



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

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

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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 on 6 September 2020 in respect of the Company's financial statements for the half year ended 30 June 2020.

**Query 1:**

Please provide the aging of the trade receivables as at 30 June 2020, the Board's assessment on the recoverability of the Group's trade receivables and the bases for such an assessment.

**Company's response:**

Breakdown of trade receivables as at 30 June 2020 is as follows:

	<b>Group</b> <b>30 Jun</b> <b>2020</b> <b>\$'000</b>
Trade receivables that are not past due	2,573
Trade receivables that are past due:	
Less than 30 days	615
30 to 60 days	1,462
61 to 90 days	1,760
91 to 120 days	3,525
More than 120 days	20,268
Total trade receivables as at 30 Jun 2020	<u>30,203</u>
Less: allowance for impairment	(5,240)
<b>Trade receivables as at 30 Jun 2020, net</b>	<u><u>24,963</u></u>

The Group has assessed the recoverability of its trade receivables balances individually and collectively based on the age of those debts to identify any expected credit losses. Receivables that are individually determined to be impaired as at 30 June 2020 are related to debtors that are in significant financial difficulties and are not able to meet its debt obligations.

The Board is of the view that the carrying value of the receivables represents the recoverable amount and no further impairment is required as at 30 June 2020.



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**Query 2:**

Please provide the breakdown for trade payables for the comparative periods, and provide explanations for the material variances in each of the line items included in the breakdown.

**Company's response:**

Trade payables as at 30 June 2020 and 31 December 2019 are as follows:

	<b><u>Group</u></b>		
	<b>30 Jun 2020</b>	<b>31 Dec 2019</b>	<b>Variance</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade payables	5,179	7,285	(2,106)

Decrease in trade payables was mainly attributable to payments to suppliers for the supply of ship scrubbers that were due in first half of FY2020 ("1H2020"). The disruption of supply brought about by the Covid-19 pandemic also contributed to lower China trading activities in the later part of 1H2020.

**Query 3:**

Please provide an explanation for the increase of 168.8% of Contract liabilities as at 30 June 2020 as compared to 31 December 19.

**Company's response:**

Higher contract liabilities as at 30 June 2020 as compared to 31 December 2019 was mainly attributable to more advance payments received from customers in China for deliveries of goods after 30 June 2020.

**Query 4:**

Please provide further details of the non-current term loans, and provide an explanation for the increase of 79.8% of non-current term loans as at 30 June 2020 as compared to 31 December 2019.

**Company's response:**

Increase in non-current term loans as at 30 June 2020 was mainly due to a drawdown of \$5 million Temporary Bridging Loan under Enterprise Singapore's Temporary Bridging Loan Programme (with a repayment tenure of 5 years).

By order of the Board

Mr Koh Kian Kiong  
Executive Chairman and Chief Executive Officer  
Date: 8 September 2020

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**Federal International (Bloomberg Code: FEDI SP)**

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.