



Federal International (2000) Ltd
(Co. Reg. No. 199907113K)
47 Genting Road
Singapore 349489

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING
LIMITED (THE "SGX-ST")**

The Board of Directors (the "**Board**") of Federal International (2000) Ltd (the "**Company**", together with its subsidiaries, the "**Group**") would like to provide the following information in response to the queries from the SGX-ST.

Query 1:

Please provide a breakdown of Trade and other payables as at both 31 March 2019 and 31 December 2018 and explain the decrease of S\$2,754,000 in Trade and other payables with reference to the breakdown.

Company's response:

Breakdown of Trade and Other Payables are as follows:

	<u>Group</u>		
	31-Mar-19	31-Dec-18	Variance
	\$'000	\$'000	\$'000
Trade payables	5,480	8,233	(2,753) (i)
Other payables	10,006	10,007	(1)
Total	<u>15,486</u>	<u>18,240</u>	<u>(2,754)</u>

- (i) Decrease in trade payables was mainly attributable to payments to suppliers for purchase of materials that were due in 1Q2019.

Query 2:

Please provide the aging of the Trade Receivables.

Company's response:

An analysis of the Trade Receivables aging as at 31 March 2019 is as follows:

	<u>Group</u>
	31-Mar-19
	\$'000
Trade receivables that are not past due	6,638
Trade receivables that are past due:	
Less than 30 days	4,880
30 to 60 days	987
61 to 90 days	1,902
91 to 120 days	421
More than 120 days	14,447
Total trade receivable as at 31 March 2019	<u>29,275</u>
Less: allowance for impairment	(2,383)
Net Trade receivables	<u><u>26,892</u></u>

Query 3:

Please provide the breakdown and nature of the other receivables, whether the Board has performed an impairment assessment of other receivables and the results of such an assessment.

Company's response:

Breakdown of Other Receivable as at 31 March 2019 is as follows:

	<u>Group</u>
	31-Mar-19
	\$'000
<u>Other receivables (non-current)</u>	
Deposit	76
Loan to a shareholder of an investee company	13,022 (i)
	<u>13,098</u>
<u>Other receivables (current)</u>	
Amount due from an investee company	4,537 (ii)
Recoverable	165
Sundry debtors	509
	<u>5,211</u>

(i) The loan is secured by that shareholder's shares of the investee company. The Group has assessed the impairment of the loan to that shareholder of the investee company using the

expected credit loss model by reference to the financial position of the investee company as at 31 March 2019 and is of the opinion that there is no loss allowance required as at 31 March 2019.

- (ii) Amount due from that investee company is non-trade in nature and unsecured. The Group has assessed the impairment using the expected credit loss model by reference to the financial position of the investee company as at 31 March 2019 and is of the opinion that there is no loss allowance required as at 31 March 2019.

Query 4:

Please provide the Board's assessment on the recoverability of the Group's trade and other receivables and the bases for such an assessment.

Company's response:

The Group has assessed the recoverability of its trade and other receivables balances individually and collectively based on the age of debts and other factors to identify any expected credit losses. Receivables that are individually determined to be impaired as at 31 March 2019 are related to debtors that are in significant financial difficulties and are not able to meet their debt obligations.

The Board is of the view that the carrying value of these receivables represent the recoverable amount and no further impairment is required as at 31 March 2019.

By order of the Board

Mr Koh Kian Kiong
Executive Chairman and Chief Executive Officer
17 May 2019

About Federal International (2000) Ltd

Established in 1974 and listed on the mainboard of the Singapore Stock Exchange in 2000, Federal International (2000) Limited ("Federal" and together with its subsidiaries, the "Group"), is an integrated service provider and procurement specialist in the oil and gas, and energy industries. The Group's main trading business contributes over 90% of total turnover. The Group's strategy for sustainable growth of the trading business is through forming strategic partnerships. One such partnership is with PT Gunanusa Utama Fabricators ("PTG"). PTG is an established EPCIC contractor and its customers include oil majors such as TOTAL, Petronas, ONGC, Pertamina and PTTEP. The Group provides procurement services to PTG for the projects secured by PTG.

In addition, the Group has a design and manufacturing facility located in Scotland, the United Kingdom. The facility is American Petroleum Institute (API) Q1, Spec 6D, ISO 9001:2015 and Pressure Equipment Directive 97/23/EC (PED) certified. Products manufactured also meet the Safety Integrity Level (SIL) Qualification independently certified by Exida. The Group also owns a floating, storage and offloading ("FSO") vessel through its 30% interest in an associate. The FSO is chartered to PT Pertamina Hulu Energi OSES. The Group has a 1,200 HP American built land drilling rig. The Group also operates an industrial water plant in the People's Republic of China under a 30-year Build, Operate and Transfer agreement with the local Xinjin County government.