



**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 2014**

9 May 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.

## Table of Contents

---

	Page No
Consolidated Statement of Comprehensive Income	1
Statements of Financial Position	5
Consolidated Statement of Cash Flows	7
Statements of Changes in Equity	10
Review of Performance	15
Outlook	17



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

## First 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 FIRST QUARTER (“1QFY2014”)

		Group		
		3 Months Ended		Changes
		31.03.14	31.03.13	
		S\$'000	S\$'000 (Restated)	%
<b>INCOME STATEMENT</b>				
Revenue		22,034	20,311	8.5
Cost of sales		(17,133)	(12,785)	34.0
<b>Gross profit</b>		<b>4,901</b>	<b>7,526</b>	<b>(34.9)</b>
<b>Gross profit margin</b>		<b>22.2%</b>	<b>37.1%</b>	
Other operating income	(i)	4,137	488	N.M.
Selling and distribution costs		(1,877)	(2,270)	(17.3)
Administrative and general costs		(2,181)	(3,243)	(32.7)
Other operating expenses	(ii)	90	(48)	N.M.
Finance costs	(iii)	(856)	(951)	(10.0)
Share of results of associates		85	(197)	(143.1)
Profit before tax	(iv)	4,299	1,305	229.4
Income tax credit/(expense)		58	(219)	N.M.
<b>Profit for the period</b>		<b>4,357</b>	<b>1,086</b>	<b>301.2</b>
<b>Attributable to:</b>				
Owners of the Company		2,912	1,178	147.2
Non-controlling interests		1,445	(92)	N.M.
		<b>4,357</b>	<b>1,086</b>	<b>301.2</b>

**N.M. – Not Meaningful**

	← Group →		
	3 Months Ended		Changes
	31.03.14	31.03.13	
	S\$'000	S\$'000	%
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
Profit net of tax	4,357	1,086	N.M.
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation represents other comprehensive income for the period, net of tax	(192)	(60)	N.M.
Share of other comprehensive income of an associate	1	(1)	(200.0)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(191)</b>	<b>(61)</b>	<b>N.M.</b>
<b>Total comprehensive income for the period</b>	<b>4,166</b>	<b>1,025</b>	<b>N.M.</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	2,981	1,057	182.0
Non-controlling interests	1,185	(32)	N.M.
	<b>4,166</b>	<b>1,025</b>	<b>N.M.</b>

**N.M. – Not Meaningful**

**Notes:**

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

	<b>3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000 (Restated)</b>
Foreign exchange gain	325	369
Gain on disposal of property, plant and equipment	-	2
Gain on disposal of assets held for sale	3,581	-
Implicit interest income	42	37
Interest income	9	4
Other income	180	76
	<b>4,137</b>	<b>488</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000 (Restated)</b>
Allowance for slow moving inventories	-	35
Depreciation (Assets not in use)	-	233
Impairment loss on doubtful receivables	41	-
Other expenses	-	29
Vessel expenses	-	10
Write back of impairment loss on doubtful receivables	(131)	(259)
	<b>(90)</b>	<b>48</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Interest expense on:		
- Bank overdrafts	14	67
- Hire purchase	2	6
- Term loans	731	793
- Trust receipts	109	85
	<b>856</b>	<b>951</b>

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

	<b>3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation and amortisation	497	442

## 1(a)(v) Comparative figures

Prior year reclassification has been made to reclassify write back of impairment loss on doubtful receivables from other income to other operating expenses to better reflect the nature of the transactions.

	<b>3 Months Ended</b>		
	<b>31.03.13</b>	<b>Reclassification</b>	<b>31.03.13</b>
	<b>S\$'000 (Previously reported)</b>	<b>S\$'000</b>	<b>S\$'000 (Restated)</b>
<b>INCOME STATEMENT</b>			
Other operating income	747	(259)	488
Other operating expenses	(307)	259	(48)

**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 31.03.14 S\$'000	As At 31.12.13 S\$'000	As At 31.03.14 S\$'000	As At 31.12.13 S\$'000
<b>Non-current assets:</b>				
Property, plant and equipment	36,190	35,859	8	9
Investment in subsidiaries	–	–	88,309	78,613
Investment in associates	10,190	10,159	4,494	4,494
Intangible assets	2	1	–	–
Other investment	22	20	–	–
Other receivables	60	62	–	–
Financial receivables	1,925	1,958	–	–
Deferred tax assets	343	312	19	19
	<b>48,732</b>	<b>48,371</b>	<b>92,830</b>	<b>83,135</b>
<b>Current assets:</b>				
Asset under construction	45,029	42,969	–	–
Inventories	24,636	22,930	–	–
Trade and other receivables	29,753	35,076	5	4
Gross amount due from customer for work-in-progress	107	77	–	–
Advance payment to suppliers	13,038	2,519	–	–
Prepayments	296	58	18	18
Deposits	112	110	4	4
Financial receivables	623	683	–	–
Amounts due from subsidiaries	–	–	11,289	20,359
Amounts due from associates	414	454	22	45
Amount due from a related party	5,840	5,886	–	–
Fixed deposits	1,589	1,603	1,280	1,290
Cash and bank balances	14,696	19,706	446	1,743
	136,133	132,071	13,064	23,463
Assets of disposal group classified as held for sale	–	27,399	–	–
	<b>136,133</b>	<b>159,470</b>	<b>13,064</b>	<b>23,463</b>
<b>Current liabilities:</b>				
Trade and other payables	29,829	28,443	2,350	2,016
Advance payment from customers	1,508	2,279	–	–
Advance payment from an associate	13,088	13,191	–	–
Deferred revenue	–	20	–	–
Amounts due to subsidiaries	–	–	875	11,181
Amounts due to associates	852	942	783	789
Amount due to a related party	1,753	1,803	–	–
Amounts due to bankers	29,941	23,524	–	–
Term loans	26,581	27,545	–	–
Hire purchase creditors	45	45	–	–
Provision for income tax	4,831	6,733	3,599	3,324
	108,428	104,525	7,607	17,310
Liabilities directly associated with disposal group classified as held for sale	–	30,808	–	–
	<b>108,428</b>	<b>135,333</b>	<b>7,607</b>	<b>17,310</b>
<b>Net current assets</b>	<b>27,705</b>	<b>24,137</b>	<b>5,457</b>	<b>6,153</b>
<b>Non-current liabilities:</b>				
Term loans	3,516	3,741	–	–
Hire purchase creditors	25	37	–	–
Amount due to a subsidiary	–	–	9,078	–
Provision for post-employment benefits	5	5	–	–
Deferred tax liabilities	1,439	1,439	–	–
	<b>4,985</b>	<b>5,222</b>	<b>9,078</b>	<b>–</b>
<b>Net assets</b>	<b>71,452</b>	<b>67,286</b>	<b>89,209</b>	<b>89,288</b>
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Foreign currency translation reserve	(3,779)	(4,383)	–	–
Capital reserve	2,778	2,778	–	–
Revaluation reserve	14,092	14,092	–	–
Other reserves	(976)	(990)	–	–
Accumulated losses	(72,148)	(75,047)	(54,890)	(54,811)
Reserve of disposal group classified as held for sale	–	536	–	–
	84,066	81,085	89,209	89,288
Non-controlling interests	(12,614)	(13,799)	–	–
Total equity	<b>71,452</b>	<b>67,286</b>	<b>89,209</b>	<b>89,288</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 31.03.14 S\$'000		As at 31.12.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
56,567	-	51,114	-

**Amount repayable after one year**

As at 31.03.14 S\$'000		As at 31.12.13 S\$'000	
Secured	Unsecured	Secured	Unsecured
3,533	8	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) Subsidiary's vessel, namely *Federal II*;
- (iii) Bank deposits pledged by the Company and its subsidiaries;
- (iv) Corporate guarantee by the Company;
- (v) Personal guarantee by a director of a subsidiary;
- (vi) Subsidiary's inventories; and
- (vii) Shares of a subsidiary.

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.**

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	4,299	1,305
Adjustments for:		
Allowance for slow moving inventories	–	35
Depreciation of property, plant and equipment	497	442
Gain on disposal of assets held for sale (Note A)	(3,581)	–
Gain on disposal of property, plant and equipment	–	(2)
Implicit interest income	(42)	(37)
Interest expense	856	951
Interest income	(9)	(4)
Share of results of associates	(85)	197
Share of other comprehensive income of an associate	(1)	1
Unrealised exchange loss	74	1
Write-back of impairment loss on doubtful receivables	(131)	(259)
<b>Operating cash flows before changes in working capital</b>	<b>1,877</b>	<b>2,630</b>
(Increase)/decrease in:		
Inventories	(1,691)	(2,496)
Trade and other receivables	5,690	835
Gross amount due from customer for work-in-progress	(30)	(28)
Financial receivables	50	71
Advance payment to suppliers	(10,525)	33
Prepayments	(171)	(126)
Deposits	(2)	(2)
Amounts due from associates	40	(201)
(Decrease)/increase in:		
Trade and other payables	(7)	(2,306)
Bills receivables purchase	10,308	–
Gross amount due to customer for work-in-progress	–	117
Advance payment from customers	(771)	1,355
Deferred revenue	(20)	(40)
Amounts due to associates	(90)	(7)
Amount due a related party	(20)	(88)
<b>Cash flows generated from/(used in) operations</b>	<b>4,638</b>	<b>(253)</b>
Interest income received	8	1
Interest expense paid	(494)	(448)
Income tax paid	(2,012)	(182)
<b>Net cash generated from/(used in) operating activities</b>	<b>2,140</b>	<b>(882)</b>

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from investing activities:</b>		
Payments made to suppliers for conversion of a vessel	(2,411)	(2,251)
Purchase of property, plant and equipment	(112)	(33)
Proceeds from disposal of assets held for sale, net of cash disposed of (Note A)	(426)	–
<b>Net cash used in investing activities</b>	<b>(2,949)</b>	<b>(2,284)</b>
<b>Cash flows from financing activities:</b>		
Proceeds/(repayment) from secured bank overdrafts	2,185	(1,304)
Repayment of hire obligations under purchase – net	(11)	(46)
Drawdown of term loans	6,840	13,736
Repayment of term loans	(7,140)	(11,238)
Increase in pledged deposits	(949)	(183)
(Decrease)/increase in trust receipts	(6,046)	2,964
<b>Net cash (used in)/generated from financing activities</b>	<b>(5,121)</b>	<b>3,929</b>
Net (decrease)/increase in cash and cash equivalents	(5,930)	763
Effect of exchange rate changes on cash and cash equivalents	(74)	(1)
Cash and cash equivalents at beginning of period	19,775	4,209
<b>Cash and cash equivalents at end of period</b>	<b>13,771</b>	<b>4,971</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>31.03.14</b>	<b>31.03.13</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	16,285	7,327
Less: Bank deposits pledged	(2,514)	(2,356)
<b>Cash and cash equivalents</b>	<b>13,771</b>	<b>4,971</b>

**Note A**

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

<b>Effect of disposal on the financial position of the Group</b>	<b>Group</b>
	<b>31.03.14</b>
	<b>S\$'000</b>
<b>Assets:</b>	
Property, plant and equipment	109
Financial receivables	26,478
Inventories	213
Other receivables	75
Prepayment	3
Fixed deposits	412
Cash and bank balances	64
	<b>27,354</b>
<b>Liabilities:</b>	
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
	<b>30,236</b>
<b>Net liabilities derecognised</b>	<b>(2,882)</b>
Consideration received, satisfied in cash	50
Cash and cash equivalents disposed of	(476)
<b>Net cash outflow</b>	<b>(426)</b>
<b>Gain on disposal:</b>	
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
	<b>3,581</b>

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			
<b>Balance at 01.01.13</b>	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)
<b>Total comprehensive income for the period</b>	–	1,178	(120)	–	–	(1)	1,057	1,057	(32)	1,025
<u>Others</u>										
Transfer from accumulated losses to statutory reserve fund	–	(1)	–	–	–	1	–	–	–	–
<b>Balance at 31.03.13</b>	<b>133,624</b>	<b>(78,601)</b>	<b>(3,583)</b>	<b>2,778</b>	<b>9,094</b>	<b>(1,000)</b>	<b>(71,312)</b>	<b>62,312</b>	<b>(12,731)</b>	<b>49,581</b>

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 →										
	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	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
<b>Balance at 01.01.14</b>	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
<b>Total comprehensive income for the period</b>	–	2,912	604	–	–	1	3,517	3,517	(536)	1,185	4,166
<u>Others</u>											
Transfer from accumulated losses to statutory reserve fund	–	(13)	–	–	–	13	–	–	–	–	–
<b>Balance at 31.03.14</b>	<b>144,099</b>	<b>(72,148)</b>	<b>(3,779)</b>	<b>2,778</b>	<b>14,092</b>	<b>(976)</b>	<b>(60,033)</b>	<b>84,066</b>	<b>–</b>	<b>(12,614)</b>	<b>71,452</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 1.01.13</b>	<b>133,624</b>	<b>(56,412)</b>	<b>77,212</b>
Profit for the period	–	682	682
Total comprehensive income for the period	–	682	682
<b>Balance at 31.03.13</b>	<b>133,624</b>	<b>(55,730)</b>	<b>77,894</b>

The Company	Share capital	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000
<b>Balance at 1.01.14</b>	<b>144,099</b>	<b>(54,811)</b>	<b>89,288</b>
Loss for the period	–	(79)	(79)
Total comprehensive loss for the period	–	(79)	(79)
<b>Balance at 31.03.14</b>	<b>144,099</b>	<b>(54,890)</b>	<b>89,209</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 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 3 months ended 31 March 2014.

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

As at 31 March 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.**

	<b>31.03.14</b>	<b>31.12.13</b>
Total number of issued shares (excluding treasury shares)	1,407,675,433	1,407,675,433

As at 31 March 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 or after 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	
	31.03.14	31.03.13
(i) Based on weighted average number of ordinary shares in issue	cents 0.21	cents 0.13
(ii) On a fully diluted basis	0.21	0.13

The weighted average number of shares for the 3 months ended 31 March 2014 were 1,407,675,433 (31 March 2013: 916,043,490).

**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 31.03.14	5.97	6.34
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 31 March 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**

For the first fiscal quarter ended 31 March 2014 (“**1QFY2014**”), the Group recorded a net profit of \$4.4 million and an earnings per share (“**EPS**”), on a fully diluted basis, of 0.21 cents. Revenue increased by 8.5% over the same period in fiscal year 2013 (“**1QFY2013**”) due mainly to higher sales to customers in China.

### **Revenue**

Turnover of \$22.0 million was 8.5% higher than 1QFY2013. The increase was mainly attributed to higher sales to customers in China. The trading segment contributed 97% of total revenue.

### **Gross profit**

The Group recorded a gross profit (“**GP**”) of \$4.9 million for 1QFY2014. The decline in GP was due mainly to lower overall gross margin arising from a change in the mix of products sold during the period.

### **Other operating income**

Other operating income for 1QFY2014 included a gain of \$3.6 million from the disposal of assets held for sale. The “assets held for sale” refers to the 99% shares in FEE Water (China-PZH) Ltd (“**FEEW**”) for which the disposal was approved by shareholders at an extraordinary general meeting held on 13 February 2014.

### **Selling and distribution costs**

The reduction in selling and distribution costs was due mainly to lower freight and marketing expenses incurred during the period.

### **Administrative and general costs**

Administrative and general costs were lower due mainly to reversal of accruals for overseas taxes that have reached the statutory time bar.

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

The Group's share of results of its associates for 1QFY2014 was \$85,000, compared with a share of loss of \$197,000 in 1QFY2013. The improvement was due to an increase in the net profits, attributed to better gross margins, reported by an associate.

### **Income tax credit**

The tax credit of \$58,000 recorded in 1QFY2014 was due mainly to an adjustment relating to the overprovision of tax by a subsidiary.

## Earnings per share

The EPS for 1QFY2014 was 0.21 cents (1QFY2013: 0.13 cents).

## STATEMENT OF FINANCIAL POSITION FOR THE GROUP

### Net assets attributable to owners of the Company

Overall net assets attributable to owners of the Company increased from \$81.1 million as of 31 December 2013 to \$84.1 million as at the end of 1QFY2014. Net asset value per share increased by 0.21 cents to 5.97 cents (31 December 2013: 5.76 cents).

### Current assets

Current assets decreased by \$23.3 million to \$136.1 million. The decrease was due mainly to:

- completion of the disposal of the 99% shares in FEEW in which the assets of the disposal group was classified as current assets under “assets of disposal group classified as held for sale”;
- reduction in trade and other receivables – outstanding trade receivables reduced by about \$6 million mainly due to collections received; and
- reduction in cash and bank balances arising mainly from the repayment of borrowings and payment to suppliers for the conversion of *Federal II*.

The decrease was partly offset by an increase in:

- asset under construction which relates to the carrying value of the vessel, *Federal II*;
- inventories; and
- advance payment to suppliers.

### Current liabilities

Current liabilities decreased by \$26.9 million to \$108.4 million. The reduction was due mainly to the completion of the disposal of the 99% shares in FEEW 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”.

The reduction in provision for income tax was due to prior years’ taxes paid by a subsidiary during the period.

The decrease was partly offset by an increase in amounts due to bankers arising from an increase in trade facilities utilised during the period.

### Net current assets

The Group’s net current asset position increased to \$27.7 million as at the end of 1QFY2014. The improvement is due mainly to the completion of the disposal of the shares in FEEW.

## **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 a quasi-equity loan during the period.

#### **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 non-current liabilities during the period.

## **CONSOLIDATED STATEMENT OF CASH FLOWS**

The Group's available cash and cash equivalents reduced by \$5.9 million to \$13.8 million as of 31 March 2014. The reduction was due mainly to the net repayment of borrowings during the period. For 1QFY2014, the Group generated net cash flows from its operating activities of \$2.1 million. Investing activities utilised \$2.9 million and the net repayment of borrowings utilised \$5.1 million.

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

No forecast or prospect statement was given.

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

The Group continues to focus on its core trading business and for 1QFY2014, the trading business segment recorded a turnover of \$22.0 million, an increase of 8.5% when compared with the corresponding period in 2013. The Group continues to participate actively in bids for projects in the region and expects a healthy pipeline of projects in 2014.

The Group has effectively divested of its non-core businesses and does not expect any significant contributions or impact from the Resources, and Energy and Utilities business segments.

Under the Marine Logistics business segment, the main on-going activity is the completion of the conversion and subsequent disposal of the vessel, *Federal II*. The vessel, upon conversion to a floating, storage and offloading vessel ("FSO") will be sold to PT Eastern Jason ("PTEJ"), an associate of the Group, which will charter the vessel to China National Offshore Oil Corporation ("CNOOC") in Indonesia.

### **Disposal of 99% shares in FEE Water (China-PZH) Ltd (“FEEW”)**

At the EGM held on 13 February 2014, shareholders approved the resolution to dispose of the 99% shares in FEEW. The sale and transfer of shares was completed on 12 March 2014.

### **Conversion and disposal of *Federal II***

On 20 September 2012, the Group announced that a consortium, comprising amongst other parties, PTEJ, had secured a charter contract to supply an FSO to CNOOC for a period of 5 years and renewable for a further period of 5 years. PTEJ is a company incorporated under the laws of Indonesia and is a joint venture between Eastern Jason Fabriciation Services Pte Ltd (“**EJFS**”), a wholly owned subsidiary of the Group, and PT Pratama Unggul Lestari (“**PTPUL**”). The issued and paid up capital of PTEJ is 70% owned by PTPUL and 30% owned by EJFS.

On 2 November 2012, the Group announced that a memorandum of agreement was signed between PTEJ and EJFS for the sale of the vessel, *Federal II*, by EJFS as an FSO for a purchase consideration of US\$52 million. A downpayment of US\$10.4 million has been received from PTEJ and the balance consideration of US\$41.6 million is secured on a standby letter of credit issued by Bank International Indonesia (“**BI**”). The vessel would be converted to an FSO before the sale. On 8 January 2013, shareholders at an extraordinary general meeting approved the conversion and disposal of the vessel. The expected date of delivery of the vessel is in the second quarter of 2014.

## **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 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**

**09 May 2014**