



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

**Unaudited Financial Statements and Dividend Announcement for
the First Quarter ended
31 March 2018**

11 May 2018

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

First Quarter Financial Year 2018 Financial Statements and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE FIRST QUARTER ("1Q2018")

		← Group →		
		3 Months Ended		Changes
		31.03.18	31.03.17	
		S\$'000	S\$'000	
INCOME STATEMENT				
Revenue		13,828	21,451	(35.5)
Cost of sales		(11,009)	(16,908)	(34.9)
Gross profit		2,819	4,543	(37.9)
Gross profit margin		20.4%	21.2%	
Other income	(i)	1,109	410	170.5
Selling and distribution costs		(1,253)	(1,316)	(4.8)
Administrative and general costs		(2,812)	(2,771)	1.5
Other operating expenses	(ii)	(1,270)	(608)	108.9
Finance costs	(iii)	(314)	(198)	58.6
Share of results of associates		575	350	64.3
(Loss) / Profit before tax	(iv)	(1,146)	410	N.M.
Income tax credit / (expense)		12	(129)	(109.3)
(Loss) / Profit for the period		(1,134)	281	N.M.
Attributable to:				
Owners of the Company		(976)	410	N.M.
Non-controlling interests		(158)	(129)	22.5
		(1,134)	281	N.M.

N.M. – Not Meaningful

	← Group →		
	3 Months Ended		Changes
	31.03.18	31.03.17	
	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME (Loss) / Profit net of tax	(1,134)	281	N.M.
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation	(244)	(50)	N.M.
Share of other comprehensive loss of associates	(3)	(85)	(96.5)
Foreign currency translation on disposal of an associate reclassified to profit or loss	690	–	N.M.
Other comprehensive income/ (loss) for the period, net of tax	443	(135)	N.M.
Total comprehensive (loss) / income for the period	(691)	146	N.M.
Total comprehensive income attributable to:			
Owners of the Company	(412)	397	N.M.
Non-controlling interests	(279)	(251)	11.2
	(691)	146	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Gain on disposal of property plant and equipment	3	4
Implicit interest income	1	1
Interest income	311	24
Share of profits from partnership	103	143
Upfront fee from litigation funding agreement	300	–
Sundry income	391	238
	1,109	410

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

	3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Foreign exchange loss	649	611
Impairment loss on doubtful receivables	123	–
Impairment loss on amount due from associates	3	–
Inventories written off	37	7
Loss on disposal of an associate	442	–
Write back of impairment loss on doubtful receivables	–	(11)
Write back of impairment loss on amount due from associates	(4)	–
Other expenses	20	1
	1,270	608

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

	3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Interest expense on:		
- Bank overdrafts	10	42
- Term loans	217	46
- Trust receipts	87	110
	314	198

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

	3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Depreciation and amortisation	544	525

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

	Group		Company	
	As At 31.03.18	As At 31.12.17	As At 31.03.18	As At 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	31,815	32,434	–	–
Investment in subsidiaries	–	–	75,276	75,345
Investment in associates	5,320	4,748	732	732
Intangible assets	1,752	1,786	–	–
Other investments	558	558	538	538
Other receivables	13,096	13,094	13,022	13,022
Amount due from a related party	6,087	6,203	–	–
Amounts due from subsidiaries	–	–	4,502	4,588
Amount due from an associate	4,502	4,588	–	–
Deferred tax assets	645	665	–	–
	63,775	64,076	94,070	94,225
Current assets				
Inventories	12,266	12,796	–	–
Trade and other receivables	47,440	50,706	30	18
Gross amount due from customer for construction work-in-progress	116	104	–	–
Advance payment to suppliers	1,219	1,740	–	–
Prepayments	245	317	27	15
Deposits	55	62	4	10
Financial receivable	504	707	–	–
Amounts due from subsidiaries	–	–	7,575	7,026
Amounts due from associates	3,285	3,263	49	49
Fixed and bank deposits	1,397	1,422	1,363	1,389
Cash and bank balances	7,389	10,704	335	599
	73,916	81,821	9,383	9,106
Current liabilities				
Trade and other payables	18,855	23,416	1,115	1,081
Advance payment from customers	1,741	1,841	–	–
Amounts due to subsidiaries	–	–	1,204	1,217
Amounts due to associates	640	1,216	–	243
Amount due to a related party	2,091	2,009	–	–
Amounts due to bankers	17,874	19,311	–	–
Term loans	7,081	7,438	–	–
Provision for taxation	3,571	3,570	1	1
	51,853	58,801	2,320	2,542
Net current assets	22,063	23,020	7,063	6,564
Non-current liabilities				
Term loans	9,179	9,742	–	–
Amounts due to subsidiaries	–	–	20,937	21,335
Provision for post employment benefits	187	192	–	–
Deferred tax liabilities	2,368	2,367	–	–
	11,734	12,301	20,937	21,335
Net assets	74,104	74,795	80,196	79,454

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

	Group		Company	
	As At 31.03.18 S\$'000	As At 31.12.17 S\$'000	As At 31.03.18 S\$'000	As At 31.12.17 S\$'000
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(4,296)	(4,860)	–	–
Capital reserve	5	5	–	–
Revaluation reserve	17,073	17,073	–	–
Other reserves	(976)	(976)	–	–
Accumulated losses	(68,865)	(67,889)	(63,903)	(64,645)
	87,040	87,452	80,196	79,454
Non-controlling interests	(12,936)	(12,657)	–	–
Total equity	74,104	74,795	80,196	79,454

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

Amount repayable in one year or less, or on demand

As at 31.03.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
24,955	–	26,749	–

Amount repayable after one year

As at 31.03.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
9,179	–	9,742	–

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 by a director of a subsidiary;
- (v) Subsidiary's inventories;
- (vi) Deed of charge over the contract proceeds & first fixed charge over account in respect of certain sales proceeds; and
- (vii) First floating charge over receivables of a subsidiary.

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	
	For 3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Cash flows from operating activities:		
(Loss) / Profit before tax	(1,146)	410
<u>Adjustments for:</u>		
Amortisation of intangible assets	34	34
Depreciation of property, plant and equipment	510	491
Gain on disposal of property, plant and equipment	(3)	(4)
Implicit interest income	(1)	(1)
Interest expense	314	198
Interest income	(311)	(24)
Loss on disposal of an associate	442	–
Write back of impairment loss on amount due from associates	(1)	–
Share of results of associates	(575)	(350)
Exchange gain	(184)	(263)
Operating cash flows before changes in working capital	(921)	491
<u>(Increase)/decrease in:</u>		
Inventories	575	(654)
Trade and other receivables	4,062	(8,745)
Gross amount due from customer for construction work-in-progress	(12)	(235)
Financial receivable	216	214
Advance payment to suppliers	521	(6,799)
Prepayments	73	(285)
Deposits	7	12
Amounts due from associates	(81)	(147)
<u>(Decrease)/increase in:</u>		
Trade and other payables	(4,321)	202
Gross amount due to customer for construction work-in-progress	–	52
Advance payment from customers	(482)	2,057
Amounts due to associates	(311)	(6)
Amount due a related party	48	–
Provision for post employment benefits	(5)	(3)
Cash flows used in operations	(631)	(13,846)
Income taxes paid	(34)	(301)
Interest income received	15	13
Net cash flows used in operating activities	(650)	(14,134)
Cash flows from investing activities:		
Interest income received	3	12
Purchase of property, plant and equipment	(82)	(55)
Proceeds from disposal of property, plant and equipment	3	4
Shareholder's loans to an associate (net)	–	(118)
Net cash flows used in investing activities	(76)	(157)

	Group	
	For 3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Cash flows from financing activities:		
Interest expense paid	(389)	(189)
Repayment of secured bank overdrafts	(122)	(320)
Drawdown of term loans	268	113
Repayment of term loans	(1,228)	(434)
(Decrease)/increase in trust receipts	(985)	13,890
Net cash flows (used in) / generated from financing activities	(2,456)	13,060
Net decrease in cash and cash equivalents	(3,182)	(1,231)
Effect of exchange rate changes on cash and cash equivalents	(133)	(429)
Cash and cash equivalents at beginning of period	10,789	15,569
Cash and cash equivalents at end of period	7,474	13,909

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

	Group	
	For 3 Months Ended	
	31.03.18	31.03.17
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed and bank deposits	8,786	15,309
Less: Bank deposits pledged	(1,312)	(1,400)
Cash and cash equivalents	7,474	13,909

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

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
Balance at 01.01.18	144,099	(67,889)	(4,860)	5	17,073	(976)	(56,647)	87,452	(12,657)	74,795
Loss, net of tax	–	(976)	–	–	–	–	(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)	(123)	(121)	(244)
Share of other comprehensive loss of associates	–	–	(3)	–	–	–	(3)	(3)	–	(3)
Foreign currency translation on disposal of an associate reclassified to profit or loss	–	–	690	–	–	–	690	690	–	690
Total comprehensive income / (loss) for the period	–	(976)	564	–	–	–	(412)	(412)	(279)	(691)
Balance at 31.03.18	144,099	(68,865)	(4,296)	5	17,073	(976)	(57,059)	87,040	(12,936)	74,104

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

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 01.01.17	144,099	(69,306)	(4,575)	5	16,460	(976)	(58,392)	85,707	(11,718)	73,989
Profit, net of tax	–	410	–	–	–	–	410	410	(129)	281
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	72	–	–	–	72	72	(122)	(50)
Share of other comprehensive loss of associates	–	–	(85)	–	–	–	(85)	(85)	–	(85)
Total comprehensive income / (loss) for the period	–	410	(13)	–	–	–	397	397	(251)	146
Balance at 31.03.17	144,099	(68,896)	(4,588)	5	16,460	(976)	(57,995)	86,104	(11,969)	74,135

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

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
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
Balance at 01.01.17	144,099	(64,823)	79,276
Profit for the period	–	515	515
Total comprehensive income for the period	–	515	515
Balance at 31.03.17	144,099	(64,308)	79,791

- 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 3 months ended 31 March 2018.

As at 31 March 2018 and 31 December 2017 respectively, the Company did not have any convertible securities.

As at 31 March 2018 and 31 December 2017 respectively, there were no treasury shares held and subsidiary holdings.

- 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.**

	31.03.18	31.12.17
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 31 March 2018 and 31 December 2017 respectively, there were no treasury shares held.

- 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.**

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 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)"), and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

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 the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), and all the new and revised standards which are effective for annual period beginning on or after 1 January 2018.

The adoption of the new standards that are effective on 1 January 2018 and SFRS(I) did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

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

	3 Months Ended	
	31.03.18	31.03.17
(i) Based on weighted average number of ordinary shares in issue	cents (0.69)	cents 0.29
(ii) On a fully diluted basis	(0.69)	0.29

The weighted average number of shares for the 3 months ended 31 March 2018 were 140,767,484 (31 March 2017: 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 31.03.18	61.83	56.97
As at 31.12.17	62.13	56.44

Net asset value per share is calculated based on the number of ordinary shares in issue of 140,767,484 as at 31 March 2018 (31 December 2017: 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

Overview

The Group recorded a net loss attributable to shareholders of \$976,000 and loss per ordinary share of 0.69 cents for 1Q2018.

Revenue

Revenue of \$13.8 million for 1Q2018 was 35.5% lower than the revenue for 1Q2017 of \$21.4 million due to the lower sales from the Trading business segment as a result of the near completion of Zawtika Development Project Phase 1C.

Gross profit

Gross profit of \$2.8 million for 1Q2018 was 37.9% lower than the gross profit for 1Q2017 of \$4.5 million. The decrease was due to lower revenue recorded in 1Q2018 as well as a reduction in gross profit margin. The decrease in margin was due mainly to lower margins on sales for certain projects and change in sales mix.

Other income

Other income of \$1.1 million for 1Q2018 was 170.5% higher than the other income for 1Q2017 of \$0.41 million. The increase in other income was due mainly to higher interest income of \$311,000 from an investee company and a one-time upfront fee of \$300,000 from Mr George Deng in accordance with litigation funding agreement as announced on 11 January 2018. Sundry income was also higher at \$391,000 in 1Q2018 and it consisted of rental income, LC handling fee, late payment charges etc.

Selling and distribution costs

Selling and distribution costs of \$1.3 million for 1Q2018 remained largely the same as 1Q2017.

Administrative and general costs

Administrative and general costs of \$2.8 million for 1Q2018 remained largely the same as 1Q2017.

Other operating expenses

Other operating expenses of \$1.3 million for 1Q2018 were 108.9% higher than 1Q2017 of \$608,000. Higher expenses in 1Q2018 was mainly due to a one-time loss on disposal of an associate, Federal JWR Energy Pte Ltd of \$442,000 as announced on 13 February 2018, and an impairment loss of doubtful trade receivables of \$123,000.

Finance costs

Finance costs of \$314,000 for 1Q2018 were higher than the costs incurred in 1Q2017 of \$198,000, due mainly to additional term loans being drawn down in the later half of 2017.

Share of results of associates

The Group's share of results of its associates of \$575,000 for 1Q2018 were 64.3% higher than 1Q2017. Out of the \$575,000, \$200,000 was attributable to the share of results of our associate company in Indonesia whose management accounts for 4Q2017 was not available when we last reported our results on 25 February 2018.

Income tax expense

The Group recorded a tax credit of \$12,000 for 1Q2018 as compared to a tax expense of \$129,000 in 1Q2017 due mainly to the losses incurred for the period.

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

As at 31 March 2018, the net assets attributable to owners of the Company amounted to \$87.0 million, which translates to a net asset value per ordinary share of 61.83 cents.

Non-current assets

Non-current assets decreased by \$301,000 to \$63.8 million. The decrease was mainly due to:

- a) Decrease in property, plant and equipment of \$619,000, mainly due to the depreciation charge during the period and foreign exchange translation differences; and
- b) Decrease in amount due from a related party of \$116,000 mainly due to foreign exchange translation differences.

The decrease was partly offset by an increase in investment in associates of \$572,000, mainly attributable to the Group's share of associates' profit for the period.

Current assets

Current assets decreased by \$7.9 million to \$73.9 million. The decrease was mainly due to:

- a) Decrease in trade and other receivables of \$3.3 million due to lower trading business;
- b) Decrease in inventories of \$530,000 mainly as a result of sales during the period;
- c) Decrease in cash and bank balances of \$3.3 million; and
- d) Decrease in advance payment to suppliers of \$521,000.

Current liabilities

Current liabilities decreased by \$6.9 million to \$51.9 million. The decrease was due mainly to:

- a) Decrease in trade and other payables of \$4.6 million mainly due to lower trading business;
- b) Decrease in amounts due to bankers of \$1.4 million mainly due to repayment in trade facilities; and
- c) Decrease in amounts due to associates of \$576,000, mainly due to repayment made to an associate company amounting to \$333,000, and amounts written off due to the disposal of an associate company amounting to \$243,000.

Non-current liabilities

Non-current liabilities decreased marginally by \$567,000 to \$11.7 million after repaying part of the term loans.

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

Non-current assets decreased marginally by \$155,000 to \$94.1 million.

Current assets

Current assets of increased marginally by \$277,000 to \$9.4 million, mainly due to the increase in amounts due from subsidiaries of \$549,000 and offset by a decrease in cash and bank balances of \$264,000.

Current liabilities

Current liabilities decreased by \$222,000 to \$2.3 million, mainly due to the write off of amounts due to an associate of \$243,000 as a result of the disposal of the associate in 1Q2018.

Non-current liabilities

Non-current liabilities decreased by \$398,000 to \$20.9 million, mainly due to decrease in amounts due to subsidiaries as a result of foreign exchange translation differences.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 March 2018, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$7.5 million. Operating activities, investing activities and financing activities utilised cash of \$650,000, \$76,000 and \$2.5 million respectively.

The net cash utilised by operating activities was due mainly to the losses incurred during the period. The net cash used in investing activities was mainly due to the purchase of property, plant and equipment, namely motor vehicles and renovation.

The net cash used in financing activities was due mainly to the repayment of term loans and net decrease in trust receipts used to finance the trading business.

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

On 9 May 2018, the Group released profit warning on SGXNET regarding an expected loss for 1Q2018.

The actual results for 1Q2018 correspond with the profit warning issued.

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.

Notwithstanding recent movement in oil prices, the outlook of the Group's business continues to be challenging as it is affected by the uncertainty of oil prices.

The Group will remain focused on forming strategic partnerships in order to strengthen its competitiveness in the trading business as well as to continue its efforts in streamlining its internal processes.

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 ("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 31 March 2018, 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

Maggie Koh
Executive Director

11 May 2018