



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 2014**

7 November 2014

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 2014 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 THRID QUARTER ("3QFY2014") AND PERIOD ENDED 30 SEPTEMBER 2014

		Group			Group		
		3 Months Ended		Changes	9 Months Ended		Changes
		30.09.14	30.09.13		30.09.14	30.09.13	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		28,883	37,142	(22.2)	93,793	81,525	15.0
Cost of sales		(23,110)	(27,483)	(15.9)	(75,644)	(57,250)	32.1
Gross profit		5,773	9,659	(40.2)	18,149	24,275	(25.2)
Other operating income	(i)	698	386	80.8	5,070	1,120	N.M.
Selling and distribution costs		1,252	(2,168)	(157.7)	(2,993)	(6,573)	(54.5)
Administrative and general costs		(2,660)	(2,722)	(2.3)	(7,914)	(8,576)	(7.7)
Other operating expenses	(ii)	(23,731)	(175)	N.M.	(22,386)	862	N.M.
Finance costs	(iii)	(369)	(985)	(62.5)	(1,882)	(2,811)	(33.0)
Share of results of associates		(683)	(1,952)	(65.0)	(831)	(2,335)	(64.4)
(Loss)/profit before tax	(iv)	(19,720)	2,043	N.M.	(12,787)	5,962	N.M.
Income tax expense		(65)	(83)	(21.7)	(476)	(318)	49.7
(Loss)/profit for the period		(19,785)	1,960	N.M.	(13,263)	5,644	N.M.
Attributable to:							
Owners of the Company		(19,618)	2,132	N.M.	(14,651)	6,303	N.M.
Non-controlling interests		(167)	(172)	(2.9)	1,388	(659)	N.M.
		(19,785)	1,960	N.M.	(13,263)	5,644	N.M.

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	9 Months Ended		Changes
	30.09.14 S\$'000	30.09.13 S\$'000		30.09.14 S\$'000	30.09.13 S\$'000	
STATEMENT OF COMPREHENSIVE INCOME			%			%
(Loss)/profit net of tax	(19,785)	1,960	N.M.	(13,263)	5,644	N.M.
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation represents other comprehensive income for the period, net of tax	179	(37)	N.M.	(1,008)	(147)	N.M.
Share of other comprehensive income of an associate	—	—	—	1	(1)	(200.0)
Other comprehensive profit/(loss) for the period, net of tax	179	(37)	N.M.	(1,007)	(148)	N.M.
Total comprehensive (loss)/income for the period	(19,606)	1,923	N.M.	(14,270)	5,496	N.M.
Total comprehensive (loss)/income attributable to:						
Owners of the Company	(19,593)	2,065	N.M.	(15,505)	5,946	N.M.
Non-controlling interests	(13)	(142)	(90.8)	1,235	(450)	N.M.
	(19,606)	1,923	N.M.	(14,270)	5,496	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		9 Months Ended	
	30.09.14	30.09.13	30.09.14	30.09.13
	S\$'000	S\$'000	S\$'000	S\$'000
Commission fee income	(1)	102	13	102
Foreign exchange gain	247	–	698	313
Gain on disposal of assets held for sale	–	150	3,581	150
Gain on disposal of property, plant and equipment	–	3	–	7
Implicit interest income	45	40	130	117
Interest income	36	(13)	49	65
Other income	371	104	599	366
	698	386	5,070	1,120

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

	3 Months Ended		9 Months Ended	
	30.09.14	30.09.13	30.09.14	30.09.13
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	616	391	616	441
Depreciation (Assets not in use)	–	240	–	710
Foreign exchange loss	–	809	–	–
Impairment loss on investment in associates	–	–	776	–
Impairment loss on doubtful receivables	–	3	41	3
Impairment loss on property, plant and equipment	–	–	–	23
Impairment loss on work-in-progress	–	87	–	87
Inventories written off	–	1	1	2
Loss on disposal of asset under construction	24,122	–	24,122	–
Other expenses	–	3	–	69
Vessel expenses	–	(55)	–	(45)
Write back of impairment loss on doubtful receivables	(1,007)	(1,304)	(2,503)	(2,152)
Write back of impairment loss on work-in-progress	–	–	(667)	–
	23,731	175	22,386	(862)

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

	3 Months Ended		9 Months Ended	
	30.09.14	30.09.13	30.09.14	30.09.13
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	22	5	68	90
- Hire purchase	2	2	5	10
- Term loans	287	830	1,439	2,363
- Trust receipts	58	148	370	348
	369	985	1,882	2,811

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

	3 Months Ended	
	30.09.14	30.09.13
	S\$'000	S\$'000
Depreciation	471	424

9 Months Ended	
30.09.14	30.09.13
S\$'000	S\$'000
1,469	1,287

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 30.09.14	As At 31.12.13	As At 30.09.14	As At 31.12.13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets:				
Property, plant and equipment	34,885	35,859	7	9
Investment in subsidiaries	—	—	90,505	78,613
Investment in associates	8,527	10,159	4,494	4,494
Intangible assets	1	1	—	—
Other investment	20	20	—	—
Other receivables	62	62	—	—
Amount due from a related party	5,914	—	—	—
Financial receivables	1,954	1,958	—	—
Deferred tax assets	270	312	19	19
	51,633	48,371	95,025	83,135
Current assets:				
Asset under construction	—	42,969	—	—
Inventories	23,525	22,930	—	—
Trade and other receivables	28,911	35,076	7	4
Gross amount due from customer for work-in-progress	290	77	—	—
Advance payment to suppliers	12,330	2,519	—	—
Prepayments	934	58	29	18
Deposits	176	110	4	4
Financial receivables	480	683	—	—
Amounts due from subsidiaries	—	—	9,783	20,359
Amounts due from associates	3,004	454	24	45
Amount due from a related party	—	5,886	—	—
Fixed deposits	1,859	1,603	1,297	1,290
Cash and bank balances	19,394	19,706	151	1,743
	90,903	132,071	11,295	23,463
Assets of disposal group classified as held for sale	—	27,399	—	—
	90,903	159,470	11,295	23,463
Current liabilities:				
Trade and other payables	38,239	28,443	2,368	2,016
Advance payment from customers	2,621	2,279	—	—
Advance payment from an associate	—	13,191	—	—
Deferred revenue	5	20	—	—
Gross amount due to customer for work-in-progress	—	—	—	—
Amounts due to subsidiaries	—	—	1,205	11,181
Amounts due to associates	820	942	792	789
Amount due to a related party	1,713	1,803	—	—
Amounts due to bankers	28,582	23,524	—	—
Term loans	8,948	27,545	—	—
Hire purchase creditors	43	45	—	—
Provision for income tax	3,954	6,733	3,506	3,324
	84,925	104,525	7,871	17,310
Liabilities directly associated with disposal group classified as held for sale	—	30,808	—	—
	84,925	135,333	7,871	17,310
Net current assets	5,978	24,137	3,424	6,153
Non-current liabilities:				
Term loans	3,147	3,741	—	—
Hire purchase creditors	4	37	—	—
Amount due to a subsidiary	—	—	8,872	—
Provision for post-employment benefits	5	5	—	—
Deferred tax liabilities	1,439	1,439	—	—
	4,595	5,222	8,872	—
Net assets	53,016	67,286	89,577	89,288
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(4,702)	(4,383)	—	—
Capital reserve	2,778	2,778	—	—
Revaluation reserve	14,092	14,092	—	—
Other reserves	(976)	(990)	—	—
Accumulated losses	(89,711)	(75,047)	(54,522)	(54,811)
Reserve of disposal group classified as held for sale	—	536	—	—
	65,580	81,085	89,577	89,288
Non-controlling interests	(12,564)	(13,799)	—	—
Total equity	53,016	67,286	89,577	89,288

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 30.09.14 S\$'000		As at 31.12.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
37,573	-	51,114	-

Amount repayable after one year

As at 30.09.14 S\$'000		As at 31.12.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
3,146	5	3,769	9

Details of any collaterals

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

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

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

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

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

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.14 S\$'000	30.09.13 S\$'000	30.09.14 S\$'000	30.09.13 S\$'000
Cash flows from operating activities:				
(Loss)/profit before tax	(19,720)	2,043	(12,787)	5,962
<u>Adjustments for:</u>				
Allowance for slow moving inventories	616	391	616	441
Depreciation of property, plant and equipment	471	424	1,469	1,287
Gain on disposal of assets held for sale (Note A)	—	(150)	(3,581)	(150)
Gain on disposal of property, plant and equipment	—	(3)	—	(7)
Impairment loss on investment in associates	—	—	776	—
Impairment loss on doubtful receivables	—	3	41	3
Impairment loss on property, plant and equipment	—	—	—	23
Impairment loss on work-in-progress	—	87	—	87
Implicit interest income	(45)	(40)	(130)	(117)
Interest expense	369	985	1,882	2,811
Interest income	(36)	13	(49)	(65)
Inventories written off	—	1	1	2
Loss on disposal of asset under construction	24,122	—	24,122	—
Share of results of associates	683	1,952	831	2,335
Share of other comprehensive income of an associate	—	—	—	1
Unrealised exchange loss	(235)	(19)	(63)	(49)
Write back of impairment loss on doubtful receivables	(1,007)	(1,304)	(2,503)	(2,152)
Write back of impairment loss on work-in-progress	—	—	(667)	—
Operating cash flows before changes in working capital	5,218	4,383	9,958	10,412
<u>(Increase)/decrease in:</u>				
Inventories	(167)	(2,606)	(1,223)	(3,448)
Trade and other receivables	5,907	(11,960)	9,717	(10,763)
Gross amount due from customer for work-in-progress	(290)	22	454	(93)
Financial receivables	82	152	201	451
Advance payment to suppliers	(194)	1,762	(9,832)	(183)
Prepayments	(248)	(174)	(711)	(649)
Deposits	(11)	(6)	(65)	(9)
Amounts due from associates	(1,326)	(40)	(1,353)	(894)
<u>(Decrease)/increase in:</u>				
Trade and other payables	(9,807)	6,921	(7,576)	3,601
Bills receivables purchase	—	—	10,308	—
Gross amount due to customer for work-in-progress	(138)	120	—	229
Advance payment from customers	974	(83)	341	82
Deferred revenue	5	3	(15)	(37)
Amounts due to associates	21	(124)	(122)	(42)
Amount due a related party	(71)	(61)	(85)	81
Cash flows (used in)/generated from operations	(45)	(1,691)	9,997	(1,262)
Interest income received	34	47	45	58
Interest expense paid	(795)	(453)	(1,641)	(1,389)
Income tax paid	(633)	(531)	(3,199)	(1,732)
Net cash (used in)/generated from operating activities	(1,439)	(2,628)	5,202	(4,325)

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.09.14	30.09.13	30.09.14	30.09.13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Payments made to suppliers for conversion of a vessel	(26,228)	(7,073)	(31,041)	(14,864)
Purchase of property, plant and equipment	(27)	(10)	(415)	(78)
Proceeds from disposal of assets held for sale, net of cash disposed of (Note A)	–	300	(426)	300
Proceeds from disposal of asset under construction	51,439	–	51,439	–
Shareholder's loan to an associate	(1,180)	–	(1,180)	–
Net cash generated from/(used) in investing activities	24,004	(6,783)	18,377	(14,642)
Cash flows from financing activities:				
Capital contribution from non-controlling interest of a subsidiary company	–	31	–	31
(Repayment)/proceeds from secured bank overdrafts	(1,276)	(183)	647	(4,655)
Repayment of hire obligations under purchase – net	(11)	(11)	(33)	(97)
Drawdown of term loans	953	2,130	9,501	21,255
Repayment of term loans	(15,533)	(2,473)	(27,998)	(16,065)
Decrease/(increase) in pledged deposits	18	588	(723)	406
Proceeds from right issue	–	–	–	10,076
Rights issuance expense	–	–	–	(442)
Increase/(decrease) in trust receipts	128	11,735	(5,823)	15,848
Net cash (used in)/generated from financing activities	(15,721)	11,817	(24,429)	26,357
Net increase/(decrease) in cash and cash equivalents	6,844	2,406	(850)	7,390
Effect of exchange rate changes on cash and cash equivalents	236	19	63	49
Cash and cash equivalents at beginning of period	11,908	9,223	19,775	4,209
Cash and cash equivalents at end of the period	18,988	11,648	18,988	11,648

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	
	30.09.14	30.09.13
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	21,253	13,465
Less: Bank deposits pledged	(2,265)	(1,817)
Cash and cash equivalents	18,988	11,648

Note A

As at 12 March 2014, the Group has completed the disposal of its subsidiaries, FEE Water (China-PZH) Ltd and Federal Environmental (Panzhihua) Co., Ltd., which were previously classified as assets held for sale. Details of the disposal as follows:

Effect of disposal on the financial position of the Group	Group
	30.09.14
	S\$'000
Assets:	
Property, plant and equipment	109
Financial receivables	26,478
Inventories	213
Other receivables	75
Prepayment	3
Fixed deposits	412
Cash and bank balances	64
	27,354
Liabilities:	
Trade payables	4,630
Other payables	4,029
Deferred revenue	41
Amount due to a related party	103
Term loans	20,970
Deferred tax liabilities	463
	30,236
Net liabilities derecognised	(2,882)
Consideration received, satisfied in cash	50
Cash and cash equivalents disposed of	(476)
Net cash outflow	(426)
Gain on disposal:	
Consideration received	50
Net liabilities derecognised	2,882
Cumulative exchange differences in respect of the net liabilities of the subsidiaries reclassified from equity on loss of control of subsidiaries	649
	3,581

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

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 01.01.13 (Restated)	133,624	(79,778)	(3,463)	2,778	9,094	(1,000)	(72,369)	61,255	(12,699)	48,556
Profit / (loss), net of tax	—	1,178	—	—	—	—	1,178	1,178	(92)	1,086
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	—	—	(120)	—	—	—	(120)	(120)	60	(60)
Share of other comprehensive income of an associate	—	—	—	—	—	(1)	(1)	(1)	—	(1)
Total comprehensive income/(loss) for the period	—	1,178	(120)	—	—	(1)	1,057	1,057	(32)	1,025
Others										
Transfer from accumulated losses to statutory reserve fund	—	(1)	—	—	—	1	—	—	—	—
Balance at 31.03.13	133,624	(78,601)	(3,583)	2,778	9,094	(1,000)	(71,312)	62,312	(12,731)	49,581
Profit / (loss), net of tax	—	2,993	—	—	—	—	2,993	2,993	(395)	2,598
Other comprehensive income: Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	—	—	(169)	—	—	—	(169)	(169)	119	(50)
Total comprehensive income/(loss) for the period	—	2,993	(169)	—	—	—	2,824	2,824	(276)	2,548
Contributions by owners										
Rights shares issuance	10,076	—	—	—	—	—	—	10,076	—	10,076
Rights shares issuance expense	(442)	—	—	—	—	—	—	(442)	—	(442)
Total contributions by owners	9,634	—	—	—	—	—	—	9,634	—	9,634
Balance at 30.06.13	143,258	(75,608)	(3,752)	2,778	9,094	(1,000)	(68,488)	74,770	(13,007)	61,763

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	Revenue reserve 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 30.06.13	143,258	(75,608)	(3,752)	2,778	9,094	(1,000)	(68,488)	74,770	(13,007)	61,763
Profit / (loss), net of tax	–	2,132	–	–	–	–	2,132	2,132	(172)	1,960
Other comprehensive income:										
Items that may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(67)	–	–	–	(67)	(67)	30	(37)
Total comprehensive income/(loss) for the period	–	2,132	(67)	–	–	–	2,065	2,065	(142)	1,923
<u>Others</u>										
Capital contribution from non-controlling interest of a subsidiary company	–	–	–	–	–	–	–	–	31	31
Balance at 30.09.13	143,258	(73,476)	(3,819)	2,778	9,094	(1,000)	(66,423)	76,835	(13,118)	63,717

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	Reserve of disposal group classified as held for sale 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 01.01.14	144,099	(75,047)	(4,383)	2,778	14,092	(990)	(63,550)	80,549	536	(13,799)	67,286
Profit, net of tax	—	2,912	—	—	—	—	2,912	2,912	—	1,445	4,357
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	604	—	—	—	604	604	(536)	(260)	(192)
Share of other comprehensive income of an associate	—	—	—	—	—	1	1	1	—	—	1
Total comprehensive income/(loss) for the period	—	2,912	604	—	—	1	3,517	3,517	(536)	1,185	4,166
Others											
Transfer from accumulated losses to statutory reserve fund	—	(13)	—	—	—	13	—	—	—	—	—
Balance at 31.03.14	144,099	(72,148)	(3,779)	2,778	14,092	(976)	(60,033)	84,066	—	(12,614)	71,452
Profit, net of tax	—	2,055	—	—	—	—	2,055	2,055	—	110	2,165
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	(948)	—	—	—	(948)	(948)	—	(47)	(995)
Total comprehensive income/(loss) for the period	—	2,055	(948)	—	—	—	1,107	1,107	—	63	1,170
Balance at 30.06.14	144,099	(70,093)	(4,727)	2,778	14,092	(976)	(58,926)	85,173	—	(12,551)	72,622
Loss, net of tax	—	(19,618)	—	—	—	—	(19,618)	(19,618)	—	(167)	(19,785)
Other comprehensive income:											
Items that may be reclassified subsequently to profit or loss:											
Foreign currency translation	—	—	25	—	—	—	25	25	—	154	179
Total comprehensive (loss)/income for the period	—	(19,618)	25	—	—	—	(19,593)	(19,593)	—	(13)	(19,606)
Balance at 30.09.14	144,099	(89,711)	(4,702)	2,778	14,092	(976)	(78,519)	65,580	—	(12,564)	53,016

- 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 1.01.13	133,624	(56,412)	77,212
Profit for the period	–	682	682
Total comprehensive income for the period	–	682	682
Balance at 31.03.13	133,624	(55,730)	77,894
Loss for the period	–	(593)	(593)
Total comprehensive loss for the period	–	(593)	(593)
<u>Contributions by owners</u>			
Rights shares issuance	10,076	–	10,076
Rights shares issuance expense	(442)	–	(442)
Total contributions by owners	9,634	–	9,634
Balance at 30.06.13	143,258	(56,323)	86,935
Profit for the period	–	625	625
Total comprehensive income for the period	–	625	625
Balance at 30.09.13	143,258	(55,698)	87,560

- 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 1.01.14	144,099	(54,811)	89,288
Loss for the period	–	(79)	(79)
Total comprehensive loss for the period	–	(79)	(79)
Balance at 31.03.14	144,099	(54,890)	89,209
Loss for the period	–	(10)	(10)
Total comprehensive loss for the period	–	(10)	(10)
Balance at 30.06.14	144,099	(54,900)	89,199
Profit for the period	–	378	378
Total comprehensive income for the period	–	378	378
Balance at 30.09.14	144,099	(54,522)	89,577

- 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 2014.

As at 30 September 2014 and 31 December 2013 respectively, the Company did not have any convertible securities.

As at 30 September 2014 and 31 December 2013 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.**

	30.09.14	31.12.13
Total number of issued shares (excluding treasury shares)	1,407,675,433	1,407,675,433

As at 30 September 2014 and 31 December 2013 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 2013.

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 1 January 2014.

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	
	30.09.14	30.09.13	30.09.14	30.09.13
	cents	cents	cents	Cents
(i) Based on weighted average number of ordinary shares in issue	(1.39)	0.16	(1.04)	0.50
(ii) On a fully diluted basis	(1.39)	0.16	(1.04)	0.50

The weighted average number of shares for the 3 months ended 30 September 2014 and 9 months ended 30 September 2014 were 1,407,675,433 (3 months ended 30 September 2013: 1,374,065,235 and 9 months ended 30 September 2013: 1,250,125,497).

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 30.09.14	4.66	6.36
As at 31.12.13	5.76	6.34

Net asset value per share is calculated based on the number of ordinary shares in issue of 1,407,675,433 as at 30 September 2014 (31 December 2013: 1,407,675,433).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Overview

The Group recorded a 15% year-on-year increase in revenue for the 9 months ended 30 Sep 2014 ("**9MFY2014**"). The Group turnover of \$93.8 million was bolstered by higher sales to customers in the People's Republic of China. The Trading business segment contributed 97% of the total revenue. Overall gross profit margin was lower due to a change in the sales composition.

For 9MFY2014, the Group recorded a loss before tax of \$12.8 million due to cost overrun and provisions relating to the *Federal II* project, including the projected costs of \$7.4 million, which is expected to be incurred in the 4th quarter of 2014 in order to complete the on-going mooring and hook-up operations by 31 Dec 2014. Excluding the losses relating to the project and the one-off gain from the disposal of assets held for sale of \$3.6 million, the Group would have reported a profit before tax of \$4.0 million for 9MFY2014.

3QFY2014 vs 3QFY2013

For the 3 months ended 30 Sep 2014 ("**3QFY2014**"), revenue of \$28.9 million was 22% lower than 3QFY2013 due mainly to lower sales to customers in Indonesia.

Gross margin was lower than the previous period due to changes in the sales composition.

Other operating income comprised mainly a foreign exchange gain of \$0.2 million and other income of \$0.4 million. The other income relates mainly to billing for a project variation order.

Selling and distribution costs were lower due mainly to the reversal of an accrual for marketing related costs that were no longer required.

Administrative and general costs were marginally lower due to the reversal of provisions for foreign tax that had reached the statutory timebar. The reversal of tax provisions was partly offset by depreciation for the land rig that was acquired in Dec 2013.

Other operating expenses were higher due mainly to the loss of \$24.1 million arising from the disposal of *Federal II*. The loss includes the projected costs of \$7.4 million, which is expected to be incurred in the 4th quarter of 2014 in order to complete the on-going mooring and hook-up operations by 31 Dec 2014. Additional costs were incurred due to the delay in completion of the vessel conversion, increased scope of work, equipment and spares provided in order to ensure that the vessel met the required standards necessary for the charter operations. Additional provisions were also made due to delays to the completion of the subsequent mooring and hook-up operations.

The *Federal II* project involved the conversion of the vessel *Federal II* into a floating, storage and offloading vessel (“**FSO**”) and the subsequent sale of the FSO to PT Eastern Jason, a 30% associate of the Group. The legal completion of the sale of the vessel was completed on 19 Aug 2014. Under the sale contract, Eastern Jason Fabrication Services Pte Ltd, a wholly-owned subsidiary of the Company, is responsible for commissioning of the vessel at the operation field. The vessel is currently undergoing mooring and hook-up before commencement of the charter. The FSO is chartered to the China National Offshore Oil Corporation (“**CNOOC**”) by PT Eastern Jason.

Finance costs were lower due mainly to the overall reduction in borrowings following the disposal of FEE Water (China-PZH) Ltd and Federal Environmental (Panzhuhua) Co., Ltd in Mar 2014.

The share of results of associates was a net loss of \$0.7 million. The share of loss relates mainly to losses from associates in Indonesia.

The loss before tax of \$19.7 million was due mainly to the loss arising from the disposal of *Federal II*.

9MFY2014 vs 9MFY2013

The Group revenue of \$93.8 million was 15% higher than the corresponding period in 2013 and was boosted by higher sales to customers in the PRC. The Trading business segment contributed 97% of the total turnover.

Gross profit margin was lower due to a change in the sales composition.

Other operating income of \$5.1 million was higher due mainly to the gain of \$3.6 million arising from the disposal of FEE Water (China-PZH) Ltd and Federal Environmental (Panzhuhua) Co., Ltd in Mar 2014.

Selling and distribution costs were lower mainly as a result of the reversal of an accrual for marketing related costs that were no longer required.

Administrative and general costs were lower due mainly to the reversal of overseas tax provisions that have reached the statutory timebar. The reversal was partly offset by depreciation relating to the land rig that was acquired in Dec 2013.

Other operating expenses were higher as a result of the net loss of \$24.1 million relating to the disposal of *Federal II*. The net loss was due to cost overrun and provisions made.

Finance costs were lower mainly as a result of the overall reduction in borrowings following the disposal of FEE Water (China-PZH) Ltd and Federal Environmental (Panzhuhua) Co., Ltd in Mar 2014.

The share of results of associates was a net loss of \$0.8 million. The share of loss relates mainly to losses from associates in Indonesia.

The loss before tax of \$12.8 million was due to the loss arising from the disposal of *Federal II*.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

Overall net assets attributable to owners of the Company was \$65.6 million as at 30 Sep 2014 which translates into a net asset value per share of 4.66 cents.

Non-current assets

Non-current assets increased by \$3.3 million to \$51.6 million. Non-current assets comprise mainly the freehold and leasehold properties in Singapore and the land drilling rig in Indonesia.

The net increase in non-current assets was due mainly to the reclassification of an amount of \$5.9 million due from a related party by a subsidiary, from current assets to non-current assets as the amount is not expected to be repaid within the next 12 months. The increase in amount due from a related party was partly offset by a decrease in investment in associates arising from the recognition of the Group's share of associates' post acquisition results and impairment loss.

Current assets

Current assets decreased by \$68.6 million to \$90.9 million. The decrease was due mainly to:

- completion of the disposal of *Federal II* which was classified as "Asset under construction";
- completion of the disposal of FEE Water (China-PZH) Ltd and Federal Environmental (Panzhihua) Co., Ltd, in which the assets of the disposal group was classified as current assets under "Assets of disposal group classified as held for sale";
- decrease in Trade and other receivables due to improved collections from customers;
- reclassification of the amount due from a related party as a non-current asset; and
- decrease in financial receivables arising from collections received from customers for the Chengdu waterplant as accounted for under FRS INT 112 Service Concession Arrangements.

The decrease was partly offset by an increase in:

- amount due from associates arising from shareholder loans extended to an associate, PT Eastern Jason;
- inventories; and
- advance payment to suppliers and prepayments, which relate to payments to suppliers for on-going projects.

Current liabilities

Current liabilities decreased by \$50.4 million to \$84.9 million. The reduction was due mainly to:

- the completion of the disposal of FEE Water (China-PZH) Ltd and Federal Environmental (Panzhihua) Co., Ltd, in which the liabilities of the disposal group was classified as current liabilities under "Liabilities directly associated with disposal group classified as held for sale";
- reduction in advance payment from an associate as the advance payment was the downpayment received for the sale of *Federal II* to PT Eastern Jason;
- reduction in term loans due mainly to the repayment of the bank loan taken for the conversion of *Federal II*; and
- reduction in provision for income tax as prior years' taxes of a subsidiary were settled.

The decrease was partly offset by an increase in trade and other payables and also, the amounts due to bankers arising from an increase in trade related financing facilities utilised in connection with the increase in sales.

Net current assets

The Group's net current asset position as at 30 Sep 2014 was \$6.0 million.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Investment in subsidiaries

Amounts due from subsidiaries

The increase in investment in subsidiaries and the decrease in amounts due from subsidiaries were due to the reclassification of a loan to a subsidiary as quasi-equity loan.

Amounts due to subsidiaries

The movement in the amounts due to subsidiaries between current and non-current liabilities is due to a reclassification of an amount due to a subsidiary as a non-current liability.

CONSOLIDATED STATEMENT OF CASH FLOWS

As of 30 Sep 2014, the Group's net available cash and cash equivalents was \$19.0 million.

For 9MFY2014, the Group generated net cash of \$5.2 million from its operating activities. Net cash generated from investing activities was \$18.4 million, which included the proceeds of \$51.4 million from the disposal of *Federal II*. Net repayment of financing facilities was \$24.4 million, mainly for the repayment of term loans.

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

A profit guidance announcement was made on 10 October 2014.

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

The Group announced on 8 Oct 2013 and 6 Jan 2014 that subsidiaries of the Group had secured orders totalling \$38 million and \$32 million respectively.

As of 30 Sep 2014, \$23.6m out of the \$38 million orders have been delivered and fulfilled. The remaining orders are expected to be delivered progressively by the first quarter of 2015.

Delivery and fulfilment of the \$32 million order for the supply of flowline and related equipment is expected to be in the first quarter of 2015.

The Group continues to participate actively in tenders and bids for projects in the region.

Federal II

The Group announced on 19 Aug 2014 the legal completion of the sale of the vessel, *Federal II*. The vessel is currently undergoing mooring and hook-up before commencement of the CNOOC charter. Baring unforeseen circumstances, the Group expects the mooring and hook-up operations to be completed by 31 Dec 2014. Provisions have been made for the expected costs required to complete the mooring and hook-up operations.

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 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Koh Kian Kiong
Executive Chairman & CEO

Koh Maggie
Executive Director

7 November 2014