



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 2016**

4 November 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

Third 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 THIRD QUARTER ("3Q2016") AND PERIOD ENDED 30 SEPTEMBER 2016

		Group			Group		
		3 Months Ended		Changes	9 Months Ended		Changes
		30.09.16	30.09.15		30.09.16	30.09.15	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		26,454	14,914	77.4	68,029	110,855	(38.6)
Cost of sales		(22,104)	(9,656)	128.9	(53,687)	(73,492)	(26.9)
Gross profit		4,350	5,258	(17.3)	14,342	37,363	(61.6)
Gross profit margin		16.4%	35.3%		21.1%	33.7%	
Other operating income	(i)	3,541	1,289	174.7	4,675	2,282	104.9
Selling and distribution costs		(1,605)	(2,141)	(25.0)	(5,728)	(7,438)	(23.0)
Administrative and general costs		(3,882)	(1,965)	97.6	(9,356)	(8,187)	14.3
Other operating expenses	(ii)	(1,001)	(1,248)	(19.8)	(129)	(1,865)	(93.1)
Finance costs	(iii)	(160)	(150)	6.7	(421)	(776)	(45.7)
Share of results of associates		571	52	N.M	1,577	(126)	N.M.
Profit before tax	(iv)	1,814	1,095	65.7	4,960	21,253	(76.7)
Income tax expense		(806)	(203)	N.M	(1,150)	(2,838)	(59.5)
Profit for the period		1,008	892	13.0	3,810	18,415	(79.3)
Attributable to:							
Owners of the Company		1,130	647	74.7	3,563	17,904	(80.1)
Non-controlling interests		(122)	245	(149.8)	247	511	(51.7)
		1,008	892	13.0	3,810	18,415	(79.3)

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	9 Months Ended		Changes
	30.09.16	30.09.15		30.09.16	30.09.15	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
Profit net of tax	1,008	892	13.0	3,810	18,415	(79.3)
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss:						
Net surplus on revaluation of freehold/leasehold land and building	–	–	N.M.	88	–	100.0
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation	496	(532)	(193.2)	374	(1,858)	(120.1)
Share of other comprehensive income of an associate	–	–	N.M.	–	(1)	(100.0)
Other comprehensive income/(loss) for the period, net of tax	496	(532)	(193.2)	462	(1,859)	(124.9)
Total comprehensive income for the period	1,504	360	317.8	4,272	16,556	(74.2)
Total comprehensive income attributable to:						
Owners of the Company	1,582	(131)	N.M.	4,162	15,778	(73.6)
Non-controlling interests	(78)	491	(115.9)	110	778	(85.9)
	1,504	360	317.8	4,272	16,556	(74.2)

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Share of profits from partnership	–	–	184	–
Foreign exchange gain	226	1,105	–	1,776
Gain on disposal of property, plant and equipment	12	–	13	–
Implicit interest income	1	1	4	2
Interest income	168	90	262	122
Interest income from a related party	–	–	158	–
Write off of partial proceeds for disposal of an associate	–	–	713	–
Service fees	2,986	–	2,986	–
Other income	148	93	355	382
	3,541	1,289	4,675	2,282

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

	3 Months Ended		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	586	–	586	–
Bad debt expense	–	–	–	41
Foreign exchange loss	–	–	446	–
Impairment loss on amount due from associates	11	–	43	–
Impairment loss on doubtful receivables	114	–	175	3
Inventories written off	34	–	70	127
Loss on disposal of derivatives	–	–	–	84
Loss on disposal of slow moving inventories	–	976	–	976
Write back of impairment loss on doubtful receivables	–	(10)	(1,417)	(28)
Write back of allowance for slow moving inventories	–	–	–	(33)
Reversal of accruals and provisions for vessel disposed off in 2014	–	–	(137)	–
Others	256	282	363	695
	1,001	1,248	129	1,865

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

	3 Months Ended		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	47	7	71	78
- Hire purchase	–	1	–	4
- Term loans	58	114	225	419
- Trust receipts	55	28	125	275
	160	150	421	776

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

	3 Months Ended		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation	522	491	1,578	1,471

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 30.09.16	As At 31.12.15	As At 30.09.16	As At 31.12.15
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	35,007	36,070	3	4
Investment in subsidiaries	–	–	77,774	79,861
Investment in associates	15,831	2,858	11,989	732
Intangible assets	2,060	1,364	–	–
Other investments	1,420	20	–	–
Other receivables	68	68	–	–
Amount due from a related party	6,332	6,564	–	–
Amount due from subsidiary	–	–	4,683	4,855
Amount due from an associate	4,683	4,855	–	–
Financial receivables	799	860	–	–
Deferred tax assets	279	273	22	22
	66,479	52,932	94,471	85,474
Current assets				
Inventories	15,864	17,761	–	–
Trade receivables and other receivables	12,776	13,362	3	5
Gross amount due from customer for work-in-progress	280	10	–	–
Advance payment to suppliers	1,347	1,392	–	–
Prepayments	477	281	35	17
Deposits	163	154	4	6
Financial receivables	755	1,267	–	–
Amounts due from subsidiaries	–	–	4,419	5,742
Amounts due from associates	32,463	14,501	80	81
Fixed and bank deposits	4,723	4,890	1,397	1,448
Cash and bank balances	5,597	15,647	212	39
	74,445	69,265	6,150	7,338
Current liabilities				
Trade payables and other payables	27,858	23,902	614	2,332
Provisions	4,875	5,054	–	–
Advance payment from customers	971	663	–	–
Advance payment from an associate	586	1,192	–	–
Gross amount due to customer for work-in-progress	–	4	–	–
Amounts due to subsidiaries	–	–	1,369	2,807
Amounts due to associates	17	19	7	7
Amount due to a related party	1,967	2,166	–	–
Amounts due to bankers	17,993	5,781	–	–
Term loans	10,146	6,986	1,000	–
Provision for taxation	4,066	6,194	26	132
	68,479	51,961	3,016	5,278
Net current assets	5,966	17,304	3,134	2,060
Non-current liabilities				
Amount due to a subsidiary	–	–	20,755	9,847
Provision for post-employment benefits	82	68	–	–
Deferred tax liabilities	2,600	2,566	–	–
	2,682	2,634	20,755	9,847
Net assets	69,763	67,602	76,850	77,687

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 30.09.16 S\$'000	As At 31.12.15 S\$'000	As At 30.09.16 S\$'000	As At 31.12.15 S\$'000
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(5,295)	(5,806)	-	-
Capital reserve	2,778	2,778	-	-
Revaluation reserve	25,111	25,023	-	-
Other reserves	(977)	(977)	-	-
Accumulated losses	(84,198)	(85,650)	(67,249)	(66,412)
	81,518	79,467	76,850	77,687
Non-controlling interests	(11,755)	(11,865)	-	-
Total equity	69,763	67,602	76,850	77,687

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 30.09.16 S\$'000		As at 31.12.15 S\$'000	
Secured	Unsecured	Secured	Unsecured
28,139	-	11,961	806

Amount repayable after one year

As at 30.09.16 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.

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	1,814	1,095	4,960	21,253
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	522	491	1,578	1,471
Gain on disposal of property, plant and equipment	(12)	–	(13)	–
Impairment of amount due from associate	11	–	43	–
Implicit interest income	(1)	(1)	(4)	(2)
Interest expense	160	150	421	776
Interest income	(167)	(90)	(420)	(122)
Loss on disposal of derivatives	–	–	–	84
Share of results of associates	(571)	(52)	(1,577)	126
Share of other comprehensive income of an associate	–	–	–	1
Write back of impairment loss on doubtful other receivables	–	–	(1,400)	–
Write off of partial proceeds for disposal of an associate	–	–	(713)	–
Exchange (gain)/loss	(6)	(261)	140	83
Operating cash flows before changes in working capital	1,750	1,332	3,015	23,670
<u>(Increase)/decrease in:</u>				
Inventories	2,127	1,498	1,521	8,028
Trade and other receivables	325	10,577	676	19,633
Gross amount due from customer for work-in-progress	371	15	(270)	283
Financial receivables	105	–	448	436
Advance payment to suppliers	2,048	145	44	10,970
Prepayments	(261)	20	(207)	59
Deposits	24	–	(15)	(2)
Amounts due from associates	(15,434)	(1,411)	(24,325)	(1,560)
<u>(Decrease)/increase in:</u>				
Trade and other payables	3,653	(2,190)	5,716	(9,551)
Bills receivables (settled)/purchased	–	–	–	(9,474)
Gross amount due to customer for work-in-progress	(1)	36	(4)	36
Advance payment from customers	(636)	139	308	(3,241)
Advance payment from associates	(1,024)	–	(1,093)	–
Deferred revenue	–	1	–	(9)
Amounts due to associates	–	(170)	–	57
Amount due to a related party	1	2	(67)	49
Provision for post employment benefits	14	–	14	–
Derivatives	–	–	–	(838)
Cash flows (used in) / generated from operations	(6,938)	9,994	(14,239)	38,546
Income tax (paid)/refunded	(1,617)	(278)	(3,563)	13
Net cash (used in) / generated from operating activities	(8,555)	9,716	(17,802)	38,559

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Interest income received	90	89	96	119
Dividend received from an associate	–	–	31	–
Investment in associate	–	–	–	(78)
Shareholder loan to an associate	(2,359)	(7,275)	(4,388)	(9,517)
Proceeds from sale of property, plant and equipment	21	–	22	–
Payments made to suppliers for conversion of a vessel	(51)	(843)	(405)	(6,477)
Additions to intangible assets	(664)	–	(696)	–
Purchase of property, plant and equipment	(100)	(633)	(245)	(983)
Net cash used in investing activities	(3,063)	(8,662)	(5,585)	(16,936)
Cash flows from financing activities:				
Dividend paid	–	–	(2,111)	–
Interest expense paid	(160)	(173)	(404)	(1,027)
Capital contribution from non-controlling interest of a subsidiary	–	–	–	265
Proceeds /(Repayment) from secured bank overdrafts	123	(1,158)	2,755	(562)
Repayment of hire obligations under purchase – net	–	(9)	–	(32)
Drawdown of term loans	5,326	1,654	7,378	4,385
Repayment of term loans	(1,449)	(6,095)	(3,837)	(9,584)
Decrease/(Increase) in pledged deposits	–	171	–	839
Increase/(Decrease) in trust receipts	3,434	(5,090)	9,944	(17,798)
Net cash from / (used in) financing activities	7,274	(10,700)	13,725	(23,514)
Net decrease in cash and cash equivalents	(4,344)	(9,646)	(9,662)	(1,891)
Effect of exchange rate changes on cash and cash equivalents	116	724	(390)	927
Cash and cash equivalents at beginning of period	10,027	22,308	15,851	14,350
Cash and cash equivalents at end of the period	5,799	13,386	5,799	13,386

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	
	30.09.16	30.09.15
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	10,320	18,121
Less: Bank deposits pledged	(4,521)	(4,735)
Cash and cash equivalents	5,799	13,386

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			
Balance at 01.01.16	144,099	(85,650)	(5,806)	2,778	25,023	(977)	(64,632)	79,467	(11,865)	67,602
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)
Total comprehensive income / (loss) for the period	-	1,324	(214)	-	88	-	1,198	1,198	189	1,387
Balance at 31.03.16	144,099	(84,326)	(6,020)	2,778	25,111	(977)	(63,434)	80,665	(11,676)	68,989
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
Total comprehensive income / (loss) for the period	-	1,109	273	-	-	-	1,382	1,382	(1)	1,381
Dividend paid	-	(2,111)	-	-	-	-	(2,111)	(2,111)	-	(2,111)
Balance at 30.06.16	144,099	(85,328)	(5,747)	2,778	25,111	(977)	(64,163)	79,936	(11,677)	68,259

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 →							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			
Balance at 30.06.16	144,099	(85,328)	(5,747)	2,778	25,111	(977)	(64,163)	79,936	(11,677)	68,259
Profit, net of tax	–	1,130	–	–	–	–	1,130	1,130	(122)	1,008
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	452	–	–	–	452	452	44	496
Total comprehensive income/(loss) for the period	–	1,130	452	–	–	–	1,582	1,582	(78)	1,504
Balance at 30.09.16	144,099	(84,198)	(5,295)	2,778	25,111	(977)	(62,581)	81,518	(11,755)	69,763

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 →							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			
Balance at 01.01.15 (restated)	144,099	(106,213)	(4,411)	2,778	25,023	(976)	(83,799)	60,300	(13,026)	47,274
Profit, net of tax	–	15,991	–	–	–	–	15,991	15,991	–	15,991
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(326)	–	–	–	(326)	(326)	90	(236)
Share of other comprehensive income of an associate	–	–	–	–	–	(1)	(1)	(1)	–	(1)
Total comprehensive income/(loss) for the period	–	15,991	(326)	–	–	(1)	15,664	15,664	90	15,754
<u>Change in ownership interests in a subsidiary</u>										
Capital contribution by non-controlling interest in a subsidiary company	–	–	–	–	–	–	–	–	265	265
Balance at 31.03.15	144,099	(90,222)	(4,737)	2,778	25,023	(977)	(68,135)	75,964	(12,671)	63,293
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)
Total comprehensive income/(loss) for the period	–	1,266	(1,021)	–	–	–	245	245	197	442
Balance at 30.06.15	144,099	(88,956)	(5,758)	2,778	25,023	(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 – cont'd

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			
Balance at 30.06.15	144,099	(88,956)	(5,758)	2,778	25,023	(977)	(67,890)	76,209	(12,474)	63,735
Profit, net of tax	–	647	–	–	–	–	647	647	245	892
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(778)	–	–	–	(778)	(778)	246	(532)
Total comprehensive income/(loss) for the period	–	647	(778)	–	–	–	(131)	(131)	491	360
Balance at 30.09.15	144,099	(88,309)	(6,536)	2,778	25,023	(977)	(68,021)	76,078	(11,983)	64,095

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 01.01.16	144,099	(66,412)	77,687
Profit for the period	–	1,001	1,001
Total comprehensive income for the period	–	1,001	1,001
Balance at 31.03.16	144,099	(65,411)	78,688
Profit for the period	–	82	82
Total comprehensive income for the period	–	82	82
Dividend paid	–	(2,111)	(2,111)
Balance at 30.06.16	144,099	(67,440)	76,659
Profit for the period	–	191	191
Total comprehensive income for the period	–	191	191
Balance at 30.09.16	144,099	(67,249)	76,850

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 income for the period	–	109	109
Balance at 30.06.15	144,099	(68,940)	75,159
Loss for the period	–	(203)	(203)
Total comprehensive loss for the period	–	(203)	(203)
Balance at 30.09.15	144,099	(69,143)	74,956

- 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 9 months ended 30 September 2016.

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

As at 30 September 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.**

	30.09.16	31.12.15
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 30 September 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		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	0.80	0.46	2.53	12.72
(ii) On a fully diluted basis	0.80	0.46	2.53	12.72

The weighted average number of shares for the 3 months and 9 months ended 30 September 2016 were 140,767,484 ordinary shares (3 months and 9 months ended 30 September 2015: 140,767,484).

The Company effected and completed its share consolidation exercise on 18 Aug 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 30.09.16	57.91	54.59
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 September 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 INCOME STATEMENT

9M2016 versus 9M2015

Overview

The Group recorded a net profit of \$3.8 million for 9M2016 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 \$1.6 million. Earnings per share for 9M2016 amounted to 2.53 cents.

Revenue

Revenue of \$68 million was 39% lower than the corresponding period in 2015 (9M2015: \$110.9 million) due to the project-based nature of the Trading business and lower sales from China and Indonesia.

Gross profit

Gross profit of \$14.3 million was 62% lower than the corresponding period in 2015 (9M2015: \$37.4 million). The decrease was due to lower revenue as well as a reduction in gross profit margin.

Other operating income

Other operating income of \$4.7 million was 105% higher than the corresponding period in 2015 (9M2015: \$2.3 million). Other operating income for 9M2016 comprised mainly:

- Service fees charged to an associate for services rendered in relation to an ongoing project;
- 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; and
- Interest income from a related party of \$158,000.

For 9M2015, other operating income comprised mainly a foreign exchange gain of \$1.8 million.

Selling and distribution costs

Selling and distribution costs of \$5.7 million were 23% lower than the corresponding period in 2015 (9M2015: \$7.4 million). The decrease was due to lower sales and hence, lower marketing related costs.

Administrative and general costs

Administrative and general costs of \$9.4 million were 14% higher than the corresponding period in 2015 (9M2015: \$8.2 million). The increase was due mainly to costs incurred in relation to services provided to an associate and absence of reversal of provision for overseas taxes. This was partially offset by lower expenses such as professional fees, staff cost, insurance and travelling expenses.

Other operating expenses

Other operating expenses of \$129,000 were 93% lower than the corresponding period in 2015 (9M2015: \$1.9 million), mainly due to a write-back of impairment loss on doubtful receivables of \$1.4 million and the absence of loss on disposal of slow moving stocks of \$976,000 recorded in 2015. The decrease was partly offset by allowance made for slow moving inventories of \$586,000 and foreign exchange loss of \$446,000.

Finance costs

Finance costs of \$421,000 were 46% lower than the corresponding period in 2015 (9M2015: \$776,000). The decrease was due mainly to lower average outstanding term loans and amounts due to bankers in 2016 as compared to 2015.

Share of results of associates

The Group's share of results of its associates was a net gain of \$1.6 million compared with \$126,000 (net loss) for the corresponding period in 2015. The share of profit included \$0.8 million from the Group's 30% interest in PT Eastern Jason ("PTEJ"). PTEJ owns *Federal II*, a floating, storage and offloading vessel ("FSO"), which is chartered to China National Offshore Oil Corporation ("CNOOC"). The Group also recorded a share of profit of \$0.9 million from another of its associates.

Income tax expense

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

Earnings per share ("EPS")

The EPS for 9M2016 was 2.53 cents.

3QFY2016 vs 3QFY2015**Overview**

The Group posted a net profit of \$1 million for the third quarter of 2016. Earnings per share for the quarter was 0.80 cents.

Revenue

Revenue of \$26.5 million was 77% higher than the corresponding period in 2015 (3Q2015: \$14.9 million). The increase was due mainly to higher sales from the Group's Trading business segment which was supported by sales to an associate for its ongoing projects.

Gross profit

Gross profit of \$4.4 million was 17% lower than the corresponding period in 2015 (3Q2015: \$5.3 million). The decrease was mainly due to lower margins for sales to an associate.

Other operating income

Other operating income of \$3.5 million was 175% higher than the corresponding period in 2015 (3Q2015: \$1.3 million). The increase was due mainly to service fees charged to an associate for services rendered in relation to an ongoing project, partially offset by lower foreign exchange gain recorded in 3Q2016.

Selling and distribution costs

Selling and distribution costs of \$1.6 million were 25% lower than the corresponding period in 2015 (3Q2015: \$2.1 million). Lower expenses such as marketing fee, staff related cost, travelling and entertainment expenses were recorded in 3Q2016.

Administrative and general costs

Administrative and general costs of \$3.9 million were 98% higher than the corresponding period in 2015 (3Q2015: \$2.0 million). The increase was mainly due to cost incurred in

relation to services provided to an associate and absence of reversal of provision for overseas taxes.

Other operating expenses

Other operating expenses of \$1 million were 20% lower than the corresponding period in 2015 (3Q2015: \$1.2 million). Other operating expenses for 3Q2016 included an allowance for slow moving inventories of \$586,000 and impairment loss on doubtful receivables of \$114,000, whereas in 3Q2015, a loss on disposal of slow moving inventories of \$976,000 was recorded.

Finance costs

Finance costs of \$160,000 increased by 7% as compared with the corresponding period in 2015 (3Q2015: S\$150,000). The increase was due mainly to drawdown of term loans and trust receipts to support ongoing projects.

Share of results of associates

The Group's share of results of its associates of \$571,000, compared with \$52,000 for the corresponding period in 2015. The share of profits for the current quarter was mainly from PTEJ and KVC Co.

Income tax expense

Income tax expense relates to provisions for current period tax liabilities.

Earnings per share ("EPS")

The EPS for 3Q2016 was 0.80 cents.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 Sep 2016, the net assets attributable to owners of the Company amounted to \$81.5 million, which translates to a net asset value per ordinary share of 57.91 cents.

Non-current assets

Non-current assets increased by \$13.5 million to \$66.5 million. The increase was mainly due to:

- a) Increase in investment in associates (+\$13 million)
The increase in investment in associates was due mainly to the designation of loans to an associate as quasi-equity loans and the 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.
- c) Increase in intangible assets (+\$0.7 million)
The increase in intangible assets was due to capitalisation of certain research and development costs.

The increase was partly offset by:

- a) Decrease in Property, Plant and Equipment (-\$1.1 million) due mainly to recognition of depreciation charge, partially offset by asset additions during the period; and
- b) Decrease in amount due from a related party and an associate of \$232,000 and \$172,000 respectively arising from a weaker US dollar (compared with the exchange rate as at 31 December 2015).

Current assets

Current assets increased by \$5.2 million to \$74.4 million. The increase was mainly due to increase in amounts due from associates (+\$18 million) due to sales made and service fees charged to an associate, gross amount due from customer for construction work-in-progress (+\$270,000) and prepayment (+\$196,000).

The increase was partially offset by:

- a) Reduction in cash and bank balances (-\$10.1 million),
- b) Decrease in inventories (-\$1.9 million) mainly due to allowance for slow-moving inventories and sales of inventories on-hand;
- c) Decrease in trade and other receivables (-\$0.6 million) mainly due to sales collections received,
- d) Decrease in financial receivables (-\$0.5 million) 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.

Current liabilities

Current liabilities increased by \$16.5 million to \$68.5 million. The increase was due mainly to:

- a) Increase in amounts due to bankers (+\$12.2 million) due mainly to increase in trade facilities utilised to finance on-going projects;
- b) Increase in term loans (+\$3.2 million);
- c) Increase in trade and other payables (+\$3.9 million).
- d) Increase in advance payment from customers (+\$308,000) in relation to on-going projects;

The increase was partly offset by:

- a) Decrease in provision for income tax (-\$2.1 million) mainly arising from taxes paid, partially offset by current year's provision,
- b) Decrease in advance payment from an associate (-\$0.6 million) in relation to sales to an associate as these advance payments were recognised as revenue for sales orders delivered; and
- c) amounts due to related parties (-\$199,000).

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Non-current assets

Non-current assets increased by \$9 million to \$94.5 million. The increase was due mainly to an increase in investment in associates (+\$11.3 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; and
- b) Decrease in amount due from a subsidiary (-\$172,000) due to foreign exchange differences arising from a weaker US dollar (compared with the exchange rate as at 31 December 2015).

Current assets

Current assets decreased by \$1.2 million to \$6.2 million. The decrease was due mainly to a decrease in amounts due from subsidiaries (-\$1.3 million) due to receipt of dividend from a subsidiary. The decrease was offset by an increase in cash and bank balances (+\$173,000).

Current liabilities

Current liabilities decreased by \$2.3 million to \$3 million. The decrease was due mainly to:

- a) Reduction in trade and other payables (-\$1.7 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.); and
- b) Decrease in amounts due to subsidiaries (-\$1.4 million) as a result of intercompany balances settlement.

The decrease was partially offset by increase in term loan received (+\$1 million).

Non-current liabilities

Non-current liabilities increased by \$10.9 million to \$20.8 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 September 2016, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$5.8 million. For the 9 months ended 30 September 2016, operating activities and investing activities utilised \$17.8 million and \$5.6 million respectively, whereas financing activities provided net cash of \$13.7 million.

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, partially offset by increase in trade and other payables. The net cash used in investing activities was due mainly to loans to an associate and expenditures on intangible assets which related to research and development expenses incurred.

The net increase in cash from financing activities was due mainly to the net increase in trust receipts, bank overdrafts and term loans. 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 October 2016, the Group has a committed order book of \$110 million. The order book includes the procurement for the Zawtika Development Project Phase 1C secured by its associate, PT Gunanusa Utama Fabricators (“**PTG**”). Please refer to the announcement made on 7 October 2016.

PTG is an established contractor providing project management, engineering, procurement, construction, installation and commissioning (“**EPCIC**”) services for offshore, onshore and heavy engineering projects. The Group provides procurement and related services to PTG and will continue to work together with PTG to secure more projects.

Resource business - 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.

Marine Logistics business - 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 nine months ended 30 September 2016, the Group recognised a share of profit of \$0.8 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 September 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

4 November 2016