



**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 2017**

5 May 2017

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 2017 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 (“1Q2017”)

		Group		
		3 Months Ended		Changes
		31.03.17	31.03.16	
		S\$'000	S\$'000	
<b>INCOME STATEMENT</b>				
Revenue		21,451	23,133	(7.3)
Cost of sales		(16,908)	(17,288)	(2.2)
<b>Gross profit</b>		<b>4,543</b>	<b>5,845</b>	<b>(22.3)</b>
<b>Gross profit margin</b>		<b>21.2%</b>	<b>25.3%</b>	
Other income	(i)	410	1,198	(65.8)
Selling and distribution costs		(1,316)	(2,456)	(46.4)
Administrative and general costs		(2,771)	(2,740)	1.1
Other operating expenses	(ii)	(608)	(560)	8.6
Finance costs	(iii)	(198)	(97)	N.M.
Share of results of associates		350	755	(53.6)
Profit before tax	(iv)	410	1,945	(78.9)
Income tax expense		(129)	(244)	(47.1)
<b>Profit for the period</b>		<b>281</b>	<b>1,701</b>	<b>(83.5)</b>
<b>Attributable to:</b>				
Owners of the Company		410	1,324	(69.0)
Non-controlling interests		(129)	377	N.M.
		<b>281</b>	<b>1,701</b>	<b>(83.5)</b>

N.M. – Not Meaningful

	← Group →		
	3 Months Ended		Changes
	31.03.17	31.03.16	
	S\$'000	S\$'000	%
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Profit net of tax	281	1,701	(83.5)
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Net surplus on revaluation of freehold/ leasehold land and buildings	-	88	(100.0)
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation	(135)	(402)	(66.4)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(135)</b>	<b>(314)</b>	<b>(57.0)</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>146</b>	<b>1,387</b>	<b>(89.5)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	397	1,198	(66.9)
Non-controlling interests	(251)	189	N.M.
	<b>146</b>	<b>1,387</b>	<b>(89.5)</b>

**N.M. – Not Meaningful**

**Notes:**

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

	<b>3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Gain on disposal of property plant and equipment	4	–
Implicit interest income	1	2
Interest income	24	3
Interest income from a related party	–	158
Share of profits from partnership	143	184
Forfeiture of partial proceeds for disposal of an associate	–	713
Sundry income	238	138
	<b>410</b>	<b>1,198</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Foreign exchange loss	611	599
Impairment loss on doubtful receivables	–	49
Inventories written off	7	–
Write back of impairment loss on doubtful receivables	(11)	(17)
Reversal of accruals and provisions for vessel disposed	–	(117)
Others	1	46
	<b>608</b>	<b>560</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest expense on:		
- Bank overdrafts	42	5
- Term loans	46	65
- Trust receipts	110	27
	<b>198</b>	<b>97</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation and amortisation	525	532

**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 31.03.17	As At 31.12.16	As At 31.03.17	As At 31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	32,839	33,426	2	2
Investment in subsidiaries	–	–	76,421	76,558
Investment in associates	4,876	4,611	732	732
Intangible assets	1,889	1,923	–	–
Other investments	558	558	538	538
Other receivables	13,091	13,092	13,022	13,022
Amount due from a related party	6,485	6,714	–	–
Amounts due from subsidiaries	–	–	4,797	4,966
Amount due from an associate	4,797	4,966	–	–
Financial receivable	791	816	–	–
Deferred tax assets	614	626	–	–
	<b>65,940</b>	<b>66,732</b>	<b>95,512</b>	<b>95,818</b>
<b>Current assets</b>				
Inventories	15,627	15,012	–	–
Trade and other receivables	49,633	38,077	61	58
Gross amount due from customer for construction work-in-progress	236	1	–	–
Advance payment to suppliers	9,777	2,997	–	–
Prepayments	618	338	24	16
Deposits	68	80	4	8
Financial receivable	327	552	–	–
Amounts due from subsidiaries	–	–	7,263	7,161
Amounts due from associates	3,835	3,695	50	50
Fixed and bank deposits	1,466	1,517	1,434	1,484
Cash and bank balances	13,843	15,502	62	197
	<b>95,430</b>	<b>77,771</b>	<b>8,898</b>	<b>8,974</b>
<b>Current liabilities</b>				
Trade and other payables	27,536	27,719	865	944
Provisions	4,743	4,911	–	–
Advance payment from customers	7,924	3,115	–	–
Gross amount due to customer for construction work-in-progress	52	–	–	–
Amounts due to subsidiaries	–	–	1,250	1,276
Amounts due to associates	195	202	186	192
Amount due to a related party	1,980	2,034	–	–
Amounts due to bankers	34,975	22,170	–	–
Term loans	4,637	5,001	–	–
Provision for taxation	3,041	3,206	11	11
	<b>85,083</b>	<b>68,358</b>	<b>2,312</b>	<b>2,423</b>
<b>Net current assets</b>	<b>10,347</b>	<b>9,413</b>	<b>6,586</b>	<b>6,551</b>
<b>Non-current liabilities</b>				
Amounts due to subsidiaries	–	–	22,307	23,093
Provision for post employment benefits	112	115	–	–
Deferred tax liabilities	2,040	2,041	–	–
	<b>2,152</b>	<b>2,156</b>	<b>22,307</b>	<b>23,093</b>
<b>Net assets</b>	<b>74,135</b>	<b>73,989</b>	<b>79,791</b>	<b>79,276</b>

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

	Group		Company	
	As At 31.03.17 S\$'000	As At 31.12.16 S\$'000	As At 31.03.17 S\$'000	As At 31.12.16 S\$'000
<b>Equity attributable to owners of the Company</b>				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(4,588)	(4,575)	-	-
Capital reserve	5	5	-	-
Revaluation reserve	16,460	16,460	-	-
Other reserves	(976)	(976)	-	-
Accumulated losses	(68,896)	(69,306)	(64,308)	(64,823)
	86,104	85,707	79,791	79,276
Non-controlling interests	(11,969)	(11,718)	-	-
<b>Total equity</b>	<b>74,135</b>	<b>73,989</b>	<b>79,791</b>	<b>79,276</b>

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

**Amount repayable in one year or less, or on demand**

As at 31.03.17 S\$'000		As at 31.12.16 S\$'000	
Secured	Unsecured	Secured	Unsecured
39,612	-	27,171	-

**Amount repayable after one year**

As at 31.03.17 S\$'000		As at 31.12.16 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;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee by a director of a subsidiary; and
- (v) Subsidiary's inventories.

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

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	410	1,945
<u>Adjustments for:</u>		
Amortisation of intangible assets	34	–
Depreciation of property, plant and equipment	491	532
Gain on disposal of property, plant and equipment	(4)	–
Implicit interest income	(1)	(2)
Interest expense	198	97
Interest income	(25)	(161)
Share of results of associates	(350)	(755)
Forfeiture of partial proceeds for disposal of an associate	–	(713)
Exchange (gain)/loss	(262)	342
<b>Operating cash flows before changes in working capital</b>	<b>491</b>	<b>1,285</b>
<u>(Increase)/decrease in:</u>		
Inventories	(654)	19
Trade and other receivables	(8,745)	(2,278)
Gross amount due from customer for construction work-in-progress	(235)	(177)
Financial receivables	214	234
Advance payment to suppliers	(6,799)	(626)
Prepayments	(285)	54
Deposits	12	9
Amounts due from associates	(147)	(3,869)
<u>(Decrease)/increase in:</u>		
Trade and other payables	202	2,757
Gross amount due to customer for construction work-in-progress	52	(4)
Advance payment from customers	2,057	1,092
Advance payment from associates	–	61
Amounts due to associates	(6)	–
Amount due a related party	–	(69)
Provision for post employment benefits	(3)	–
<b>Cash flows used in operations</b>	<b>(13,846)</b>	<b>(1,512)</b>
Income tax (paid) / refund	(301)	47
<b>Net cash used in operating activities</b>	<b>(14,147)</b>	<b>(1,465)</b>
<b>Cash flows from investing activities:</b>		
Additions to intangible assets	–	(32)
Interest income received	25	3
Payments made to suppliers for conversion of a vessel	–	(229)
Purchase of property, plant and equipment	(55)	(8)
Proceeds from disposal of property, plant and equipment	4	–
Shareholder's loans to an associate (net)	(118)	–
<b>Net cash used in investing activities</b>	<b>(144)</b>	<b>(266)</b>



	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities:</b>		
Interest expense paid	(189)	(82)
Repayment of secured bank overdrafts	(320)	(143)
Drawdown of term loans	113	484
Repayment of term loans	(434)	(937)
Increase in trust receipts	13,890	3,249
<b>Net cash generated from financing activities</b>	<b>13,060</b>	<b>2,571</b>
Net (decrease)/increase in cash and cash equivalents	(1,231)	840
Effect of exchange rate changes on cash and cash equivalents	(429)	(547)
Cash and cash equivalents at beginning of period	15,569	15,851
<b>Cash and cash equivalents at end of period</b>	<b>13,909</b>	<b>16,144</b>

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

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.17</b>	<b>31.03.16</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash and cash equivalents at the end of the period:</b>		
Cash and bank balances and fixed deposits	15,309	20,625
Less: Bank deposits pledged	(1,400)	(4,481)
Cash and cash equivalents	<b>13,909</b>	<b>16,144</b>

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 01.01.17	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
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(13)	–	–	–	(13)	(13)	(122)	(135)
<b>Total comprehensive income / (loss) for the period</b>	–	410	(13)	–	–	–	397	397	(251)	146
<b>Balance at 31.03.17</b>	<b>144,099</b>	<b>(68,896)</b>	<b>(4,588)</b>	<b>5</b>	<b>16,460</b>	<b>(976)</b>	<b>(57,995)</b>	<b>86,104</b>	<b>(11,969)</b>	<b>74,135</b>

**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			
<b>Balance at 01.01.16</b>	<b>144,099</b>	<b>(85,650)</b>	<b>(5,806)</b>	<b>2,778</b>	<b>25,023</b>	<b>(977)</b>	<b>(64,632)</b>	<b>79,467</b>	<b>(11,865)</b>	<b>67,602</b>
Profit, net of tax	-	1,324	-	-	-	-	1,324	1,324	377	1,701
Other comprehensive income:										
Items that will not be reclassified subsequently to profit or loss:										
Net surplus on revaluation of freehold/leasehold land and buildings	-	-	-	-	88	-	88	88	-	88
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	(214)	-	-	-	(214)	(214)	(188)	(402)
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>1,324</b>	<b>(214)</b>	<b>-</b>	<b>88</b>	<b>-</b>	<b>1,198</b>	<b>1,198</b>	<b>189</b>	<b>1,387</b>
<b>Balance at 31.03.16</b>	<b>144,099</b>	<b>(84,326)</b>	<b>(6,020)</b>	<b>2,778</b>	<b>25,111</b>	<b>(977)</b>	<b>(63,434)</b>	<b>80,665</b>	<b>(11,676)</b>	<b>68,989</b>

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
<b>Balance at 01.01.17</b>	<b>144,099</b>	<b>(64,823)</b>	<b>79,276</b>
Profit for the period	–	515	515
Total comprehensive income for the period	–	515	515
<b>Balance at 31.03.17</b>	<b>144,099</b>	<b>(64,308)</b>	<b>79,791</b>
<b>Balance at 01.01.16</b>	<b>144,099</b>	<b>(66,412)</b>	<b>77,687</b>
Profit for the period	–	1,001	1,001
Total comprehensive income for the period	–	1,001	1,001
<b>Balance at 31.03.16</b>	<b>144,099</b>	<b>(65,411)</b>	<b>78,688</b>

- 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 2017.

As at 31 March 2017 and 31 December 2016 respectively, the Company did not have any convertible securities.

As at 31 March 2017 and 31 December 2016 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.**

	<b>31.03.17</b>	<b>31.12.16</b>
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 31 March 2017 and 31 December 2016 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.**

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 2016.

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 2017.

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	
	31.03.17	31.03.16
(i) Based on weighted average number of ordinary shares in issue	cents 0.29	cents 0.94
(ii) On a fully diluted basis	0.29	0.94

The weighted average number of shares for the 3 months ended 31 March 2017 were 140,767,484 (31 March 2016: 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 31.03.17	61.17	56.68
As at 31.12.16	60.89	56.32

Net asset value per share is calculated based on the number of ordinary shares in issue of 140,767,484 as at 31 March 2017 (31 December 2016: 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 profit attributable to shareholders of \$410,000 and earnings per ordinary share of 0.29 cents for 1Q2017.

### **Revenue**

Revenue of \$21.5 million was 7% lower than the revenue for 1Q2016 of \$23.1 million due to the lower sales from customers in the People's Republic of China under the Trading business segment.

### **Gross profit**

Gross profit of \$4.5 million was 22% lower than the gross profit for 1Q2016 of \$5.8 million. The decrease was due to lower revenue recorded in 1Q2017 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 \$410,000 was 66% lower than the other income for 1Q2016 of \$1.2 million. The decrease in other income was partly offset by higher sundry income of \$100,000, which comprises property rental and other miscellaneous income.

The other income for 1Q2016 relates mainly to the following.

- a) Forfeiture of partial proceeds received in relation to the disposal of an associate of \$713,000. The proceeds received were for the sale of the Group's shares in an associate. Please refer to the Company's announcement on 27 April 2016 for further information; and
- b) Interest income from a related party of \$158,000.

### **Selling and distribution costs**

Selling and distribution costs of \$1.3 million were 46% lower than the costs incurred in 1Q2016 of \$2.5 million. The decrease was due mainly to lower sales, marketing related expenses and staff related costs.

### **Administrative and general costs**

Administrative and general costs of \$2.8 million were marginally higher compared to the costs incurred in 1Q2016 of \$2.7 million.

### **Other operating expenses**

Other operating expenses of \$608,000 were 9% higher than the expenses incurred in 1Q2016 of \$560,000. Higher expenses in 1Q2017 was due mainly to absence of reversal of accruals and provisions for vessel disposed of \$117,000, partially offset by lower impairment loss on doubtful receivables (\$49,000).

### **Finance costs**

Finance costs of \$198,000 were higher than the costs incurred in 1Q2016 of \$97,000. The increase was due to higher term loans and amounts due to bankers outstanding as at 31 March

2017 as compared to 31 December 2016. The increase was due to trade facilities utilised by the Trading business.

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

The Group's share of results of its associates of \$350,000 were 54% lower than 1Q2016. The share of profit included a profit of \$233,000 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 \$117,000 from another of its associates.

#### **Income tax expense**

Income tax expense of \$129,000 related to provisions made for the current period tax expense.

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

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

As at 31 March 2017, the net assets attributable to owners of the Company amounted to \$86.1 million, which translates to a net asset value per ordinary share of 61.17 cents.

#### **Non-current assets**

Non-current assets decreased by \$792,000 to \$65.9 million. The decrease was mainly due to:

- a) Decrease in property, plant and equipment (-\$587,000) mainly due to the depreciation charge during the period; and
- b) Decrease in amount due from a related party (-\$229,000) and amount due from an associate (-\$169,000 net) due to foreign exchange difference arising from a weaker US dollar, partly offset by additional loan provided to the associate.

The decrease was partly offset by an increase in investment in associates (+\$265,000) mainly attributable to the Group's share of associates' profit for the period.

#### **Current assets**

Current assets increased by \$17.6 million to \$95.4 million. The increase was mainly due to:

- a) Increase in trade and other receivables (+\$11.6 million) due to an increase in trade receivables for the Zawtika 1C project;
- b) Increase in advance payment to suppliers (+\$6.8 million) for the Zawtika 1C project;
- c) Increase in inventories (+\$615,000) in anticipation of sales to customers;
- d) Increase in prepayments (+\$280,000) mainly due to bank facility fee paid for the Zawtika 1C project;
- e) Increase in gross amount due from customer for construction work-in-progress (+\$235,000); and
- f) Increase in amounts due from associates (+\$140,000) mainly due to working capital loans extended to certain associates.

The increase was partially offset by decrease in cash and bank balances (-\$1.7 million) and financial receivables (-\$225,000). The decrease in financial receivables was due to receipt of payments from the local authority 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 \$16.7 million to \$85.1 million. The increase was due mainly to:

- a) Increase in amounts due to bankers (+\$12.8 million) due mainly to increase in trade facilities utilised to finance on-going projects; and



- b) Increase in advance payment from customers (+\$4.8 million) due mainly to advance payments received from PT Gunanusa Utama Fabricators in relation to the Zawtika 1C project.

The increase was partly offset by:

- a) Decrease in term loans (-\$364,000) as a result of net repayment of term loans;  
 b) Decrease in provision for income tax (-\$165,000) mainly arising from taxes paid, partially offset by provision made for current year's tax; and  
 c) Decrease in provision (-\$168,000) and trade and other payables (-\$183,000).

#### **Non-current liabilities**

Non-current liabilities of \$2.2 million were largely unchanged as compared with 31 December 2016 and comprised mainly provision for post employment benefits and deferred tax liabilities.

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

#### **Non-current assets**

Non-current assets decreased by \$306,000 to \$95.5 million. The decrease was due to lower amounts due from subsidiaries (-\$169,000) and investment in subsidiaries (-\$137,000) arising from a weaker US dollar.

#### **Current assets**

Current assets of \$8.9 million were largely unchanged as compared with 31 December 2016.

#### **Current liabilities**

Current liabilities decreased by \$111,000 to \$2.3 million mainly due to lower trade and other payables (-\$79,000) as a result of lower accruals of staff related cost.

#### **Non-current liabilities**

Non-current liabilities decreased by \$786,000 to \$22.3 million due to decrease in amounts due to subsidiaries, mainly attributable to foreign exchange difference arising from a weaker US dollar.

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 31 March 2017, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$13.9 million. Operating activities and investing activities utilised cash of \$14.1 million and \$144,000 respectively, whereas financing activities generated net cash of \$13.1 million.

The net cash utilised by operating activities was due mainly to the net increase in trade and other receivables, advance payment to suppliers and inventories, partially offset by increase in advance payment from customers. The net cash used in investing activities was due mainly to loans to an associate.

The cash generated from financing activities was due mainly to the net increase 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.**

No forecast or prospect statement was given.

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

**Trading business**

The Group is focused on forming strategic partnerships in order to strengthen its competitiveness in the trading business. This strategy culminated in the signing of a Memorandum of Understanding on 20 April 2017 with China Merchants Industry Holdings. Under the MOU, the Group and CMIH will co-operate exclusively on certain oil and gas projects in Indonesia. The Group is still in discussion with the parties concerned on the projects.

As at 24 April 2017, the Group's outstanding order book is \$86 million, which includes the procurement for the Zawtika 1C project.

**Resource business - Land rig**

The Group owns a 1,200 HP land drilling rig which is located in Jakarta, Indonesia. The Group is in discussion on the possible charter of the rig for jobs in Indonesia. Due to the impact of the slowdown in the oil and gas industry, the Group is cautious to ensure that the rig is chartered to creditworthy customers.

**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 1QFY2017, the Group recognised a share of profit of \$233,000.

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 31 March 2017, to be false or misleading in any material aspect.

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

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

**BY ORDER OF THE BOARD**

**Koh Kian Kiong**  
**Executive Chairman & CEO**

**Koh Maggie**  
**Executive Director**

**5 May 2017**