



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

**Unaudited Financial Statements and Dividend Announcement for
the Second Quarter and Six Months ended
30 June 2017**

4 August 2017

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

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

Second Quarter Financial Year 2017 Financial Statements and Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2Q2017")

		Group			Group		
		3 Months Ended		Changes	6 Months Ended		Changes
		30.06.17	30.06.16		30.06.17	30.06.16	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
INCOME STATEMENT							
Revenue		43,727	18,443	137.1	65,178	41,576	56.8
Cost of sales		(37,423)	(14,295)	161.8	(54,331)	(31,583)	72.0
Gross profit		6,304	4,148	52.0	10,847	9,993	8.5
Gross profit margin		14.4%	22.5%		16.6%	24.0%	
Other income	(i)	546	163	N.M.	957	1,362	(29.7)
Selling and distribution costs		(1,287)	(1,667)	(22.8)	(2,604)	(4,123)	(36.8)
Administrative and general costs		(2,971)	(2,735)	8.6	(5,742)	(5,475)	4.9
Other operating (expenses)/income	(ii)	(551)	1,205	(145.7)	(1,159)	645	N.M.
Finance costs	(iii)	(256)	(163)	57.1	(454)	(261)	73.9
Share of results of associates		(81)	251	(132.3)	269	1,006	(73.3)
Profit before tax	(iv)	1,704	1,202	41.8	2,114	3,147	(32.8)
Income tax expense		(541)	(101)	N.M.	(670)	(345)	94.2
Profit for the period		1,163	1,101	5.6	1,444	2,802	(48.5)
Attributable to:							
Owners of the Company		1,222	1,109	10.2	1,632	2,433	(32.9)
Non-controlling interests		(59)	(8)	N.M.	(188)	369	(150.9)
		1,163	1,101	5.6	1,444	2,802	(48.5)

N.M. – Not Meaningful

	Group			Group		
	3 Months Ended		Changes	6 Months Ended		Changes
	30.06.17	30.06.16		30.06.17	30.06.16	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
STATEMENT OF COMPREHENSIVE INCOME						
Profit net of tax	1,163	1,101	5.6	1,444	2,802	(48.5)
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Net surplus on revaluation of freehold/leasehold land and buildings	–	–	N.M.	–	88	(100.0)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation	(245)	280	(187.5)	(380)	(122)	N.M.
Foreign currency translation on loss of control reclassified to profit and loss	408	–	N.M.	408	–	N.M.
Other comprehensive income / (loss) for the period, net of tax	163	280	(41.8)	28	(34)	(182.4)
Total comprehensive income for the period	1,326	1,381	(4.0)	1,472	2,768	(46.8)
Total comprehensive income attributable to:						
Owners of the Company	1,303	1,382	(5.7)	1,700	2,580	(34.1)
Non-controlling interests	23	(1)	N.M.	(228)	188	N.M.
	1,326	1,381	(4.0)	1,472	2,768	(46.8)

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Share of profits from partnership	–	–	143	184
Gain on disposal of property, plant and equipment	4	1	8	1
Implicit interest income	1	1	2	3
Interest income	379	91	403	95
Interest income from a related party	–	–	–	158
Forfeiture of partial proceeds for disposal of an associate	–	–	–	713
Sundry income	162	70	401	208
	546	163	957	1,362

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

	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange loss	267	73	878	672
Impairment loss on amount due from associates	9	32	9	32
Impairment loss on doubtful receivables	–	12	–	60
Inventories written off	3	36	10	36
Loss on disposal of a subsidiary	292	–	292	–
Write back of impairment loss on doubtful receivables	(29)	(1,400)	(41)	(1,417)
Reversal of accruals and provisions for vessel disposed	–	(20)	–	(137)
Others	9	62	11	109
	551	(1,205)	1,159	(645)

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

	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense on:				
- Bank overdrafts	23	19	65	24
- Term loans	95	103	141	168
- Trust receipts	138	41	248	69
	256	163	454	261

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

	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation and amortisation	524	525	1,049	1,057

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 30.06.17	As At 31.12.16	As At 30.06.17	As At 31.12.16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	32,299	33,426	1	2
Investment in subsidiaries	–	–	76,359	76,558
Investment in associates	4,721	4,611	732	732
Intangible assets	1,855	1,923	–	–
Other investments	558	558	538	538
Other receivables	13,092	13,092	13,022	13,022
Amount due from a related party	6,391	6,714	–	–
Amounts due from subsidiaries	–	–	4,727	4,966
Amount due from an associate	4,727	4,966	–	–
Financial receivable	793	816	–	–
Deferred tax assets	603	626	–	–
	65,039	66,732	95,379	95,818
Current assets				
Inventories	14,925	15,012	–	–
Trade and other receivables	57,962	38,077	20	58
Gross amount due from customer for construction work-in-progress	72	1	–	–
Advance payment to suppliers	7,348	2,997	–	–
Prepayments	663	338	9	16
Deposits	67	80	4	8
Financial receivable	222	552	–	–
Amounts due from subsidiaries	–	–	5,317	7,161
Amounts due from associates	3,808	3,695	50	50
Fixed and bank deposits	1,446	1,517	1,413	1,484
Cash and bank balances	16,174	15,502	44	197
	102,687	77,771	6,857	8,974
Current liabilities				
Trade and other payables	37,096	27,719	553	944
Provisions	4,570	4,911	–	–
Advance payment from customers	6,817	3,115	–	–
Amounts due to subsidiaries	–	–	1,574	1,276
Amounts due to associates	191	202	182	192
Amount due to a related party	2,025	2,034	–	–
Amounts due to bankers	29,873	22,170	–	–
Term loans	6,128	5,001	–	–
Provision for taxation	3,270	3,206	6	11
	89,970	68,358	2,315	2,423
Net current assets	12,717	9,413	4,542	6,551
Non-current liabilities				
Term loans	3,153	–	–	–
Amounts due to subsidiaries	–	–	21,983	23,093
Provision for post employment benefits	111	115	–	–
Deferred tax liabilities	2,041	2,041	–	–
	5,305	2,156	21,983	23,093
Net assets	72,451	73,989	77,938	79,276

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 30.06.17	As At 31.12.16	As At 30.06.17	As At 31.12.16
	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
Foreign currency translation reserve	(4,507)	(4,575)	–	–
Capital reserve	5	5	–	–
Revaluation reserve	16,460	16,460	–	–
Other reserves	(976)	(976)	–	–
Accumulated losses	(70,489)	(69,306)	(66,161)	(64,823)
	84,592	85,707	77,938	79,276
Non-controlling interests	(12,141)	(11,718)	–	–
Total equity	72,451	73,989	77,938	79,276

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 30.06.17 S\$'000		As at 31.12.16 S\$'000	
Secured	Unsecured	Secured	Unsecured
36,001	-	27,171	-

Amount repayable after one year

As at 30.06.17 S\$'000		As at 31.12.16 S\$'000	
Secured	Unsecured	Secured	Unsecured
3,153	-	-	-

Details of any collaterals

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

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

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

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 6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Profit before tax	1,704	1,202	2,114	3,147
<u>Adjustments for:</u>				
Amortisation of intangible assets	34	–	68	–
Depreciation of property, plant and equipment	490	525	981	1,057
Gain on disposal of property, plant and equipment	(4)	(1)	(8)	(1)
Loss on disposal of a subsidiary (Note A)	292	–	292	–
Impairment loss on amount due from associates	9	32	9	32
Implicit interest income	(1)	(1)	(2)	(3)
Interest expense	256	163	454	261
Interest income	(379)	(91)	(403)	(253)
Share of results of associates	81	(251)	(269)	(1,006)
Write back of impairment loss on doubtful other receivables	–	(1,400)	–	(1,400)
Forfeiture of partial proceeds for disposal of an associate	–	–	–	(713)
Exchange (gain)/loss	(140)	(196)	(403)	146
Operating cash flows before changes in working capital	2,342	(18)	2,833	1,267
<u>(Increase)/decrease in:</u>				
Inventories	747	(626)	93	(607)
Trade and other receivables	(10,057)	2,628	(18,802)	350
Gross amount due from customer for construction work-in-progress	164	(464)	(71)	(641)
Financial receivable	106	109	320	343
Advance payment to suppliers	2,418	(1,378)	(4,381)	(2,004)
Prepayments	(42)	–	(327)	54
Deposits	–	(48)	12	(39)
Amounts due from associates	(33)	(5,022)	(180)	(8,891)
<u>(Decrease)/increase in:</u>				
Trade and other payables	9,691	(694)	9,893	2,063
Gross amount due to customer for construction work-in-progress	(52)	1	–	(3)
Advance payment from customers	843	(148)	2,900	944
Advance payment from associates	–	(130)	–	(69)
Amounts due to associates	(4)	–	(10)	–
Amount due to a related party	41	1	41	(68)
Provisions	(105)	–	(105)	–
Provision for post employment benefits	(1)	–	(4)	–
Cash flows generated from / (used in) operations	6,058	(5,789)	(7,788)	(7,301)
Income taxes paid	(331)	(1,993)	(632)	(1,946)
Net cash flows generated from / (used in) operating activities	5,727	(7,782)	(8,420)	(9,247)

	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from investing activities:				
Additions to intangible assets	–	–	–	(32)
Interest income received	36	3	61	6
Dividend received from an associate	–	31	–	31
Payments made to suppliers for conversion of a vessel	–	(125)	–	(354)
Purchase of property, plant and equipment	(44)	(137)	(99)	(145)
Proceeds from disposal of property, plant and equipment	4	1	8	1
Shareholder loan to an associate (net)	–	(2,029)	(118)	(2,029)
Net cash flows used in investing activities	(4)	(2,256)	(148)	(2,522)
Cash flows from financing activities:				
Dividend paid	(2,815)	(2,111)	(2,815)	(2,111)
Interest expense paid	(235)	(162)	(424)	(244)
(Repayment of) / Proceeds from secured bank overdrafts	(816)	2,775	(1,136)	2,632
Drawdown of term loans	5,308	1,568	5,421	2,052
Repayment of term loans	(696)	(1,451)	(1,130)	(2,388)
Decrease in restricted deposits	3	–	3	–
Increase in trust receipts	(3,933)	3,261	9,957	6,510
Net cash (used in) / generated from financing activities	(3,184)	3,880	9,876	6,451
Net increase / (decrease) in cash and cash equivalents	2,539	(6,158)	1,308	(5,318)
Effect of exchange rate changes on cash and cash equivalents	(205)	41	(634)	(506)
Cash and cash equivalents at beginning of period	13,909	16,144	15,569	15,851
Cash and cash equivalents at end of the period	16,243	10,027	16,243	10,027

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

	Group	
	For 6 Months Ended	
	30.06.17	30.06.16
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed deposits	17,620	14,500
Less: Bank deposits pledged	(1,377)	(4,473)
Cash and cash equivalents	16,243	10,027

Note A

The Members' Voluntary Liquidation of a dormant subsidiary, GV Oilfield Engineering Private Limited, has been completed (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>79</u>
Consideration received, satisfies in cash	–
Cash and cash equivalents disposed of	–
Net cash outflow	<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 from equity on loss of control of subsidiary	(408)
	<u>(487)</u>
Non-controlling interest	195
	<u>(292)</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 →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
Balance at 01.01.17	144,099	(69,306)	(4,575)	5	16,460	(976)	(58,392)	85,707	(11,718)	73,989
Profit net of tax	–	410	–	–	–	–	410	410	(129)	281
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	–	–	(13)	–	–	–	(13)	(13)	(122)	(135)
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	–	–	(164)	–	–	–	(164)	(164)	(81)	(245)
Foreign currency translation on loss of control reclassified to profit and loss	–	–	245	–	–	–	245	245	163	408
Total comprehensive income / (loss) 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 than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

GROUP	← Attributable to owners of the Company →							Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Equity, total S\$'000
	Share capital S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Total reserves S\$'000			
Balance at 01.01.16	144,099	(85,650)	(5,806)	2,778	25,023	(977)	(64,632)	79,467	(11,865)	67,602
Profit net of tax	-	1,324	-	-	-	-	1,324	1,324	377	1,701
Other comprehensive income:										
Items that will not be reclassified subsequently to profit or loss:										
Net surplus on revaluation of freehold/ leasehold land and buildings	-	-	-	-	88	-	88	88	-	88
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	(214)	-	-	-	(214)	(214)	(188)	(402)
Total comprehensive income / (loss) for the period	-	1,324	(214)	-	88	-	1,198	1,198	189	1,387
Balance at 31.03.16	144,099	(84,326)	(6,020)	2,778	25,111	(977)	(63,434)	80,665	(11,676)	68,989
Profit net of tax	-	1,109	-	-	-	-	1,109	1,109	(8)	1,101
Other comprehensive income:										
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	273	-	-	-	273	273	7	280
Total comprehensive income / (loss) for the period	-	1,109	273	-	-	-	1,382	1,382	(1)	1,381
Dividend paid	-	(2,111)	-	-	-	-	(2,111)	(2,111)	-	(2,111)
Balance at 30.06.16	144,099	(85,328)	(5,747)	2,778	25,111	(977)	(64,163)	79,936	(11,677)	68,259

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	Accumulated losses	Total equity
	S\$'000	S\$'000	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 profit for the period	–	962	962
Dividend paid	–	(2,815)	(2,815)
Balance at 30.06.17	144,099	(66,161)	77,938
Balance at 01.01.16	144,099	(66,412)	77,687
Profit for the period	–	1,001	1,001
Total comprehensive income for the period	–	1,001	1,001
Balance at 31.03.16	144,099	(65,411)	78,688
Profit for the period	–	82	82
Total comprehensive income for the period	–	82	82
Dividend paid	–	(2,111)	(2,111)
Balance at 30.06.16	144,099	(67,440)	76,659

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 6 months ended 30 June 2017.

As at 30 June 2017 and 31 December 2016 respectively, the Company did not have any convertible securities.

As at 30 June 2017 and 31 December 2016 respectively, there were no treasury shares held and subsidiary holdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30.06.17	31.12.16
Total number of issued shares (excluding treasury shares)	140,767,484	140,767,484

As at 30 June 2017 and 31 December 2016 respectively, there were no treasury shares held.

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

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

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

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

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, consistent with those of the audited financial statements for the year ended 31 December 2016.

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

In the current financial period, the Group adopted the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on or after 1 January 2017.

The adoption of these new / revised FRS and INT FRS did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements

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

	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	Cents	Cents	Cents	Cents
(i) Based on weighted average number of ordinary shares in issue	0.87	0.79	1.16	1.73
(ii) On a fully diluted basis	0.87	0.79	1.16	1.73

The weighted average number of shares for the 3 months and 6 months ended 30 June 2017 were 140,767,484 (3 months and 6 months ended 30 June 2016: 140,767,484).

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group	Company
	cents	cents
As at 30.06.17	60.09	55.37
As at 31.12.16	60.89	56.32

Net asset value per share is calculated based on the number of ordinary shares in issue of 140,767,484 as at 30 June 2017 (31 December 2016: 140,767,484).

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

CONSOLIDATED INCOME STATEMENT

1H2017 versus 1H2016

Overview

The Group recorded a net profit attributable to shareholders of \$1.6 million and earnings per ordinary share of 1.16 cents for 1H2017.

Revenue

Revenue of \$65.2 million was 57% higher than the revenue for 1H2016 of \$41.6 million due to sales under the Trading business segment relating to the Zawtika 1C project.

Gross profit

Gross profit of \$10.8 million was 9% higher than the gross profit for 1H2016 of \$10.0 million. The increase was due to higher revenue recorded in 1H2017. However, gross profit margin declined to 16.6% due to lower margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$957,000 was 30% lower than the other income for 1H2016 of \$1.4 million. The other income for 1H2017 comprised mainly late payment interest charged to customers amounting to \$403,000 and sundry income of \$401,000. Sundry income relates mainly to property rental and other miscellaneous income.

The other income for 1H2016 related mainly to the following.

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

Selling and distribution costs

Selling and distribution costs of \$2.6 million were 37% lower than the costs incurred in 1H2016 of \$4.1 million. The decrease was due mainly to lower sales to customers in China and lower marketing related expenses.

Administrative and general costs

Administrative and general costs of \$5.7 million were 5% higher compared to the costs incurred in 1H2016 of \$5.5 million. The increase was due mainly to higher insurance cost for the land rig and higher professional and consulting fees incurred in relation to the Group's operations in Indonesia.

Other operating expenses

Other operating expenses for 1H2017 amounted to \$1.2 million as compared to a net credit amount of \$645,000 for 1H2016. The other operating expenses for 1H2017 related mainly to:

- a) Net foreign exchange loss of \$878,000 arising mainly from the depreciation of the US dollar (“**USD**”) against the Singapore dollar (“**SGD**”); and
- b) Loss on disposal of a subsidiary of \$292,000 relating to the winding up of GV Oilfield Engineering Pvt Ltd. Please refer to the Company’s announcements dated 27 August 2010 and 17 April 2017 for further information.

For 1H2016, the net credit amount of \$645,000 comprised mainly a writeback of impairment loss on doubtful receivables of \$1.4 million and reversal of accruals and provisions for vessel (*Federal 2*) disposed of \$137,000, which was partly offset by net foreign exchange loss of \$672,000.

Finance costs

Finance costs of \$454,000 were higher than the costs incurred in 1H2016 of \$261,000. The increase was due mainly to higher trade and trade related banking facilities utilised by the Trading business.

Share of results of associates

The Group’s share of results of its associates of \$269,000 were 73% lower than 1H2016. The share of profit included a profit of \$402,000 from the Group’s 30% interest in PT Eastern Jason (“**PTEJ**”). PTEJ owns *Federal II*, a floating, storage and offloading vessel (“FSO”), which is chartered to China National Offshore Oil Corporation (“CNOOC”). The share of profit was partly reduced by a share of loss recorded by an associate company in Japan.

Income tax expense

Income tax expense of \$670,000 related to provisions made for the current period tax expense.

2Q2017 versus 2Q2016**Overview**

The Group recorded a net profit attributable to shareholders of \$1.2 million and earnings per ordinary share of 0.87 cents for 2Q2017.

Revenue

Revenue for 2Q2017 increased by 137% to \$43.7 million on the back of higher revenue recorded for the Zawtika 1C project under the Trading business segment.

Gross profit

Gross profit of \$6.3 million was higher than the gross profit for 2Q2016 of \$4.1 million. The increase was due to higher revenue recorded in 2Q2017. However, gross profit margin for 2Q2017 declined to 14.4% due to lower margins on sales for certain projects under the Trading business segment.

Other income

Other income of \$546,000 was higher than the other income for 2Q2016 of \$163,000. The other income for 2Q2017 related mainly to late payment interest charged to customers and sundry income. Sundry income relates mainly to property rental and other miscellaneous income.

Selling and distribution costs

Selling and distribution costs of \$1.3 million were 23% lower than the costs incurred in 2Q2016 of \$1.7 million. The decrease was due mainly to lower sales to customers in China and lower marketing related expenses.

Administrative and general costs

Administrative and general costs of \$3.0 million were 9% higher compared to the costs incurred in 2Q2016 of \$2.7 million. The increase was mainly due to higher insurance cost for the land rig and higher professional and consulting fees incurred in relation to the Group's operations in Indonesia.

Other operating expenses

Other operating expenses for 2Q2017 amounted to \$551,000 as compared to a net credit amount for 2Q2016 of \$1.2 million. The other operating expenses for 2Q2017 comprised mainly:

- a) Net foreign exchange loss of \$267,000 arising mainly from the depreciation of the USD against the SGD; and
- b) Loss on disposal of a subsidiary of \$292,000 relating to the winding up of GV Oilfield Engineering Pvt Ltd. Please refer to the Company's announcements dated 27 August 2010 and 17 April 2017 for further information.

For 2Q2016, the net credit amount of \$1.2 million was due mainly to a writeback of impairment loss on doubtful receivables of \$1.4 million.

Finance costs

Higher finance costs of \$256,000 was due mainly to higher trade and trade related banking facilities utilised by the Trading business.

Share of results of associates

The Group's share of results of its associates for 2Q2017 was a share of loss of \$81,000 as compared to a share of profit of \$251,000 for 2Q2016. For 2Q2017, the Group recorded a share of profit of \$168,000 from its 30% interest in PTEJ. The overall share of associates' results was a net loss due to losses reported by the Group's associate company in Japan.

Income tax expense

Income tax expense of \$541,000 related to provisions made for the current period tax expense.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Net assets attributable to owners of the Company

As at 30 June 2017, the net assets attributable to owners of the Company amounted to \$84.6 million, which translates to a net asset value per ordinary share of 60.09 cents.

Non-current assets

Non-current assets decreased by \$1.7 million to \$65.0 million. The decrease was due mainly due to:

- a) Decrease in property, plant and equipment (-\$1.1 million) due mainly to recognition of depreciation charge for the period; and
- b) Decrease in amount due from a related party (-\$323,000) and amount due from an associate (-\$239,000) due to foreign exchange translation differences arising from a weaker USD as compared to the SGD.

Current assets

Current assets increased by \$24.9 million to \$102.7 million. The increase was due mainly to:

- a) Increase in trade and other receivables (+\$19.9 million) due to an increase in trade receivables for the Zawtika 1C project;
- b) Increase in advance payment to suppliers (+\$4.4 million) for the Zawtika 1C project;
- c) Increase in prepayments (+\$325,000), mainly in relation to the bank facility fee paid for the Zawtika 1C project financing facility; and
- d) Increase in cash and bank balances (+\$672,000).

The increase was partially offset by decrease in financial receivables (-\$330,000). The decrease in financial receivables was due to receipt of payments from the local authority under the minimum guaranteed water volume for the Chengdu industrial water plant located in Xinjin County, Chengdu, China.

Current liabilities

Current liabilities increased by \$21.6 million to \$90 million. The increase was due mainly to:

- a) Increase in trade and other payables (+\$9.4 million);
- b) Increase in amounts due to bankers (+\$7.7 million) due to increase in trade facilities utilised to finance on-going projects;
- c) Increase in advance payment from customers (+\$3.7 million) due mainly to advance payments received from PT Gunanusa Utama Fabricators in relation to the Zawtika 1C project; and
- d) Increase in term loans (+\$1.1 million).

The increase was partly offset by decrease in provision (-\$341,000).

Non-current liabilities

Non-current liabilities increased by \$3.1 million to \$5.3 million. The increase was due mainly to an increase in term loans of \$3.2 million.

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

Non-current assets decreased by \$439,000 to \$95.4 million. The decrease was due to lower amounts due from subsidiaries (-\$239,000) and investment in subsidiaries (-\$199,000) arising from a weaker USD.

Current assets

Current assets decreased by \$2.1 million to \$6.9 million. The decrease was due mainly to a decrease in amounts due from subsidiaries (-\$1.8 million) due to receipt of dividend from a subsidiary.

Current liabilities

Current liabilities decreased by \$108,000 to \$2.3 million. The decrease was due mainly to lower trade and other payables (-\$391,000). The decrease was partially offset by an increase in amounts due to subsidiaries (+\$298,000).

Non-current liabilities

Non-current liabilities decreased by \$1.1 million to \$22.0 million. The decrease was due mainly to a reduction in amounts due to subsidiaries arising from foreign exchange translation differences caused by a weaker USD.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2017, the Group's cash and cash equivalents, excluding pledged deposits, amounted to \$16.2 million. For the 6 months ended 30 June 2017, operating activities and investing activities utilised cash of \$8.4 million and \$148,000 respectively, whereas financing activities provided net cash of \$9.9 million.

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

The net cash used in investing activities was due mainly to loans to an associate and addition to property, plant and equipment.

The net cash provided by financing activities was due mainly to the net increase in trust receipts used to finance the trading business and increase in term loans. The increase was partially offset by dividend paid to shareholders during 2Q2017.

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

No forecast or prospect statement was given.

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

Trading business

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

As at 24 July 2017, the Group's outstanding order book stands at \$42 million, which includes the procurement for the Zawtika 1C project.

Resource business - Land rig

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

Marine Logistics business - Federal II

Federal II, a floating, storage and offloading vessel, is owned by the Group's associate, PT Eastern Jason ("PTEJ"). The Group holds a 30% interest in PTEJ. *Federal II* is chartered to CNOOC until 6 September 2018 and CNOOC has the option to renew the charter for a further 5 years. The charter provides the Group with a steady source of recurring earnings through the Group's 30% share in the results of PTEJ. For 1H2017, the Group recognised a share of profit of \$402,000.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividends have been declared or recommended.

13. Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

14. Negative Assurance Confirmation Statement on Interim Financial Statements

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the period ended 30 June 2017, to be false or misleading in any material aspect.

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

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

BY ORDER OF THE BOARD

Koh Kian Kiong
Executive Chairman & CEO

Koh Maggie
Executive Director

4 August 2017