 | (184) |
| Amounts due to associates | – | (165) | – | (639) |
| Amount due to a related party | (14) | (3) | – | (14) |
| Provision for post employment benefits | 3 | (5) | 8 | (10) |
| Cash flows generated from / (used in) operations | 1,712 | 1,676 | (2,736) | 14,765 |
| Income taxes refund / (paid) | 191 | (662) | 801 | (1,367) |
| Interest expense paid | (51) | – | (138) | – |
| Interest income received | 247 | 494 | 255 | 511 |
| Net cash flows generated from / (used in) operating activities | 2,099 | 1,508 | (1,818) | 13,909 |

| | Group | | Group | |
|---|--------------------|----------------|--------------------|-----------------|
| | For 3 Months Ended | | For 9 Months Ended | |
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cash flows from investing activities: | | | | |
| Interest income received | 3 | 2 | 11 | 9 |
| Investment in joint venture | – | – | – | (100) |
| Net cash inflow on acquisition of a subsidiary | 10 | – | 10 | – |
| Net cash outflow on disposal of a subsidiary (Note A) | – | – | (24) | – |
| Purchase of property, plant and equipment | (136) | (91) | (550) | (239) |
| Proceeds from disposal of property, plant and equipment | – | – | – | 3 |
| Proceeds from disposal of other investment | – | 13 | – | 13 |
| Net cash flows used in investing activities | (123) | (76) | (553) | (314) |
| Cash flows from financing activities: | | | | |
| Dividend paid | – | – | – | (2,815) |
| Interest expense paid | (269) | (269) | (816) | (946) |
| (Repayment of) / proceeds from secured bank overdrafts | (349) | 715 | 267 | 2,802 |
| Drawdown of term loans | 727 | 441 | 1,631 | 1,481 |
| Repayment of term loans | (861) | (849) | (3,924) | (3,309) |
| Increase / (decrease) in trust receipts | 2,190 | (4,540) | 2,784 | (15,421) |
| Principal elements of lease payments | (69) | – | (223) | – |
| Net cash flows generated from / (used in) financing activities | 1,369 | (4,502) | (281) | (18,208) |
| Net increase / (decrease) in cash and cash equivalents | 3,345 | (3,070) | (2,652) | (4,613) |
| Effect of exchange rate changes on cash and cash equivalents | 55 | 25 | 54 | 66 |
| Cash and cash equivalents at beginning of period | 3,005 | 9,287 | 9,003 | 10,789 |
| Cash and cash equivalents at end of the period | 6,405 | 6,242 | 6,405 | 6,242 |

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

| | Group | |
|--|--------------------|--------------|
| | For 9 Months Ended | |
| | 30.09.19 | 30.09.18 |
| | S\$'000 | S\$'000 |
| Cash and cash equivalents at the end of the period: | | |
| Cash and bank balances and fixed deposits | 7,787 | 7,610 |
| Less: Bank deposits pledged | (1,382) | (1,368) |
| Cash and cash equivalents | 6,405 | 6,242 |

Note A

The voluntary liquidation of a subsidiary, Federal-WH Marathon Ltd, has been completed (Please refer to announcement on 29 May 2019). The effect of the disposal on the financial position of the Group is as follows:

Effect of disposal on the financial position of the Group

| | Group 2019 S\$'000 |
|---|-----------------------------------|
| Assets: | |
| Cash and bank balances | 49 |
| Net assets derecognised | <u>49</u> |
| Consideration received, satisfied in cash | 25 |
| Cash and cash equivalents disposed of | <u>(49)</u> |
| Net cash outflow | <u>(24)</u> |
| Gain on disposal: | |
| Consideration received | 25 |
| Net assets derecognised | (49) |
| Cumulative foreign currency exchange differences in respect of the net assets of the subsidiary reclassified to profit or loss on loss of control of subsidiary | <u>5</u> |
| | (19) |
| Non-controlling interest | <u>22</u> |
| | <u>3</u> |

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

| GROUP | ← Attributable to owners of the Company → | | | | | | | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|--|---|-------------------------------|---------------------------------------|--|-------------------------------|-----------------------------------|------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Treasury shares 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 | | | |
| Balance at 01.01.19 | 144,099 | (25) | (76,506) | (3,748) | 5 | 17,782 | (976) | 80,631 | (13,161) | 67,470 |
| Loss net of tax | – | – | (612) | – | – | – | – | (612) | (115) | (727) |
| Other comprehensive loss: | | | | | | | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | (156) | – | – | – | (156) | (77) | (233) |
| Share of other comprehensive loss of associates and joint venture | – | – | – | (46) | – | – | – | (46) | – | (46) |
| Total comprehensive loss for the period | – | – | (612) | (202) | – | – | – | (814) | (192) | (1,006) |
| Balance at 31.03.19 | 144,099 | (25) | (77,118) | (3,950) | 5 | 17,782 | (976) | 79,817 | (13,353) | 66,464 |
| Profit net of tax | – | – | 3,118 | – | – | – | – | 3,118 | (201) | 2,917 |
| Other comprehensive income: | | | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Net surplus on revaluation of freehold land and buildings | – | – | – | – | – | 234 | – | 234 | – | 234 |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | 167 | – | – | – | 167 | 60 | 227 |
| Share of other comprehensive income of associates and joint venture | – | – | – | 30 | – | – | – | 30 | – | 30 |
| Foreign currency translation on loss of control reclassified to profit or loss | – | – | – | (3) | – | – | – | (3) | (2) | (5) |
| Total comprehensive income / (loss) for the period | – | – | 3,118 | 194 | – | 234 | – | 3,546 | (143) | 3,403 |
| Disposal of a subsidiary company | – | – | – | – | – | – | – | – | (22) | (22) |
| Balance at 30.06.19 | 144,099 | (25) | (74,000) | (3,756) | 5 | 18,016 | (976) | 83,363 | (13,518) | 69,845 |

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

| GROUP | ← Attributable to owners of the Company → | | | | | | | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|--|---|-------------------------------|---------------------------------------|--|-------------------------------|-----------------------------------|------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Treasury shares 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 | | | |
| Balance at 30.06.19 | 144,099 | (25) | (74,000) | (3,756) | 5 | 18,016 | (976) | 83,363 | (13,518) | 69,845 |
| Profit net of tax | – | – | 3,425 | – | – | – | – | 3,425 | (113) | 3,312 |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | 388 | – | – | – | 388 | 131 | 519 |
| Share of other comprehensive income of associates and joint venture | – | – | – | 137 | – | – | – | 137 | – | 137 |
| Total comprehensive income for the period | – | – | 3,425 | 525 | – | – | – | 3,950 | 18 | 3,968 |
| Acquisition of a subsidiary company | – | – | – | – | – | – | – | – | 24 | 24 |
| Balance at 30.09.19 | 144,099 | (25) | (70,575) | (3,231) | 5 | 18,016 | (976) | 87,313 | (13,476) | 73,837 |

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

| GROUP | ← Attributable to owners of the Company → | | | | | | | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|---|---|-------------------------------|---------------------------------------|--|-------------------------------|-----------------------------------|------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Treasury shares 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 | | | |
| Balance at 01.01.18 | 144,099 | – | (67,889) | (4,860) | 5 | 17,073 | (976) | 87,452 | (12,657) | 74,795 |
| Loss net of tax | – | – | (976) | – | – | – | – | (976) | (158) | (1,134) |
| Other comprehensive income: | | | | | | | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | (123) | – | – | – | (123) | (121) | (244) |
| Share of other comprehensive loss of associates and joint venture | – | – | – | (3) | – | – | – | (3) | – | (3) |
| Foreign currency translation on disposal of an associate reclassified to profit or loss | – | – | – | 690 | – | – | – | 690 | – | 690 |
| Total comprehensive (loss) / income for the period | – | – | (976) | 564 | – | – | – | (412) | (279) | (691) |
| Balance at 31.03.18 | 144,099 | – | (68,865) | (4,296) | 5 | 17,073 | (976) | 87,040 | (12,936) | 74,104 |
| Loss net of tax | – | – | (228) | – | – | – | – | (228) | (214) | (442) |
| Other comprehensive income: | | | | | | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Net deficit on revaluation of freehold/leasehold land and buildings | – | – | – | – | – | (342) | – | (342) | – | (342) |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | 116 | – | – | – | 116 | 214 | 330 |
| Share of other comprehensive income of associates and joint venture | – | – | – | 148 | – | – | – | 148 | – | 148 |
| Total comprehensive (loss) / income for the period | – | – | (228) | 264 | – | (342) | – | (306) | – | (306) |
| Dividend paid | – | – | (2,815) | – | – | – | – | (2,815) | – | (2,815) |
| Balance at 30.06.18 | 144,099 | – | (71,908) | (4,032) | 5 | 16,731 | (976) | 83,919 | (12,936) | 70,983 |

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

| GROUP | ← Attributable to owners of the Company → | | | | | | | Total S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|--|---|-------------------------------|---------------------------------------|--|-------------------------------|-----------------------------------|------------------------------|------------------|---|----------------------------|
| | Share capital S\$'000 | Treasury shares 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 | | | |
| Balance at 30.06.18 | 144,099 | – | (71,908) | (4,032) | 5 | 16,731 | (976) | 83,919 | (12,936) | 70,983 |
| Loss net of tax | – | – | (1,624) | – | – | – | – | (1,624) | (150) | (1,774) |
| Other comprehensive income: | | | | | | | | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | | | | | | | | |
| Foreign currency translation | – | – | – | 191 | – | – | – | 191 | 108 | 299 |
| Share of other comprehensive loss of associates and joint venture | – | – | – | (22) | – | – | – | (22) | – | (22) |
| Foreign currency translation on disposal of an associate reclassified to profit or loss | – | – | – | 7 | – | – | – | 7 | – | 7 |
| Total comprehensive (loss) / income for the period | – | – | (1,624) | 176 | – | – | – | (1,448) | (42) | (1,490) |
| Balance at 30.09.18 | 144,099 | – | (73,532) | (3,856) | 5 | 16,731 | (976) | 82,471 | (12,978) | 69,493 |

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

| The Company | Share capital | Treasury shares | Accumulated losses | Total equity |
|---|----------------|-----------------|--------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 01.01.19 | 144,099 | (25) | (69,935) | 74,139 |
| Profit for the period | – | – | 94 | 94 |
| Total comprehensive income for the period | – | – | 94 | 94 |
| Balance at 31.03.19 | 144,099 | (25) | (69,841) | 74,233 |
| Profit for the period | – | – | 793 | 793 |
| Total comprehensive income for the period | – | – | 793 | 793 |
| Balance at 30.06.19 | 144,099 | (25) | (69,048) | 75,026 |
| Loss for the period | – | – | (232) | (232) |
| Total comprehensive loss for the period | – | – | (232) | (232) |
| Balance at 30.09.19 | 144,099 | (25) | (69,280) | 74,794 |
| | | | | |

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

| The Company | Share capital | Treasury shares | Accumulated losses | Total equity |
|---|----------------|-----------------|--------------------|---------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance at 01.01.18 | 144,099 | – | (64,645) | 79,454 |
| Profit for the period | – | – | 742 | 742 |
| Total comprehensive income for the period | – | – | 742 | 742 |
| Balance at 31.03.18 | 144,099 | – | (63,903) | 80,196 |
| Loss for the period | – | – | (455) | (455) |
| Total comprehensive loss for the period | – | – | (455) | (455) |
| Dividend paid | – | – | (2,815) | (2,815) |
| Balance at 30.06.18 | 144,099 | – | (67,173) | 76,926 |
| Profit for the period | – | – | 468 | 468 |
| Total comprehensive income for the period | – | – | 468 | 468 |
| Balance at 30.09.18 | 144,099 | – | (66,705) | 77,394 |
| | | | | |

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company did not issue any ordinary shares during the 9 months ended 30 September 2019.

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

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

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

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

| | Number of shares | |
|---|------------------|-------------|
| | 30.09.19 | 31.12.18 |
| Total number of issued shares | 140,767,484 | 140,767,484 |
| Less: Treasury shares | (100,000) | (100,000) |
| Total number of issued shares excluding treasury shares | 140,667,484 | 140,667,484 |
| | | |

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

The Company held 100,000 treasury shares as at 30 September 2019. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited financial statements for the year ended 31 December 2018, except that the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019.

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

The Group has adopted all the new and revised standards which are effective for annual period beginning on or after 1 January 2019. The adoption of the new standards that are effective on 1 January 2019 did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements, except for SFRS(I) 16 Leases.

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

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

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

| | Group | | | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | 3 Months Ended | | 9 Months Ended | |
| | 30.09.19 | 30.09.18 | 30.09.19 | 30.09.18 |
| (i) Based on the weighted average number of ordinary shares in issue | 2.43 cents | (1.15) cents | 4.22 cents | (2.01) cents |
| Weighted average number of ordinary shares in issue (excluding treasury shares) | 140,667,484 | 140,767,484 | 140,667,484 | 140,767,484 |
| (ii) On a fully diluted basis | 2.43 cents | (1.15) cents | 4.22 cents | (2.01) cents |
| Weighted average number of ordinary shares in issue (excluding treasury shares) | 140,667,484 | 140,767,484 | 140,667,484 | 140,767,484 |

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

| | Group | Company |
|----------------|--------------|----------------|
| | cents | cents |
| As at 30.09.19 | 62.07 | 53.17 |
| As at 31.12.18 | 57.32 | 52.71 |

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

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

CONSOLIDATED INCOME STATEMENT

9M2019 versus 9M2018

Overview

The Group recorded a net profit attributable to shareholders of \$5.9 million and earnings per ordinary share of 4.22 cents for 9M2019.

Revenue

Revenue of \$37.8 million (9M2018: \$30.9 million) was 22.5% higher mainly due to higher revenue registered by the fire detection and protection system business, the provision of procurement services to the infrastructure sector and the deployment of the land drilling rig in Indonesia, partially offset by lower revenue for the flow line control product.

Gross profit

Gross profit of \$8.8 million was 16.2% higher than the gross profit for 9M2018 of \$7.6 million. The increase was due to higher revenue recorded in 9M2019. However, gross profit margin of 23.2% was lower (9M2018: 24.5%) due to lower margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$2.1 million was 13% lower than the other income for 9M2018 of \$2.4 million. This was mainly due to lower interest income, rental income and fee from litigation funding agreement, partially offset by higher foreign currency exchange gain. Sundry income in 9M2019, comprising income such as handling fees, commission income was higher at \$1.2 million (9M2018: \$1.0 million).

Selling and distribution costs

Selling and distribution costs of \$3.4 million were 7.5% lower than the costs incurred in 9M2018 of \$3.7 million. The decrease was mainly due to lower marketing and sales related expenses.

Administrative and general costs

Administrative and general costs of \$7.8 million were 3.7% lower compared to the costs incurred in 9M2018 of \$8.1 million. The decrease was mainly due to lower rental, staff costs and classification of depreciation for the land drilling rig under cost of sales during its deployment, partially offset by higher legal and professional fees related to advises on Indonesia tax matters.

Other operating income / (expenses)

For 9M2019, the Group registered an other operating income of \$2.8 million compared to \$1.8 million of other operating expense for 9M2018. This was mainly due to the full and final settlement of a dispute with a vendor which resulted in a reversal of accruals amounting to \$4.5 million. Operating expenses for 9M2018 mainly comprised allowance of slow moving inventories of \$501,000, foreign exchange loss of \$498,000 and loss on disposal of an associate of \$449,000.

Finance costs

Finance costs of \$1.0 million were higher than the costs incurred in 9M2018 of \$859,000. The increase was mainly due to the recognition of interest expense on lease liabilities of \$154,000 partially offset by lower interest expense resulting from lower bank borrowings.

Share of results of associates and joint venture

The Group's share of results of associates and joint venture for 9M2019 was \$503,000 compared to \$1.1 million for 9M2018. The decrease was mainly due to share of losses incurred by our associated company in Japan. Our Indonesian associate's performance was also affected by the lower charter rate after the renewed 5-year charter hire contract in the 3Q2018.

Income tax credit

The Group recorded a tax credit of \$3.5 million in 9M2019 as compared to a tax credit of \$10,000 for 9M2018 as a result of write back of prior years' tax overprovision by a subsidiary after finalisation of prior years' tax assessment in 2Q2019.

3Q2019 vs 3Q2018**Overview**

The Group recorded a net profit attributable to shareholders of \$3.4 million and earnings per ordinary share of 2.43 cents for 3Q2019.

Revenue

Revenue in 3Q2019 increased by 61.6% to \$15.6 million (3Q2018: \$9.7 million). This was mainly due to higher revenue registered by the provision of procurement services to the infrastructure sector in Indonesia, higher sales in China under the Trading segment as well as the charter of the land drilling rig in Indonesia.

Gross profit

Higher revenue in 3Q2019 resulted in higher gross profit of \$3.4 million in 3Q2019 (3Q2018: \$2.8 million). Gross profit margin in 3Q2019 of 21.7% compared to 28.6% for 3Q2018 due mainly to the lower margin from the provision of procurement services in Indonesia and in China.

Other income

Other income of \$1.0 million in 3Q2019 was higher than the other income for 3Q2018 of \$431,000. This was mainly due to higher interest income, foreign currency exchange gain and sundry income (comprising handling fee of \$406,000) for the period.

Selling and distribution costs

Selling and distribution costs of \$1.2 million in 3Q2019 were comparable to the costs incurred in 2Q2018 of \$1.2 million.

Administrative and general costs

Administrative and general costs of \$3.0 million were 11.4% higher compared to the costs incurred in 3Q2018 of \$2.7 million. The increase was mainly due to higher legal and professional fees related to advises on Indonesia tax matters partially offset by lower rental, staff costs and classification of depreciation for the land drilling rig under cost of sales during its deployment in 3Q2019.

Other operating income / (expenses)

Other operating income in 3Q2019 amounted to \$3.0 million as compared to an expense of \$1.1 million in 3Q2018. This was mainly due to the full and final settlement of a dispute with a vendor which resulted in a reversal of accruals amounting to \$4.5 million. Operating expenses for 3Q2018 mainly comprised provision for slow moving inventories of \$501,000 and foreign currency exchange loss of \$529,000.

Finance costs

Finance costs of \$358,000 were higher than the costs incurred in 3Q2018 of \$268,000. The increase was mainly due to higher interest incurred for trust receipts and the recognition of interest expense on lease liabilities of \$50,000.

Share of results of associates and joint venture

The Group's share of results of associates and joint venture of \$333,000 in 3Q2019 (3Q2018: \$317,000) were higher mainly due to higher profit reported by the Group's associated company in Indonesia partially offset by losses reported by the Group's associated company in Japan.

Income tax credit

The Group recorded a tax credit of \$42,000 in 3Q2019 (3Q2018: nil), mainly relating to tax refund received.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 September 2019, the net assets attributable to owners of the Company amounted to \$87.3 million, which translates to a net asset value per ordinary share of 62.07 cents.

Non-current assets

Non-current assets increased by \$3.4 million to \$56.7 million (31 December 2018: \$53.3 million). The increase was mainly due to:

- a) Recognition of right-of-use assets amounting to \$3.6 million under the newly introduced financial reporting standard SFRS (I) 16;
- b) Increase in investment properties of \$11.3m as a result of reclassification of a subsidiary's freehold land and buildings from property, plant and equipment to investment properties.

The above is partially offset by:

- c) Decrease in property, plant and equipment of \$12.0 million mainly due to reclassification of a subsidiary's freehold land and buildings to investment properties.

Current assets

Current assets increased by \$3.7 million to \$68.1 million (31 December 2018: \$64.4 million). The increase was mainly due to increase in trade and other receivables of \$7.3 million due to the increase in revenue for 3Q2019 particularly in the Indonesian infrastructure projects that carry a longer credit period partially offset by the followings: -

- a) Decrease in inventories of \$1.4 million;
- b) Decrease in cash and bank balances of \$2.6 million mainly due to the longer credit period particularly for the Indonesian infrastructure projects.

Current liabilities

Current liabilities decreased by \$0.6 million to \$39.7 million (31 December 2018: \$40.3 million). The decrease was mainly due to:

- a) Decrease in trade and other payables of \$4.3 million mainly due to reversal of accruals with the full and final settlement of a dispute with a vendor;
- b) Decrease in provision for taxation of \$2.6 million mainly due to write back of prior years' tax overprovision by a subsidiary after finalisation of prior years' tax assessment.

The above was partially offset by: -

- c) Increase in contract liabilities of \$3.4 million relating to advance payment received from customers;
- d) Increase in amounts due to bankers mainly relates to trust receipts for trade activities.

Non-current liabilities

Non-current liabilities increased by \$1.2 million to \$11.2 million (31 December 2018: \$10.0 million) mainly due to the recognition of lease liabilities amounting to \$3.4 million partially offset by a \$2.0 million decrease in term loans.

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

Non-current assets increased marginally by \$133,000 to \$92.3 million.

Current assets

Current assets increased by \$885,000 to \$4.4 million. The increase was due mainly to an advance to a subsidiary.

Current liabilities

Current liabilities increased marginally to \$2.0 million from \$1.9 million. The increase was due mainly to higher other payables as a result of higher accrued staff related costs.

Non-current liabilities

Non-current liabilities increased by \$271,000 to \$20.0 million (31 December 2018: \$19.7 million). The increase was due mainly to increase in amounts due to subsidiaries arising from foreign exchange translation differences caused by a stronger USD.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 September 2019, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$6.4 million. For the 9 months ended 30 September 2019, operating activities utilised cash of \$1.8 million, investing activities utilised cash of \$553,000 and financing activities utilised cash of \$281,000.

The net cash used in operating activities was mainly due to an increase in trade and other receivables and a decrease in trade and other payables, partially offset by a decrease in inventories and increase in contract liabilities (advances from customers).

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

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

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

No forecast or prospect statement was given.

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

The demand for the Group's flow line control products has been weak in the 3Q2019 and activities in the upstream oil and gas industry are expected to remain low. The Group will continue to bid for new projects anticipated to come on stream.

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

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

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

13. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions ("IPT").

The aggregate value of all IPTs during the financial period under review is less than S\$100,000.

14. Negative Assurance Confirmation Statement on Interim Financial Statements

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the period ended 30 September 2019, to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Koh Kian Kiong
Executive Chairman & CEO

Koh Maggie
Executive Director

8 November 2019