

Full Year Financial Statement And Dividend Announcement for the Year Ended 31 December 2006

FEDERAL INTERNATIONAL (2000) LTD

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

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

| | <-----Group-----> S\$ ' 000 | | % |
|---|--------------------------------|------------------------|---------|
| | YEAR ENDED Dec 2006 | YEAR ENDED Dec 2005 | Change |
| Revenue | 150,345 | 90,897 | 65.40% |
| Cost of Sales | (111,681) | (70,032) | 59.47% |
| Gross Profit | 38,664 | 20,865 | 85.31% |
| Other Income | 2,407 | 2,544 | -5.39% |
| Selling and Distribution costs | (13,382) | (9,281) | 44.19% |
| Administrative and General costs | (10,292) | (7,502) | 37.19% |
| Finance costs | (2,519) | (1,295) | 94.52% |
| Share of results of associates | 468 | 1,185 | -60.51% |
| Profit before taxation and minority interest | 15,346 | 6,516 | 135.51% |
| Tax expense | (2,813) | (1,348) | 108.68% |
| Profit for the year | <u>12,533</u> | <u>5,168</u> | 142.51% |
| Attributable to: | | | |
| Equity holders of the company | 10,223 | 5,078 | |
| Minority Interests | <u>2,310</u> | <u>90</u> | |
| | <u>12,533</u> | <u>5,168</u> | |

| S\$ ' 000 | | % |
|------------|------------|--------|
| YEAR ENDED | YEAR ENDED | |
| Dec 2006 | Dec 2005 | Change |

Profit before taxation included the following (charges)/credits:

| | | | |
|--|---------|---------|----------|
| Interest income | 1,133 | 868 | 30.53% |
| Interest on borrowings | (2,519) | (1,295) | 94.52% |
| Depreciation and amortisation | (2,810) | (802) | 250.37% |
| Allowance for doubtful debts (trade) | (489) | (509) | -3.93% |
| Allowance for doubtful debts (non-trade) | (1) | (38) | -97.37% |
| Provision for stock obsolescence | (729) | (234) | 211.54% |
| Gain on disposal of investment | - | 417 | -100.00% |
| Loss on partial sale of interest in a subsidiary company | (16) | (54) | -70.37% |
| Gain on disposal of fixed assets | 9 | 73 | -87.67% |
| Foreign exchange (loss)/gain | (1,504) | 935 | -260.86% |

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

| | Group | | Company | |
|--|------------------|---------------|------------------|---------------|
| | S\$ ' 000 | | S\$ ' 000 | |
| | Dec 06 | Dec 05 | Dec 06 | Dec 05 |
| Non-current assets | | | | |
| Fixed assets | 49,478 | 10,484 | 10 | 3 |
| Subsidiary companies | - | - | 45,831 | 30,832 |
| Associated companies | 9,552 | 5,860 | 8,170 | 4,266 |
| Other investments | 20 | 20 | - | - |
| Other debtors | 40 | 180 | - | - |
| Deferred tax assets | 73 | 16 | 18 | 16 |
| Intangible assets | 1,073 | 992 | - | - |
| | 60,236 | 17,552 | 54,029 | 35,117 |
| Current assets | | | | |
| Stocks and work-in-progress | 24,682 | 24,222 | - | - |
| Trade debtors | 29,415 | 28,450 | - | - |
| Other debtors | 1,594 | 2,042 | 1 | 1,274 |
| Advance payment to suppliers | 6,492 | 237 | - | - |
| Prepayments and deposits | 841 | 280 | - | - |
| Deposit for purchase of a fixed asset | - | 3,632 | - | - |
| Amounts due from subsidiary companies, non-trade | - | - | 19,975 | 10,169 |
| Amounts due from associated companies | 2,888 | 15,984 | 180 | 108 |
| Amounts due from related parties | 199 | 168 | - | - |
| Fixed deposits | 31,104 | 6,582 | 11,161 | - |
| Cash and bank balances | 8,407 | 11,193 | 344 | 408 |
| | 105,622 | 92,790 | 31,661 | 11,959 |
| Current liabilities | | | | |
| Trade creditors | 11,931 | 9,234 | 48 | 37 |
| Other creditors and accruals | 4,241 | 2,087 | 1,384 | 331 |
| Advances from customers | 9,549 | 5,159 | - | - |
| Deferred revenue | 3,827 | - | - | - |

| | | | | |
|-------------------------------------|--------|--------|--------|--------|
| Amount due to subsidiary company | - | - | 22 | 9 |
| Amounts due to associated companies | 272 | 667 | 2 | 2 |
| Amounts due to bankers | 8,479 | 28,671 | - | - |
| Term loans | 7,758 | 34 | - | - |
| Hire purchase creditors | 46 | 64 | - | - |
| Derivative financial instruments | 2,136 | 302 | - | - |
| Provision for taxation | 2,179 | 1,756 | 112 | 14 |
| | 50,418 | 47,974 | 1,568 | 393 |
| Net current assets | 55,204 | 44,816 | 30,093 | 11,566 |

Non-current liabilities

| | | | | |
|-------------------------|--------|--------|--------|--------|
| Term loans | 23,340 | 36 | - | - |
| Hire purchase creditors | 81 | 127 | - | - |
| Deferred tax liability | 146 | 99 | - | - |
| | 23,567 | 262 | - | - |
| Net assets | 91,873 | 62,106 | 84,122 | 46,683 |

Equity attributable to equity holders of the Company

| | | | | |
|-------------------------------|---------|--------|--------|--------|
| Share capital | 56,238 | 35,066 | 56,238 | 35,066 |
| Share premium | - | 3,371 | - | 3,371 |
| Revaluation reserve | 180 | 2,398 | - | - |
| Capital reserve | 2,773 | - | - | - |
| Warrants reserve | 1,262 | 2,436 | 1,262 | 2,436 |
| Fair value adjustment reserve | (252) | - | - | - |
| Foreign currency translation | (1,118) | 5 | - | - |
| Revenue reserves | 25,801 | 17,001 | 26,622 | 5,810 |
| | 84,884 | 60,277 | 84,122 | 46,683 |
| Minority interests | 6,989 | 1,829 | - | - |
| Total equity | 91,873 | 62,106 | 84,122 | 46,683 |

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.
Amount repayable in one year or less, or on demand**

| As at 31/12/2006 | | As at 31/12/2005 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 9,132 | 7,152 | 14,850 | 13,897 |

Amount repayable after one year

| As at 31/12/2006 | | As at 31/12/2005 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 23,421 | - | 149 | 36 |

Details of any collateral

The secured borrowings are secured by the Company's property at 11 Tuas Avenue 1, Singapore 639496.

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

| | Jan- Dec 2006 | Jan- Dec 2005 |
|--|----------------------|----------------------|
| | \$'000 | \$'000 |
| Cashflows from operating activities: | | |
| Operating profit before taxation | 15,346 | 6,516 |
| Add / (Less) : | | |
| Amortisation of intangible assets | 109 | 119 |
| Currency realignment | 1,447 | 373 |
| Depreciation of fixed assets | 2,701 | 683 |
| Gain on disposal of investment in a subsidiary company | 1 | - |
| Loss on partial sale of interest in a subsidiary company | 16 | 54 |
| Gain on disposal of investment | - | (417) |
| Loss on fixed asset written off | 7 | - |
| Gain on disposal of fixed assets | (9) | (73) |
| Loss on fair value adjustment of forward currency contracts | 1,582 | 363 |
| Interest income | (1,133) | (868) |
| Interest expense | 2,519 | 1,295 |
| Allowance for doubtful debts | 490 | 547 |
| Bad debt written off | 62 | - |
| Stocks written off | 7 | 2 |
| Provision for stock obsolescence | 729 | 234 |
| Share of associated companies' profits | (468) | (1,185) |
| Operating income before reinvestment in working capital | 23,406 | 7,643 |

| | | |
|--|-----------------|----------------|
| Inflow / (Outflow) : | | |
| (Increase)/decrease in stocks | (1,196) | 1,699 |
| Increase in trade debtors | (1,516) | (7,258) |
| Decrease in other debtors | 589 | 17,827 |
| Increase in payments to suppliers | (6,255) | (150) |
| Decrease/(increase) in prepayments and deposits | 3,071 | (3,666) |
| Decrease in amounts due from associated companies | 13,245 | 7,231 |
| (Increase)/decrease in amounts due from related parties | (31) | 211 |
| Increase/(decrease) in trade creditors | 2,697 | (1,576) |
| Increase/(decrease) in other creditors | 2,154 | (1,713) |
| Increase in advances from customers | 4,390 | 4,693 |
| (Decrease)/increase in trust receipts and bills payable | (20,648) | 12,223 |
| Increase in deferred revenue | 3,827 | - |
| Decrease in amounts due to associated companies | (395) | (133) |
| | | |
| Cash generated from operations | 23,338 | 37,031 |
| | | |
| Income tax paid | (2,399) | (954) |
| Interest received | 979 | 666 |
| Interest paid | (2,519) | (1,295) |
| | | |
| Net cash generated from operating activities | 19,399 | 35,448 |
| | | |
| Cashflows from investing activities | | |
| Inflow / (Outflow) : | | |
| Purchase of fixed assets | (46,367) | (271) |
| Proceeds from dilution of interest in subsidiary | - | 50 |
| Proceeds from sale of fixed assets | 32 | 121 |
| Investment in associated companies | (869) | (3,150) |
| Proceeds from partial sale of investment in subsidiary company to minority shareholder | 3,017 | - |
| Proceeds from disposal of investment in subsidiary company | (1) | - |
| Purchase of intangible assets | (99) | - |
| (Increase)/decrease in fixed deposit pledged | (5,177) | 1,437 |
| Proceeds from disposal of other investments | - | 315 |
| | | |
| Net cash used in investing activities | (49,464) | (1,498) |
| | | |
| Cashflows from financing activities | | |
| Inflow / (Outflow) : | | |
| Dividend payment in respect of prior year | (1,423) | (841) |
| Increase/(decrease) in secured bank overdrafts | 738 | (3,709) |
| Expenses on issuance of warrants | (363) | (19) |
| Proceeds from issuance of shares on exercise of warrants | 16,990 | 3 |
| Principal repayments under finance lease | (64) | (131) |
| Proceeds from/(repayments of) additional term loans | 31,028 | (14,082) |
| Capital contribution from minority shareholders of a subsidiary | - | 1,558 |

| | | |
|--|---------------|-----------------|
| Net cash provided by/(used in) financing activities | 46,906 | (17,221) |
| Net increase in cash & cash equivalents | 16,841 | 16,729 |
| Cash and cash equivalents at beginning of year | 17,294 | 565 |
| Cash and cash equivalents at end of year | 34,135 | 17,294 |

Summary of the effects of disposal of subsidiary

The disposal of certain subsidiary company of Federal International (2000) Ltd has shown as a single item.

The effect on the individual assets and liabilities is set as below:-

| | 2006 |
|--|-------------------|
| | <u>S\$'000</u> |
| Net cash & cash equivalents disposed | <u>82</u> |
| Carrying value of net assets | 82 |
| | |
| Total proceeds from disposal | 81 |
| Cash and cash equivalents disposed of | <u>(82)</u> |
| Net cash outflow on disposal of subsidiary company | <u><u>(1)</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 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.

| | Attributable to the equity holders of the company | | | | | | | | Minority interests | Total equity | |
|--|---|---------------|------------------|------------------|------------------------------|---------------------|-----------------|-------------------------------|--------------------|--------------|----------------|
| | Share capital | Share premium | Warrants reserve | Revenue reserves | Currency translation reserve | Revaluation reserve | Capital reserve | Fair Value adjustment reserve | | | Total reserves |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| The Group | | | | | | | | | | | |
| Balance as at 1 January 2005 | 35,049 | 3,363 | 2,462 | 12,764 | (287) | 2,398 | - | - | 17,337 | 106 | 55,855 |
| Net effect of exchange differences | - | - | - | - | 292 | - | - | - | 292 | 75 | 367 |
| Net income recognised directly in equity | - | - | - | - | 292 | - | - | - | 292 | 75 | 367 |
| Profit for the year | - | - | - | 5,078 | - | - | - | - | 5,078 | 90 | 5,168 |
| Total recognised income and expenses for the year | - | - | - | 5,078 | - | - | - | - | 5,078 | 90 | 5,168 |
| Dividends on ordinary shares | - | - | - | (841) | - | - | - | - | (841) | - | (841) |
| Issuance of shares | 17 | 1 | - | - | - | - | - | - | - | - | 18 |
| Transfer from warrants reserve as a result of exercise of warrants | - | 7 | (7) | - | - | - | - | - | (7) | - | - |
| Expenses on issuance of warrants | - | - | (19) | - | - | - | - | - | (19) | - | (19) |
| Incorporation of a subsidiary | - | - | - | - | - | - | - | - | - | 1,558 | 1,558 |
| Balance as at 31 December 2005 | 35,066 | 3,371 | 2,436 | 17,001 | 5 | 2,398 | - | - | 21,840 | 1,829 | 62,106 |

| | Attributable to the equity holders of the company | | | | | | | | | Minority interests | Total equity |
|--|---|---------------|------------------|------------------|------------------------------|---------------------|-----------------|-------------------------------|----------------|--------------------|---------------|
| | Share capital | Share premium | Warrants reserve | Revenue reserves | Currency translation reserve | Revaluation reserve | Capital reserve | Fair Value adjustment reserve | Total reserves | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | | |
| Balance as at 1 January 2006 | 35,066 | 3,371 | 2,436 | 17,001 | 5 | 2,398 | - | - | 21,840 | 1,829 | 62,106 |
| Net effect of exchange differences | - | - | - | - | (1,123) | - | - | - | (1,123) | (167) | (1,290) |
| Net change in fair value adjustment reserve | - | - | - | - | - | - | - | (252) | (252) | - | (252) |
| Net deficit on revaluation of assets | - | - | - | - | - | (2,218) | - | - | (2,218) | - | (2,218) |
| Net income recognised directly in equity | - | - | - | - | (1,123) | (2,218) | - | (252) | (3,593) | (167) | (3,760) |
| Profit for the year | - | - | - | 10,223 | - | - | - | - | 10,223 | 2,310 | 12,533 |
| Total recognised income and expenses for the year | - | - | - | 10,223 | - | - | - | - | 10,223 | 2,310 | 12,533 |
| Dividends on ordinary shares | - | - | - | (1,423) | - | - | - | - | (1,423) | - | (1,423) |
| Transfer to share capital | 3,371 | (3,371) | - | - | - | - | - | - | - | - | - |
| Issuance of shares | 16,990 | - | - | - | - | - | - | - | - | - | 16,990 |
| Transfer from warrants reserve as a result of exercise of warrants | 1,137 | - | (1,137) | - | - | - | - | - | (1,137) | - | - |
| Expenses on issuance of warrants | (326) | - | (37) | - | - | - | - | - | (37) | - | (363) |
| Share of changes in associate's equity taken directly into equity | - | - | - | - | - | - | 2,773 | - | 2,773 | - | 2,773 |
| Partial disposal of interest in a subsidiary to minority shareholder | - | - | - | - | - | - | - | - | - | 3,017 | 3,017 |
| Balance as at 31 December 2006 | 56,238 | - | 1,262 | 25,801 | (1,118) | 180 | 2,773 | (252) | 28,646 | 6,989 | 91,873 |

1(d)(i)

| | Attributable to the equity holders of the company | | | | | Total equity |
|--|---|---------------|------------------|------------------|----------------|---------------|
| | Share capital | Share premium | Warrants reserve | Revenue reserves | Total reserves | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | |
| The Company | | | | | | |
| Balance as at 1 January 2005 | 35,049 | 3,363 | 2,462 | 6,658 | 9,120 | 47,532 |
| Loss for the year | - | - | - | (7) | (7) | (7) |
| Total recognised income and expenses for the year | - | - | - | (7) | (7) | (7) |
| Dividends on ordinary shares | - | - | - | (841) | (841) | (841) |
| Issuance of shares | 17 | 1 | - | - | - | 18 |
| Transfer from warrants reserve as a result of exercise of warrants | - | 7 | (7) | - | (7) | - |
| Expenses on issuance of warrants | - | - | (19) | - | (19) | (19) |
| Balance as at 31 December 2005 | 35,066 | 3,371 | 2,436 | 5,810 | 8,246 | 46,683 |
| | | | | - | | - |
| Balance as at 1 January 2006 | 35,066 | 3,371 | 2,436 | 5,810 | 8,246 | 46,683 |
| Profit for the year | - | - | - | 22,235 | 22,235 | 22,235 |
| Total recognised income and expenses for the year | - | - | - | 22,235 | 22,235 | 22,235 |
| Dividends on ordinary shares | - | - | - | (1,423) | (1,423) | (1,423) |
| Transfer to share capital | 3,371 | (3,371) | - | - | - | - |
| Issuance of shares | 16,990 | - | - | - | - | 16,990 |
| Transfer from warrants reserve as a result of exercise of warrants | 1,137 | - | (1,137) | - | (1,137) | - |
| Expenses on issuance of warrants | (326) | - | (37) | - | (37) | (363) |
| Balance as at 31 December 2006 | 56,238 | - | 1,262 | 26,622 | 27,884 | 84,122 |

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 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.

During the current financial period, the balance standing to the credit of the Share Premium account as at 30 January 2006 was transferred to the Share Capital account in accordance with the Singapore Companies (Amendments) Act 2005.

On 12 January 2006, the Company had allotted and issued 42,000,000 new ordinary shares in the capital of the Company at \$0.33 per share to two Indonesian strategic investors.

The Company had also allotted and issued 16,118,704 new ordinary shares upon the exercise of 16,118,704 warrants at the exercise price of \$0.22 per warrant. As at the date of this announcement, a total of 4,620,079 warrants remain unexercised.

In an announcement dated 14 February 2007, adjustments will be made to the outstanding warrants issued pursuant to the Deed Poll dated 4 November 2004. With effect from 9 March 2007, the exercise price will be adjusted to \$0.20 per warrant and a factor of 1.136 will be applied to the number of warrants standing to the credit of the securities account of each warrant holder at the books closure date on 5 March 2007. The new number of warrants will be rounded downwards to the nearest whole warrant in accordance with Condition 5.6 of the Deed Poll.

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

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 period compared with those of the audited financial statements for the year ended 31 December 2005, except as described in the following paragraph.

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 adoption of the new/revised FRS are assessed to have no material impact on the results of the Group.

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

| | Group | |
|--|------------|------------|
| | Dec 06 | Dec 05 |
| (i) Based on the weighted average number of ordinary shares on issue | 4.41 cents | 2.90 cents |
| (ii) On a fully diluted basis | 4.19 cents | 2.74 cents |

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | Dec 06 | Dec 05 | Dec 06 | Dec 05 |
| Net asset value per ordinary share as at the end of the year | 36.66 cents | 34.38 cents | 36.33 cents | 26.63 cents |

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 affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Group revenue for the year ended 31 December 2006 ("FY2006") grew 65.3% to S\$150.3 million from S\$90.9 million for the year ended 31 December 2005 ("FY2005"). The increase in revenue is due to an overall improvement in the Group's core businesses and contribution from the new Marine Logistics business segment established in 2006.

Gross profit margin rose from 23.0% in FY2005 to 25.7% in FY2006 due to the Group's more selective approach in taking on EPC (Engineering, Procurement and Construction) projects, and contribution from the newly-established Marine Logistics segment.

The clinching of a 10-year contract of US\$91.3 million for the provision of time charter of Floating & Storage Offloading ("FSO") vessel services in Indonesia marked the Group's entry into this new business segment which provides recurring income.

The Group has also restructured its business segments into Manufacturing/Design, Trading, Marine Logistics and Corporate/Others to better reflect its business profile.

Under the new business segmentation, the Trading segment is the highest contributor, accounting for S\$94.4 million or 62.8% of Group revenue. This is followed by the Marine Logistics segment which contributed S\$37.9 million. Sales from the Manufacturing/Design segment increased from S\$7.2 million in FY2005 to S\$18.0 million in FY2006. The performance of the Manufacturing/Design segment improved significantly, registering a profit of S\$3.7 million in FY2006 as compared to a profit of S\$0.3 million reported in FY2005. This is due mainly to KVC (UK) Ltd's successful re-organisation of management which has led to a turnaround of its business.

Geographically, Indonesia continued to be the biggest contributor, accounting for S\$54.2 million or 36% of total sales. The China market is the second largest market, contributing S\$21.2 million in total sales, followed by the Singapore market with S\$19.4 million in sales.

The increase in interest on borrowing to S\$2.5 million and depreciation and amortisation charges to S\$2.8 million is due to funding and depreciation of the FSO vessel which was purchased in April 2006. Selling and distribution expenses have increased due to foreign exchange loss resulting from the depreciation of the US dollar and sharp increase in British pound against Singapore dollar in 2006. The increase in provision for stock obsolescence is in accordance with the Group's stock provision policy.

Fixed assets have jumped from S\$10.5 million in FY2005 to S\$49.5 million in FY2006 due to the inclusion of the Group's FSO vessel.

The establishment of the JV company, Federal Rampco International Ltd, to capitalise on business opportunities in the Middle East, coupled with the enlargement of the Group's share capital in PT Gunanusa Utama Fabricators ("PTG"), our 20%-owned associated company, have raised investments in associate companies from S\$5.9 million in FY2005 to S\$9.6 million in FY2006.

Fixed deposits, cash and bank balances have increased from a total of S\$17.8 million in FY2005 to S\$39.5 million in FY2006, due to:

- receipt of the balance of monies from the disposal of investment in Tiong Woon China Consortium Pte. Ltd;
- improved collection of amounts owing by associate companies;
- proceeds from the sale of a 20% stake in Federal Offshore Services Pte Ltd;
- proceeds from the issue of 42 million new shares to Indonesian strategic investors; and
- proceeds from the issue of 16.1 million new shares as a result of warrant conversion during the year.

Term loans increased from S\$0.07 million in FY2005 to S\$31.1 million in FY2006 as a result of financing requirements for the FSO vessel which was commissioned in April 2006.

In accordance with the Group policy of performing a revaluation of land and building every five years, Federal Hardware Engineering Co Pte Ltd, a wholly-owned subsidiary, has recorded a revaluation deficit of S\$2.2 million based on valuation determined by an accredited independent valuer at year end.

Following the restructuring of shareholdings of PTG and a corresponding increase in share premium recorded in PTG's books, the Group has also recognised its 20% share of the increase in share premium as a capital reserve of approximately S\$2.8 million in accordance with FRS 28.

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

The results are in line with the prospect statement made in the half year results dated 11 August 2006.

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.

Despite the recent softening of oil prices, global demand for the oil & gas industry is expected to remain buoyant in 2007. Given the strong market outlook for offshore oil & gas and marine industries, the Group will continue to forge business alliances both locally and overseas, and seek strategic business opportunities in our efforts to expand our customer base and improve our market reach.

Going forward, we will emphasise more on business activities that generate long-term and recurring income streams such as marine logistics services. The Group expects demand for marine logistics services, including vessel chartering, to remain strong as the level of marine and offshore engineering activities continues to be encouraging due to the sustained demand for oil-rigs and offshore vessels.

Following the successful commissioning of the Group's first FSO vessel in April 2006, the Group is exploring additional acquisitions of FSOs so as to capitalise on the growing demand worldwide for such vessel chartering services in the marine logistics sector.

In January 2007, we have also diversified into a new business area – the engineering and fabrication and packaging of equipment to meet the needs of the oil and gas industry in the region. This new business activity is spearheaded by Alton International (S) Pte Ltd, a wholly-owned subsidiary, which has also established a new division to grow this business. Alton's recent contractual win of S\$3.9 million for packaging and supplying generators for an oil major in Malaysia augurs for a promising start in this new business.

Barring unforeseen circumstances, the Group remains optimistic about its prospects and expects to continue to be profitable in FY2007.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

| | |
|------------------|---|
| Name of Dividend | Interim Bonus |
| Dividend Type | Cash |
| Dividend Rate | 8.537 cents per ordinary share (less tax) |
| Tax Rate | 18% |

| | |
|------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Rate | 1.6 cents per ordinary share (less tax) |
| Tax Rate | 18% |

(b) Corresponding Period of the Immediately Preceding Financial Year

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

| | |
|------------------|---|
| Name of Dividend | Final |
| Dividend Type | Cash |
| Dividend Rate | 0.8 cents per ordinary share (less tax) |
| Tax Rate | 20% |

(c) Date payable

| | | |
|------------------|----------------|---------------|
| Name of Dividend | Interim Bonus | Final |
| Date payable | 27 March 2007* | To be advised |

* As announced on 5 February 2007.

(d) Books closure date

| | | |
|--------------------|-------------------|---------------|
| Name of Dividend | Interim Bonus | Final |
| Books closure date | 15 February 2007* | To be advised |

* As announced on 5 February 2007.

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

NA

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. **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.**

| | Trading | | Manufacturing /Design | | Marine Logistics | | Corporate /Others | | Elimination | | CONSOLIDATED | |
|--|---------------|---------------|-----------------------|---------------|------------------|----------|-------------------|--------------|----------------|----------------|----------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| REVENUE | | | | | | | | | | | | |
| External sales | 94,431 | 83,700 | 17,958 | 7,167 | 37,918 | - | 38 | 30 | - | - | 150,345 | 90,897 |
| Inter-segment sales | 706 | - | 5,899 | 5,525 | - | - | 3,233 | 1,963 | (9,838) | (7,488) | | - |
| Total revenue | 95,137 | 83,700 | 23,857 | 12,692 | 37,918 | - | 3,271 | 1,993 | (9,838) | (7,488) | 150,345 | 90,897 |
| RESULT | | | | | | | | | | | | |
| Segment result | 6,523 | 5,206 | 3,701 | 261 | 7,128 | (62) | 26,896 | (405) | (27,967) | 395 | 16,281 | 5,395 |
| Interest income | | | | | | | | | | | 1,133 | 868 |
| Finance cost | | | | | | | | | | | (2,519) | (1,295) |
| Gain on disposal of investment | | | | | | | | | | | - | 417 |
| Loss on disposal of investment in a subsidiary company | | | | | | | | | | | (1) | - |
| Loss on partial sale of interest in a subsidiary company | | | | | | | | | | | (16) | (54) |
| Share of results of unconsolidated associates | | | | | | | | | | | 468 | 1,185 |
| Profit before taxation | | | | | | | | | | | 15,346 | 6,516 |
| Tax expense | | | | | | | | | | | (2,813) | (1,348) |
| Profit for the year | | | | | | | | | | | 12,533 | 5,168 |

13.

| China | Indonesia | Malaysia | Singapore | Thailand | USA | UK | Others | Elimination | Total |
|---------|-----------|----------|-----------|----------|---------|---------|---------|-------------|---------|
| 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 | 2006 |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |

REVENUE

| | | | | | | | | | | |
|----------------------------|--------|--------|--------|--------|-------|-------|--------|--------|----------|---------|
| External sales | 21,190 | 54,193 | 13,656 | 19,445 | 8,423 | 7,615 | 12,229 | 13,594 | - | 150,345 |
| Inter-segment sales | 4 | 303 | - | 13,121 | 1,071 | 965 | 139 | - | (15,603) | - |
| Total revenue | 21,194 | 54,496 | 13,656 | 32,566 | 9,494 | 8,580 | 12,368 | 13,594 | (15,603) | 150,345 |

| China | Indonesia | Malaysia | Singapore | Thailand | USA | UK | Others | Elimination | Total |
|---------|-----------|----------|-----------|----------|---------|---------|---------|-------------|---------|
| 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 | 2005 |
| S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |

Segment Revenue

| | | | | | | | | | | |
|----------------------------|--------|--------|-------|--------|-------|-------|-------|--------|---------|--------|
| External sales | 13,103 | 24,428 | 3,826 | 21,078 | 8,017 | 3,886 | 1,661 | 14,898 | - | 90,897 |
| Inter-segment sales | 2,237 | - | - | 5,566 | 1,035 | 729 | - | 12 | (9,579) | - |
| Total revenue | 15,340 | 24,428 | 3,826 | 26,644 | 9,052 | 4,615 | 1,661 | 14,910 | (9,579) | 90,897 |

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

NA

15. A breakdown of sales.

| | <-----Group-----> | | |
|---|-------------------|--------|---------|
| | S\$ ' 000 | | % |
| | 2006 | 2005 | Change |
| Sales reported for the first half year | 58,968 | 37,160 | 58.69% |
| Operating profit/loss after tax before deducting minority interests reported for the first half year | 6,159 | 2,495 | 146.85% |
| Sales reported for the second half year | 91,377 | 53,737 | 70.04% |
| Operating profit/loss after tax before deducting minority interests reported for the second half year | 6,374 | 2,673 | 138.46% |

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

| | Latest Full Year (S\$) | Previous Full Year (S\$) |
|------------|------------------------|--------------------------|
| Ordinary | 20,587,386 | 1,407,950 |
| Preference | - | - |
| Total: | 20,587,386 | 1,407,950 |

BY ORDER OF THE BOARD

Chng Geok
Company Secretary
27 February 2007