



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

**Unaudited Results For The Fourth Quarter and
Twelve Months Ended 31 December 2018**

1 March 2019

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

Unaudited Results For The Fourth Quarter And Twelve Months Ended 31 December 2018

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 FOURTH QUARTER ("4Q2018") AND PERIOD ENDED 31 DEC 2018

		Group			Group		
		3 Months Ended		Changes	12 Months Ended		Changes
		31.12.18	31.12.17		31.12.18	31.12.17	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		12,350	22,390	(44.8)	43,235	129,958	(66.7)
Cost of sales		(9,681)	(17,081)	(43.3)	(33,009)	(107,785)	(69.4)
Gross profit		2,669	5,309	(49.7)	10,226	22,173	(53.9)
Gross profit margin		21.6%	23.7%		23.7%	17.1%	
Other income	(i)	479	1,163	(58.8)	2,669	3,011	(11.4)
Selling and distribution costs		(1,343)	(1,237)	8.6	(5,019)	(5,156)	(2.7)
Administrative and general costs		(3,732)	(4,722)	(21.0)	(11,806)	(13,541)	(12.8)
Other operating (expenses) / income	(ii)	(903)	1,327	(168.0)	(2,512)	(475)	N.M.
Finance costs	(iii)	(288)	(361)	(20.2)	(1,148)	(1,118)	2.7
Share of results of associates and joint venture		(126)	30	N.M.	986	474	108.0
(Loss) / Profit before tax	(iv)	(3,244)	1,509	N.M.	(6,604)	5,368	N.M.
Income tax credit / (expense)		93	(354)	(126.3)	103	(1,447)	(107.1)
(Loss) / Profit for the period/year		(3,151)	1,155	N.M.	(6,501)	3,921	N.M.
Attributable to:							
Owners of the Company		(2,974)	1,147	N.M.	(5,802)	4,232	N.M.
Non-controlling interests		(177)	8	N.M.	(699)	(311)	124.8
		(3,151)	1,155	N.M.	(6,501)	3,921	N.M.

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	12 Months Ended		Changes
	31.12.18	31.12.17		31.12.18	31.12.17	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
(Loss) / Profit net of tax	(3,151)	1,155	N.M.	(6,501)	3,921	N.M.
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Net surplus on revaluation of freehold/leasehold land and building	1,051	613	71.5	709	613	15.7
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation	65	(129)	(150.4)	451	(587)	(176.8)
Share of other comprehensive income / (loss) of associates and joint venture	37	(77)	(148.1)	159	(308)	(151.6)
Foreign currency translation on disposal of associates reclassified to profit and loss	—	—	N.M.	697	—	N.M.
Foreign currency translation on loss of control reclassified to profit and loss	—	—	N.M.	—	408	N.M.
Other comprehensive income for the period/year, net of tax	1,153	407	183.3	2,016	126	N.M.
Total comprehensive (loss) / income for the period/year	(1,998)	1,562	N.M.	(4,485)	4,047	N.M.
Total comprehensive (loss) / income attributable to:						
Owners of the Company	(1,815)	1,639	N.M.	(3,981)	4,560	(187.3)
Non-controlling interests	(183)	(77)	137.7	(504)	(513)	(1.8)
	(1,998)	1,562	N.M.	(4,485)	4,047	N.M.

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange gain	176	—	—	—
Gain on disposal of property, plant and equipment	—	—	3	8
Implicit interest income	1	1	4	3
Interest income	(3)	795	667	1,887
Share of profits from partnership	—	—	136	143
Upfront fee from litigation funding agreement	—	—	300	—
Sundry income	305	367	1,559	970
	479	1,163	2,669	3,011

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

	3 Months Ended		12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Allowance for slow moving inventories	426	445	927	733
Bad debts recovered	—	(34)	—	(44)
Foreign exchange loss	—	667	322	1,913
Impairment loss on amount due from associates	—	—	3	17
Impairment loss on doubtful receivables	300	1,727	423	1,727
Inventories written off	68	13	189	23
Loss on disposal of property, plant and equipment	1	34	1	35
Loss on disposal of a subsidiary	—	—	—	292
Loss on disposal of associates	—	—	449	—
Loss on disposal of other investment	—	—	7	—
Write back of impairment loss on doubtful receivables	(147)	(2)	(147)	(54)
Write back of impairment loss on amount due from associates	—	—	(4)	—
Write back of provision for legal claim	—	(423)	—	(423)
Reversal of accruals and provisions for vessel disposed	—	(3,780)	—	(3,780)
Other expenses	255	26	342	36
	903	(1,327)	2,512	475

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

	3 Months Ended		12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	46	22	123	105
- Term loans	226	150	857	402
- Trust receipts	16	189	168	611
	288	361	1,148	1,118

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

	3 Months Ended		12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation and amortisation	519	523	2,082	2,090

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 31.12.18	As At 31.12.17	As At 31.12.18	As At 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	31,316	32,434	—	—
Investment in subsidiaries	—	—	77,876	75,345
Investment in associates and joint venture	5,994	4,748	732	732
Intangible assets	1,650	1,786	—	—
Other investments	538	558	538	538
Other receivables	13,095	13,094	13,022	13,022
Amount due from a related party	—	6,203	—	—
Amounts due from subsidiaries	—	—	—	4,588
Amount due from an associate	—	4,588	—	—
Deferred tax assets	722	665	—	—
	53,315	64,076	92,168	94,225
Current assets				
Inventories	12,625	12,796	—	—
Trade and other receivables	30,726	50,706	46	18
Gross amount due from customer for construction work-in-progress	—	104	—	—
Advance payment to suppliers	779	1,740	—	—
Prepayments	250	317	16	15
Deposits	78	62	24	10
Financial receivable	300	707	—	—
Amount due from a related party	6,327	—	—	—
Amounts due from subsidiaries	—	—	1,875	7,026
Amounts due from associates	2,979	3,263	50	49
Fixed and bank deposits	1,398	1,422	1,363	1,389
Cash and bank balances	8,968	10,704	188	599
	64,430	81,821	3,562	9,106
Current liabilities				
Trade and other payables	18,240	23,416	649	1,081
Contract liabilities	924	1,841	—	—
Amounts due to subsidiaries	—	—	1,226	1,217
Amounts due to associates	10	1,216	—	243
Amount due to a related party	1,926	2,009	—	—
Amounts due to bankers	8,067	19,311	—	—
Term loans	8,535	7,438	—	—
Provision for taxation	2,620	3,570	—	1
	40,322	58,801	1,875	2,542
Net current assets	24,108	23,020	1,687	6,564
Non-current liabilities				
Term loans	7,352	9,742	—	—
Amounts due to subsidiaries	—	—	19,716	21,335
Provision for post employment benefits	211	192	—	—
Deferred tax liabilities	2,390	2,367	—	—
	9,953	12,301	19,716	21,335
Net assets	67,470	74,795	74,139	79,454

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

	Group		Company	
	As At 31.12.18	As At 31.12.17	As At 31.12.18	As At 31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Equity attributable to owners of the Company				
Share capital	144,099	144,099	144,099	144,099
Treasury shares	(25)	—	(25)	—
Foreign currency translation reserve	(3,748)	(4,860)	—	—
Capital reserve	5	5	—	—
Revaluation reserve	17,782	17,073	—	—
Other reserves	(976)	(976)	—	—
Accumulated losses	(76,506)	(67,889)	(69,935)	(64,645)
	80,631	87,452	74,139	79,454
Non-controlling interests	(13,161)	(12,657)	—	—
Total equity	67,470	74,795	74,139	79,454

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

Amount repayable in one year or less, or on demand

As at 31.12.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
16,602	-	26,749	-

Amount repayable after one year

As at 31.12.18 S\$'000		As at 31.12.17 S\$'000	
Secured	Unsecured	Secured	Unsecured
7,352	-	9,742	-

Details of any collaterals

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

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

- (i) Subsidiaries' properties located at 47 and 49 Genting Road, Singapore 349489, at 11 Tuas Avenue 1, Singapore 639496, and at 12 Chin Bee Drive, Singapore 619868;
- (ii) Bank deposits pledged by the Company;
- (iii) Corporate guarantee by the Company;
- (iv) Personal guarantee and pledge of real property by a director of a subsidiary;
- (v) Subsidiary's inventories;
- (vi) Deed of charge over the contract proceeds & first fixed charge over account in respect of certain sales proceeds; and
- (vii) First floating charge over receivables of a subsidiary.

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

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss) / Profit before tax	(3,244)	1,509	(6,604)	5,368
<u>Adjustments for:</u>				
Amortisation of intangible assets	34	34	136	136
Depreciation of property, plant and equipment	485	489	1,946	1,954
Loss / (gain) on disposal of property, plant and equipment (net)	1	34	(2)	27
Implicit interest income	(1)	(1)	(4)	(3)
Interest expense	288	361	1,148	1,118
Interest income	3	(795)	(667)	(1,887)
Loss on disposal of a subsidiary (Note A)	—	—	—	292
Loss on disposal of associates	—	—	449	—
Loss on disposal of other investment	—	—	7	—
Share of results of associates	126	(30)	(986)	(474)
(Write-back of) / impairment loss on amount due from associates (net)	—	—	(1)	17
Foreign exchange gain	(14)	(149)	(223)	(1,170)
Operating cash flows before changes in working capital	(2,322)	1,452	(4,801)	5,378
<u>(Increase)/decrease in:</u>				
Inventories	(1,174)	2,198	100	2,238
Trade and other receivables	(3,558)	18,592	20,065	(13,369)
Gross amount due from customer for construction work-in-progress	—	(40)	104	(103)
Financial receivable	—	213	394	638
Advance payment to suppliers	97	1,994	952	1,222
Prepayments	11	87	61	16
Deposits	(8)	7	(16)	16
Amounts due from associates	68	(2)	4	257
<u>(Decrease)/increase in:</u>				
Trade and other payables	3,016	(4,882)	(5,120)	(3,771)
Contract liabilities	(330)	784	(514)	569
Amounts due to associates	(328)	(4)	(967)	51
Amount due to a related party	—	(20)	(14)	3
Provisions	—	(3,020)	—	(3,641)
Provision for post employment benefits	29	85	19	77
Cash flows (used in) / generated from operations	(4,499)	17,444	10,267	(10,419)
Income tax refund / (paid)	348	(145)	(1,019)	(1,008)
Interest income received	—	35	511	780
Net cash (used in) / generated from operating activities	(4,151)	17,334	9,759	(10,647)

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Interest income received	20	17	29	45
Investment in joint venture	—	—	(100)	—
Dividend received from an associate	—	—	—	29
Purchase of property, plant and equipment	(61)	(695)	(300)	(811)
Proceeds from disposal of property, plant and equipment	—	1	3	9
Proceeds from disposal of other investment	—	—	13	—
Shareholder's loans to an associate (net)	5,092	—	5,092	(118)
Net cash flows generated from / (used in) investing activities	5,051	(677)	4,737	(846)
Cash flows from financing activities:				
Dividend paid	—	—	(2,815)	(2,815)
Interest expense paid	(275)	(353)	(1,221)	(1,057)
(Repayment of) / proceeds from secured bank overdrafts	(563)	(1,856)	2,238	(2,902)
Drawdown of term loans	1,585	8,626	3,067	14,671
Repayment of term loans	(945)	(821)	(4,254)	(2,510)
Decrease in pledged deposits	—	—	—	3
Capital contribution from non-controlling interest of a subsidiary company	—	6	—	6
Purchase of treasury shares	(25)	—	(25)	—
Increase / (decrease) in trust receipts	2,081	(17,739)	(13,340)	2,190
Net cash flows generated from / (used in) financing activities	1,858	(12,137)	(16,350)	7,586
Net increase / (decrease) in cash and cash equivalents	2,758	4,520	(1,854)	(3,907)
Effect of exchange rate changes on cash and cash equivalents	3	(211)	68	(873)
Cash and cash equivalents at beginning of period	6,242	6,480	10,789	15,569
Cash and cash equivalents at end of the period/year	9,003	10,789	9,003	10,789

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

	Group	
	For 12 Months Ended	
	31.12.18	31.12.17
	S\$'000	S\$'000
Cash and cash equivalents at the end of the year:		
Cash and bank balances and fixed deposits	10,366	12,126
Less: Bank deposits pledged	(1,363)	(1,337)
Cash and cash equivalents	9,003	10,789

Note A

The Members' Voluntary Liquidation of a subsidiary, GV Oilfield Engineering Private Limited, was completed during financial year 2017 (Please refer to announcement on 17 April 2017). The effect of the disposal on the financial position of the Group is as follows:

Effect of disposal on the financial position of the Group

	Group 2017 \$'000
Asset:	
Other receivables	81
	<u>81</u>
Liabilities:	
Other payables	(1)
Provision for taxation	(1)
	<u>(2)</u>
Net assets derecognised	<u><u>79</u></u>
Consideration received, satisfied in cash	—
Cash and cash equivalents disposed of	—
Net cash outflow	<u><u>—</u></u>
Loss on disposal:	
Consideration received	—
Net assets derecognised	(79)
Cumulative foreign currency exchange differences in respect of the net assets of the subsidiary reclassified to profit or loss on loss of control of subsidiary	(408)
	<u>(487)</u>
Non-controlling interest	195
	<u><u>(292)</u></u>

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	Tresuary shares S\$'000	Accumu- lated 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	Non- controlling interests S\$'000	Total equity S\$'000
Balance at 01.01.18	144,099	–	(67,889)	(4,860)	5	17,073	(976)	(56,647)	87,452	(12,657)	74,795
Loss, net of tax	–	–	(976)	–	–	–	–	(976)	(976)	(158)	(1,134)
Other comprehensive income:											
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	(123)	–	–	–	(123)	(123)	(121)	(244)
Share of other comprehensive loss of associates and joint venture	–	–	–	(3)	–	–	–	(3)	(3)	–	(3)
Foreign currency translation on disposal of an associate reclassified to profit or loss	–	–	–	690	–	–	–	690	690	–	690
Total comprehensive (loss) / income for the period	–	–	(976)	564	–	–	–	(412)	(412)	(279)	(691)
Balance at 31.03.18	144,099	–	(68,865)	(4,296)	5	17,073	(976)	(57,059)	87,040	(12,936)	74,104
Loss, net of tax	–	–	(228)	–	–	–	–	(228)	(228)	(214)	(442)
Other comprehensive income:											
Items that will not be reclassified subsequently to profit or loss:											
Net deficit on revaluation of freehold/leasehold land and buildings	–	–	–	–	–	(342)	–	(342)	(342)	–	(342)
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	116	–	–	–	116	116	214	330
Share of other comprehensive income of associates and joint venture	–	–	–	148	–	–	–	148	148	–	148
Total comprehensive (loss) / income for the period	–	–	(228)	264	–	(342)	–	(306)	(306)	–	(306)
Dividend paid	–	–	(2,815)	–	–	–	–	(2,815)	(2,815)	–	(2,815)
Balance at 30.06.18	144,099	–	(71,908)	(4,032)	5	16,731	(976)	(60,180)	83,919	(12,936)	70,983

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										Total equity S\$'000
	Share capital S\$'000	Tresuary shares 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	Non-controlling interests S\$'000	
Balance at 30.06.18	144,099	–	(71,908)	(4,032)	5	16,731	(976)	(60,180)	83,919	(12,936)	70,983
Loss, net of tax	–	–	(1,624)	–	–	–	–	(1,624)	(1,624)	(150)	(1,774)
Other comprehensive income:											
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	191	–	–	–	191	191	108	299
Share of other comprehensive loss of associates and joint venture	–	–	–	(22)	–	–	–	(22)	(22)	–	(22)
Foreign currency translation on disposal of an associate reclassified to profit or loss	–	–	–	7	–	–	–	7	7	–	7
Total comprehensive (loss) / income for the period	–	–	(1,624)	176	–	–	–	(1,448)	(1,448)	(42)	(1,490)
Balance at 30.09.18	144,099	–	(73,532)	(3,856)	5	16,731	(976)	(61,628)	82,471	(12,978)	69,493
Loss, net of tax	–	–	(2,974)	–	–	–	–	(2,974)	(2,974)	(177)	(3,151)
Other comprehensive income:											
Items that will not be reclassified subsequently to profit or loss:											
Net surplus on revaluation of freehold/leasehold land and buildings	–	–	–	–	–	1,051	–	1,051	1,051	–	1,051
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	71	–	–	–	71	71	(6)	65
Share of other comprehensive income of associates and joint venture	–	–	–	37	–	–	–	37	37	–	37
Total comprehensive (loss) / income for the period	–	–	(2,974)	108	–	1,051	–	(1,815)	(1,815)	(183)	(1,998)
Purchase of treasury shares	–	(25)	–	–	–	–	–	–	(25)	–	(25)
Balance at 31.12.18	144,099	(25)	(76,506)	(3,748)	5	17,782	(976)	(63,443)	80,631	(13,161)	67,470

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										Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares 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			
Balance at 01.01.17	144,099	—	(69,306)	(4,575)	5	16,460	(976)	(58,392)	85,707	(11,718)	73,989	
Profit net of tax	—	—	410	—	—	—	—	410	410	(129)	281	
Other comprehensive income:												
Items that are or may be reclassified subsequently to profit or loss:												
Foreign currency translation	—	—	—	72	—	—	—	72	72	(122)	(50)	
Share of other comprehensive loss of associates and joint venture	—	—	—	(85)	—	—	—	(85)	(85)	—	(85)	
Total comprehensive income / (loss) for the period	—	—	410	(13)	—	—	—	397	397	(251)	146	
Balance at 31.03.17	144,099	—	(68,896)	(4,588)	5	16,460	(976)	(57,995)	86,104	(11,969)	74,135	
Profit net of tax	—	—	1,222	—	—	—	—	1,222	1,222	(59)	1,163	
Other comprehensive income:												
Items that are or may be reclassified subsequently to profit or loss:												
Foreign currency translation	—	—	—	(90)	—	—	—	(90)	(90)	(81)	(171)	
Share of other comprehensive loss of associates and joint venture	—	—	—	(74)	—	—	—	(74)	(74)	—	(74)	
Foreign currency translation on loss of control reclassified to profit and loss	—	—	—	245	—	—	—	245	245	163	408	
Total comprehensive income for the period	—	—	1,222	81	—	—	—	1,303	1,303	23	1,326	
Dividend paid	—	—	(2,815)	—	—	—	—	(2,815)	(2,815)	—	(2,815)	
Disposal of a subsidiary company	—	—	—	—	—	—	—	—	—	(195)	(195)	
Balance at 30.06.17	144,099	—	(70,489)	(4,507)	5	16,460	(976)	(59,507)	84,592	(12,141)	72,451	

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 →										
	Share capital S\$'000	Treasury shares 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	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 30.06.17	144,099	–	(70,489)	(4,507)	5	16,460	(976)	(59,507)	84,592	(12,141)	72,451
Profit net of tax	–	–	1,453	–	–	–	–	1,453	1,453	(131)	1,322
Other comprehensive income:											
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	(160)	–	–	–	(160)	(160)	(77)	(237)
Share of other comprehensive loss of associates and joint venture	–	–	–	(72)	–	–	–	(72)	(72)	–	(72)
Total comprehensive income/(loss) for the period	–	–	1,453	(232)	–	–	–	1,221	1,221	(208)	1,013
Dividend paid to non-controlling interest	–	–	–	–	–	–	–	–	–	(237)	(237)
Balance at 30.09.17	144,099	–	(69,036)	(4,739)	5	16,460	(976)	(58,286)	85,813	(12,586)	73,227
Profit net of tax	–	–	1,147	–	–	–	–	1,147	1,147	8	1,155
Other comprehensive income:											
Items that will not be reclassified subsequently to profit or loss:											
Net surplus on revaluation of freehold/leasehold land and buildings	–	–	–	–	–	613	–	613	613	–	613
Items that are or may be reclassified subsequently to profit or loss:											
Foreign currency translation	–	–	–	(44)	–	–	–	(44)	(44)	(85)	(129)
Share of other comprehensive loss of associates and joint venture	–	–	–	(77)	–	–	–	(77)	(77)	–	(77)
Total comprehensive income/(loss) for the period	–	–	1,147	(121)	–	613	–	1,639	1,639	(77)	1,562
Change in ownership interests in a subsidiary											
Capital contribution by non-controlling interest in a subsidiary company	–	–	–	–	–	–	–	–	–	6	6
Total transactions with owners in their capacity as owners	–	–	–	–	–	–	–	–	–	6	6
Balance at 31.12.17	144,099	–	(67,889)	(4,860)	5	17,073	(976)	(56,647)	87,452	(12,657)	74,795

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

The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 01.01.18	144,099	–	(64,645)	79,454
Profit for the period	–	–	742	742
Total comprehensive income for the period	–	–	742	742
Balance at 31.03.18	144,099	–	(63,903)	80,196
Loss for the period	–	–	(455)	(455)
Total comprehensive loss for the period	–	–	(455)	(455)
Dividend paid	–	–	(2,815)	(2,815)
Balance at 30.06.18	144,099	–	(67,173)	76,926
Profit for the period	–	–	468	468
Total comprehensive income for the period	–	–	468	468
Balance at 30.09.18	144,099	–	(66,705)	77,394
Loss for the period	–	–	(3,230)	(3,230)
Total comprehensive loss for the period	–	–	(3,230)	(3,230)
Purchase of treasury shares	–	(25)	–	(25)
Balance at 31.12.18	144,099	(25)	(69,935)	(74,139)

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

The Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 01.01.17	144,099	–	(64,823)	79,276
Profit for the period	–	–	515	515
Total comprehensive income for the period	–	–	515	515
Balance at 31.03.17	144,099	–	(64,308)	79,791
Profit for the period	–	–	962	962
Total comprehensive income for the period	–	–	962	962
Dividend paid	–	–	(2,815)	(2,815)
Balance at 30.06.17	144,099	–	(66,161)	77,938
Profit for the period	–	–	512	512
Total comprehensive income for the period	–	–	512	512
Balance at 30.09.17	144,099	–	(65,649)	78,450
Profit for the period	–	–	1,004	1,004
Total comprehensive income for the period	–	–	1,004	1,004
Balance at 31.12.17	144,099	–	(64,645)	79,454

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 12 months ended 31 December 2018.

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

As at 31 December 2018 and 31 December 2017 respectively, there were no subsidiary holdings.

There were a total of 100,000 treasury shares held as at 31 December 2018 (31 December 2017: Nil).

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.

	Number of shares	
	31.12.18	31.12.17
Total number of issued shares	140,767,484	140,767,484
Less: Treasury shares	(100,000)	–
Total number of issued shares excluding treasury shares	140,667,484	140,767,484

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.

The Company held 100,000 treasury shares as at 31 December 2018. There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited nor reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with the audited financial statements for the year ended 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)"), and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

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

	Group			
	3 Months Ended		12 Months Ended	
	31.12.18	31.12.17	31.12.18	31.12.17
(i) Based on the weighted average number of ordinary shares in issue	(2.11) cents	0.81 cents	(4.12) cents	3.01 cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	140,740,310	140,767,484	140,760,635	140,767,484
(ii) On a fully diluted basis	(2.11) cents	0.81 cents	(4.12) cents	3.01 cents
Weighted average number of ordinary shares in issue (excluding treasury shares)	140,740,310	140,767,484	140,760,635	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 31.12.18	57.32	52.71
As at 31.12.17	62.13	56.44

Net asset value per share is calculated based on the number of ordinary shares in issue (excluding treasury shares) of 140,667,484 as at 31 December 2018 (31 December 2017: 140,767,484).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

CONSOLIDATED INCOME STATEMENT

FY2018 versus FY2017

Revenue

Group revenue of \$43.2 million was 66.7% lower compared with the revenue for FY2017 of \$130.0 million. This was due mainly to lower sales from the Trading business in Indonesia. Demand for our flowline control products were low for FY2018 as there were few oil and gas projects for the year.

Gross profit

Lower revenue resulted in lower gross profit of \$10.2 million which was 53.9% lower than that for FY2017. Gross profit margin for FY2017 was relatively low at 17.1% due to lower margins for certain projects whereas the gross margin for FY2018 of 23.7% was the result of higher margin for certain products under the Trading business segment.

Other income

Other income of \$2.7 million was 11.4% lower than the \$3.0 million for FY2017. This was due to higher sundry income, which mainly relates to rental income, LC handling fee, late payment charges, partially offset by lower interest income.

Selling and distribution costs

Selling and distribution costs of \$5.0 million were comparable to the \$5.2 million for FY2017 as these comprised mainly fixed overheads.

Administrative and general costs

Administrative and general costs of \$11.8 million were lower than the \$13.5 million for FY2017 due mainly to the absence of one-time write off of collectibles as well as higher bank fees and charges for project financing in FY2017.

Other operating expenses

These comprised mainly allowances for slow moving inventories, impairment of doubtful receivables, foreign currency loss and loss on disposal of associates. Although these were higher compared to FY2017, the reversal of accruals and provisions for vessel disposed amounting to \$3.8 million in FY2017 resulted in a lower total other operating expenses for FY2017.

Finance costs

Finance costs of \$1.1 million were comparable to the costs incurred in FY2017.

Share of results of associates and joint venture

The Group's share of results of its associates and joint venture increased to \$1.0 million compared to \$0.5 million mainly due to an associated company in Japan reporting a profit for FY2018 compared to a loss in FY2017.

Income tax expense

The income tax credit was due to write back of overprovision of prior year tax of \$133k and deferred tax credit of \$79k partially offset by current year tax expense of \$109k for FY2018.

4Q2018 versus 4Q2017**Revenue**

Revenue for 4Q2018 decreased by 44.8% to \$12.4 million. This was due mainly to lower demand for our products under the Trading business segment.

Gross profit

Lower revenue resulted in lower gross profit of \$2.7 million compared with the \$5.3 million for 4Q2017. Gross profit margin for 4Q2018 was lower due to lower margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$0.5 million that comprised mainly foreign exchange gain and sundry income were 58.8% lower than the other income for 4Q2017 of \$1.2 million due to lower interest income in 4Q2018.

Selling and distribution costs

Selling and distribution costs of \$1.3 million were 8.6% higher than the costs incurred in 4Q2017 of \$1.2 million. The increase was due mainly to higher expenditure related to tender for projects.

Administrative and general costs

Administrative and general costs of \$3.7 million were lower than the \$4.7 million for 4Q2017 due mainly to lower staff costs and the absence of one-time write off of collectibles in 4Q2017.

Other operating (expenses) / income

These comprised mainly allowances for slow moving inventories, impairment of doubtful receivables and foreign currency loss. These were lower compared to 4Q2017, largely attributable to the reversal of accruals and provisions for vessel disposed amounting to \$3.8 million in 4Q2017, which resulted in an other operating income for 4Q2017.

Finance costs

Finance costs of \$0.3 million were lower than \$0.4 million for 4Q2017 due mainly to lower trade related trust receipt interest.

Share of results of associates and joint venture

The Group's share of results of its associates and joint venture mainly related to loss recorded by an associated company in Japan for 4Q2017.

Income tax expense

The income tax credit was due to write back of overprovision of prior year tax of \$123k and deferred tax credit of \$79k, partially offset by current year tax expense of \$109k for 4Q2018.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 31 December 2018, the net assets attributable to owners of the Company amounted to \$80.6 million, which translates to a net asset value per ordinary share of 57.32 cents.

Non-current assets

Non-current assets decreased by \$10.8 million to \$53.3 million. The decrease was due mainly to:

- a) Decrease in property, plant and equipment (-\$1.1 million) due mainly to recognition of depreciation charge for the year;
- b) Decrease in amount due from an associate (-\$4.6 million);
- c) Decrease in amount due from a related party (-\$6.2 million); and partially offset by
- d) Increase in investment in associates and joint venture (+\$1.2 million).

Current assets

Current assets decreased by \$17.4 million to \$64.4 million. The decrease was due mainly to receipt from customers, reduction in advance payment to suppliers and lower cash and bank balances, partially offset by a reclassification of amount due from a related party from non-current to current.

Current liabilities

Current liabilities decreased by \$18.5 million to \$40.3 million. The decrease was due mainly to:

- a) Decrease in trade and other payables (-\$5.2 million);
- b) Net decrease in amount due to banks and current portion of term loans (-\$10.1 million); and
- c) Decrease in amount due to associates (-\$1.2 million).

Non-current liabilities

Non-current liabilities decreased by \$2.3 million to \$10.0 million, mainly due to an decrease in term loans of \$2.3 million.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Non-current assets

Non-current assets decreased by \$2 million mainly due to:

- a) Decrease in amount due from subsidiaries, mainly due to a reclassification to investment in subsidiaries; partially offset by
- b) Increase in investment in subsidiaries, mainly due to reclassification from amount due from subsidiaries and partially offset by an impairment loss of \$3.4 million.

Current assets

Current assets decreased by \$5.5 million to \$3.6 million due mainly to reclassification of amount due from a subsidiary to investment in subsidiaries and a \$2.0 million dividend received from a subsidiary.

Current liabilities

Current liabilities decreased by \$0.6 million to \$1.9 million due to settlement of trade and other payables during the year.

Non-current liabilities

Non-current liabilities decreased by \$1.6 million to \$19.7 million. The decrease was due mainly to a repayment to a subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December 2018, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$9.0 million. For the FY2018, operating activities and investing activities generated cash of \$9.8 million and \$4.7 million respectively, whereas financing activities utilised net cash of \$16.4 million.

The net cash generated from operating activities was due mainly to the net decrease in trade and other receivables, partially offset by the net loss incurred and decrease in trade and other payables.

The net cash generated by investing activities was due mainly to a repayment of shareholder's loan by an associate.

The net cash utilised by financing activities was due mainly to the repayment of trust receipts used to finance the trading business, net decrease in term loans as well as payment of dividends and interests.

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

On 31 January 2019, the Company released a profit warning on SGXNET regarding an expected loss for financial year 2018.

The actual results for financial year 2018 correspond with the profit warning issued.

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

Our Group's trading business segment which operates primarily in the oil and gas industry will remain challenging amid intense competition. Capital spending and activities in the oil and gas industry are expected to increase as the Group has seen an increased in bidding activities in the region. We will continue with our efforts to secure new orders in this segment and at the same time remain prudent in managing costs.

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?

Yes.

Name of dividend	First and Final One-Tier Tax-Exempt
Dividend type	Cash
Dividend amount per share	1.5 Singapore cents per ordinary share of the Company

Name of dividend	Special One-Tier Tax-Exempt
Dividend type	Cash
Dividend amount per share	0.5 Singapore cents per ordinary share of the Company

(c) Date payable

None.

(d) Books closure date

None.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividends have been declared or recommended for the period ended 31 December 2018 as the Group was not profitable for the year.

13. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions ("IPT").

The aggregate value of all IPT during the financial year under review is less than S\$100,000.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 and Half Year Results)

- 14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Analysis by Business Segments	Trading		Manufacturing/ Design/Research and Development		Marine Logistics		Energy and Utilities		Resources		Corporate / Others		Elimination		Group	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenue:																
External customers	39,821	127,390	2,926	1,731	–	–	488	837	–	–	–	–	–	–	43,235	129,958
Intersegment sales	209	115	1,043	999	–	–	–	–	–	–	2,902	2,904	(4,154)	(4,018)	–	–
Total revenue	40,030	127,505	3,969	2,730	–	–	488	837	–	–	2,902	2,904	(4,154)	(4,018)	43,235	129,958
Result:	(930)	7,771	(66)	(274)	(289)	(4,119)	(550)	(409)	(824)	(2,629)	(552)	795	(429)	3,275	(3,640)	4,410
Depreciation & amortisation	(1,030)	(1,002)	(42)	(34)	–	–	(2)	(4)	–	–	(1,008)	(1,050)	–	–	(2,082)	(2,090)
Other non-cash income / (expense)	(1,738)	(3,882)	(62)	–	–	3,780	(10)	(22)	–	423	(3,400)	(986)	3,819	2,489	(1,391)	1,802
Interest income															671	1,890
Finance costs															(1,148)	(1,118)
Share of results of associates & joint venture															986	474
(Loss) / profit before tax															(6,604)	5,368
Income tax credit/(expense)															103	(1,447)
(Loss) / profit for the year															(6,501)	3,921

14. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. – cont'd**

Analysis by Geographical Segments	Revenue		Non-current Assets	
	FY 2018	FY 2017	FY 2018	FY 2017
	S\$'000	S\$'000	S\$'000	S\$'000
China	7,227	8,556	12	17
Canada	1,639	773	-	-
Indonesia	11,583	103,806	9,330	9,500
Japan	8	3	1,656	1,471
Malaysia	1,013	501	-	-
Philippines	691	941	-	-
Qatar	126	220	-	-
Singapore	13,521	8,834	27,679	27,750
Thailand	4,205	3,526	-	1
USA	315	294	-	-
UK	210	217	283	229
UAE	429	177	-	-
Vietnam	1,211	1,260	-	-
Others	1,057	850	-	-
	43,235	129,958	38,960	38,968

* Non-current assets information presented above consists of property, plant and equipment, investment in associates and joint venture and intangible assets (excluding goodwill) as presented in the consolidated balance sheet.

15. **In view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

16. **A breakdown of sales**

Group	FY 2018	FY 2017	Increase/ (decrease)
	S\$'000	S\$'000	%
Sales reported for first half year	21,226	65,178	(67.4)
Operating (loss)/profit after tax before deducting minority interests reported for first half year	(1,576)	1,444	(209.1)
Sales reported for second half year	22,009	64,780	(66.0)
Operating (loss)/profit after tax before minority interests reported for second half year	(4,925)	2,477	(298.8)

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Total Annual Dividend	FY 2018	FY 2017
	S\$'000	S\$'000
Ordinary	-	2,815
Preference	-	-
Total	-	2,815

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any during the year
NIL	NIL	NIL	NIL	NIL

19. **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

1 March 2019