



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

**Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2022**

12 August 2022

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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	Note	Group		Changes
		6 Months Ended		
		30.06.2022	30.06.2021	
		S\$'000	S\$'000	%
INCOME STATEMENT				
Revenue	5	91,135	28,820	216.2
Cost of sales		(79,517)	(22,761)	249.4
Gross profit		11,618	6,059	91.7
Gross profit margin		12.7%	21.0%	
Other income		552	886	(37.7)
Selling and distribution costs		(2,591)	(2,613)	(0.8)
Administrative and general costs		(4,675)	(4,226)	10.6
Other operating expenses		(1,765)	(402)	N.M.
Net impairment loss on financial assets		(478)	(286)	67.1
Finance costs		(672)	(585)	14.9
Share of results of associates		698	475	46.9
Profit/(loss) before tax	6	2,687	(692)	N.M.
Income tax expense	7	(257)	(397)	(35.3)
Profit/(loss) net of tax		2,430	(1,089)	N.M.
Attributable to:				
Owners of the Company		2,536	(1,050)	N.M.
Non-controlling interests		(106)	(39)	171.8
		2,430	(1,089)	N.M.
Earnings/(loss) per share attributable to owners of the Company (cents per share)	8			
Basic		1.80	(0.75)	
Diluted		1.80	(0.75)	

N.M. – Not Meaningful

	Group		
	6 Months Ended		Changes
	30.06.2022	30.06.2021	
	S\$'000	S\$'000	%
Profit/(loss) net of tax	2,430	(1,089)	N.M.
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation	(5)	(33)	(84.8)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation	521	185	181.6
Share of other comprehensive income of associates	70	40	75.0
Foreign currency translation on loss of control of subsidiary reclassified to profit or loss	1,211	–	N.M.
Other comprehensive income for the period, net of tax	1,797	192	N.M.
Total comprehensive income/(loss) for the period	4,227	(897)	N.M.
Total comprehensive income/(loss) attributable to:			
Owners of the Company	3,854	(825)	N.M.
Non-controlling interests	373	(72)	N.M.
	4,227	(897)	N.M.

N.M. – Not Meaningful

	Note	Group		Company	
		As At 30.06.2022	As At 31.12.2021	As At 30.06.2022	As At 31.12.2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	10	10,918	11,405	8	9
Right-of-use assets		3,004	3,095	–	–
Investment properties	11	17,830	17,900	–	–
Investment in subsidiaries	12	–	–	70,288	70,949
Investment in associates		9,746	8,978	732	732
Intangible assets	13	477	545	–	–
Financial assets at fair value through other comprehensive income (“FVOCI”)	14	381	381	381	381
Other receivables	15	11,112	11,112	11,022	11,022
Deferred tax assets		2,292	2,328	–	–
		55,760	55,744	82,431	83,093
Current assets					
Inventories		10,128	11,519	–	–
Trade receivables	16	50,825	36,571	–	–
Other receivables		3,053	2,131	1,234	234
Advance payment to suppliers		8,437	4,964	–	–
Prepayments		382	517	11	16
Deposits		30	30	4	4
Amounts due from subsidiaries		–	–	3,855	3,478
Amounts due from associates		2,640	2,898	–	–
Amount due from a related party		–	200	–	–
Fixed and bank deposits		22	103	–	–
Cash and bank balances		13,695	11,387	360	621
		89,212	70,320	5,464	4,353
Current liabilities					
Trade payables		17,555	15,934	–	–
Other payables		4,656	4,238	488	523
Contract liabilities		7,818	18,917	–	–
Amounts due to subsidiaries		–	–	882	871
Amount due to an associate		2	–	–	–
Amounts due to related parties		1,886	2,184	–	–
Amounts due to banks	17	33,583	7,225	–	–
Term loans	17	7,026	7,418	–	–
Lease liabilities		198	205	–	–
Provision for taxation		313	391	–	–
		73,037	56,512	1,370	1,394
Net current assets		16,175	13,808	4,094	2,959
Non-current liabilities					
Amounts due to subsidiaries		–	–	8,656	8,402
Term loans	17	3,036	4,327	–	–
Provision for post-employment benefits		165	167	–	–
Lease liabilities		3,045	3,108	–	–
Deferred tax liabilities		1,153	1,157	99	99
		7,399	8,759	8,755	8,501
Net assets		64,536	60,793	77,770	77,551

	Note	Group		Company	
		As At 30.06.2022	As At 31.12.2021	As At 30.06.2022	As At 31.12.2021
		S\$'000	S\$'000	S\$'000	S\$'000
Equity					
Share capital	18	144,099	144,099	144,099	144,099
Treasury shares	18	(25)	(25)	(25)	(25)
Foreign currency translation reserve		(1,796)	(3,114)	–	–
Capital reserve		5	5	–	–
Revaluation reserve		18,993	18,993	–	–
Other reserves		(1,133)	(1,133)	(157)	(157)
Accumulated losses		(76,266)	(78,802)	(66,147)	(66,366)
Equity attributable to owners of the Company		83,877	80,023	77,770	77,551
Non-controlling interests		(19,341)	(19,230)	–	–
Total equity		64,536	60,793	77,770	77,551

Federal International (2000) Ltd and its Subsidiaries
Condensed Interim Statements of Changes in Equity

GROUP	← Attributable to owners of the Company →							Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury 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			
Balance at 01.01.2022	144,099	(25)	(78,802)	(3,114)	5	18,993	(1,133)	80,023	(19,230)	60,793
Profit net of tax	-	-	2,536	-	-	-	-	2,536	(106)	2,430
Other comprehensive income/(loss):										
Items that will not be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	-	-	-	-	-	-	(5)	(5)
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	-	521	-	-	-	521	-	521
Share of other comprehensive income of associates	-	-	-	70	-	-	-	70	-	70
Foreign currency translation on loss of control of subsidiary reclassified to profit or loss	-	-	-	727	-	-	-	727	484	1,211
Total comprehensive income for the period	-	-	2,536	1,318	-	-	-	3,854	373	4,227
Disposal of a subsidiary company	-	-	-	-	-	-	-	-	(484)	(484)
Balance at 30.06.2022	144,099	(25)	(76,266)	(1,796)	5	18,993	(1,133)	83,877	(19,341)	64,536
Balance at 01.01.2021	144,099	(25)	(79,136)	(4,357)	5	18,409	(1,133)	77,862	(15,707)	62,155
Loss net of tax	-	-	(1,050)	-	-	-	-	(1,050)	(39)	(1,089)
Other comprehensive income/(loss):										
Items that will not be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	-	-	-	-	-	-	(33)	(33)
Items that are or may be reclassified subsequently to profit or loss:										
Foreign currency translation	-	-	-	185	-	-	-	185	-	185
Share of other comprehensive income of associates	-	-	-	40	-	-	-	40	-	40
Total comprehensive income/(loss) for the period	-	-	(1,050)	225	-	-	-	(825)	(72)	(897)
Balance at 30.06.2021	144,099	(25)	(80,186)	(4,132)	5	18,409	(1,133)	77,037	(15,779)	61,258

The Company	Share capital	Treasury shares	Accumulated losses	Other reserves	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 01.01.2022	144,099	(25)	(66,366)	(157)	77,551
Profit for the period	–	–	219	–	219
Total comprehensive income for the period	–	–	219	–	219
Balance at 30.06.2022	144,099	(25)	(66,147)	(157)	77,770
Balance at 01.01.2021	144,099	(25)	(67,176)	(157)	76,741
Profit for the period	–	–	283	–	283
Total comprehensive income for the period	–	–	283	–	283
Balance at 30.06.2021	144,099	(25)	(66,893)	(157)	77,024

	Group	
	For 6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit/(loss) before tax	2,687	(692)
<u>Adjustments for:</u>		
Allowance for slow moving inventories	369	310
Amortisation of intangible assets	68	68
Bad debts recovered	–	(96)
Depreciation of property, plant and equipment	832	981
Depreciation of right-of-use assets	116	137
Fair value loss on investment properties	70	–
Impairment loss on receivables (current)	576	291
Implicit interest income	(2)	(2)
Interest expense	672	585
Interest income	(47)	(49)
Loss/(gain) on disposal of property, plant and equipment, net	3	(1)
Loss on disposal of a subsidiary	727	–
Share of results of associates	(698)	(475)
Writeback of impairment loss on receivables (current)	(98)	(5)
Foreign currency exchange loss/(gain)	271	(69)
Operating cash flows before changes in working capital	5,546	983
<u>(Increase)/decrease in:</u>		
Inventories	908	5,661
Trade and other receivables	(26,162)	8,671
Advance payment to suppliers	(3,489)	(956)
Prepayments	(58)	15
Amounts due from associates	(1)	1
<u>(Decrease)/increase in:</u>		
Trade and other payables	2,059	(3,548)
Contract liabilities	288	280
Amount due to an associate	2	–
Amounts due to related parties	(253)	(63)
Provision for post-employment benefits	(2)	(46)
Cash flows (used in)/generated from operations	(21,162)	10,998
Bad debts recovered received	369	96
Income taxes paid	(336)	(126)
Interest income received	39	195
Net cash (used in)/generated from operating activities	(21,090)	11,163
Cash flows from investing activities:		
Interest income received	5	2
Loan to an investee company	(555)	(198)
Proceeds from disposal of property, plant and equipment	4	1
Purchase of property, plant and equipment	(210)	(39)
Repayment of loan from an associate	339	–
Net cash used in investing activities	(417)	(234)

	Group	
	For 6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Cash flows from financing activities:		
Interest expense paid	(496)	(543)
Interest expense paid (amount owing to a related party)	(34)	-
Decrease in pledged deposits	83	-
(Repayments of)/proceeds from bank overdrafts	(486)	763
Drawdown of term loans	-	607
Repayments of term loans	(1,646)	(2,356)
Drawdown of trust receipts	62,348	12,491
Repayments of trust receipts	(35,976)	(23,147)
Repayments of lease liabilities - principal	(92)	(104)
Repayments of lease liabilities - interest	(89)	(93)
Net cash generated from/ (used in) financing activities	23,612	(12,382)
Net increase/(decrease) in cash and cash equivalents	2,105	(1,453)
Effect of exchange rate changes on cash and cash equivalents	203	80
Cash and cash equivalents at beginning of period	11,387	6,844
Cash and cash equivalents at end of the period	13,695	5,471

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of financial period:

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Cash and cash equivalents at the end of the period:		
Cash and bank balances and fixed and bank deposits	13,717	6,919
Less: Bank deposits pledged	(22)	(1,448)
Cash and cash equivalents	13,695	5,471

1. Corporate information

Federal International (2000) Ltd (the “**Company**”) is a limited liability company incorporated and domiciled in Singapore and is listed on the mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (**S\$’000**) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group does not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

The adoption of the new standards that are effective on 1 January 2022 did not result in any substantial change to the Group’s and the Company’s accounting policies or have any significant impact on the condensed interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The critical judgements made by management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has six reportable operating segments as follows:

- I. Trading segment is a supply of assembly and distribution of flowline control products, distribution of oilfield drilling equipment for use on onshore and offshore rigs and drilling platforms, provision of complete fire protection and detection systems, as well as electrical products for the marine, coal mining, oil and gas, petrochemical and pharmaceutical industries. In these respects, the Group offers products and related services in the areas of oil and gas, power, petrochemical and pharmaceutical industries.
- II. Manufacturing/Design/Research and Development segment is involved in research, development, design and manufacture of flowline control products, high pressure and temperature valves and related oilfield products.
- III. Marine Logistics segment is in the business of chartering of vessels to the offshore oil and gas and other related industries.
- IV. Energy and Utilities segment is involved in procurement and construction projects of waste water treatment facility and provision of wastewater treatment services to the end-users.
- V. Resources segment is in the business of sales and mining of coal and other natural resources.
- VI. Corporate and Others segment is involved in Group level corporate services and treasury functions and operating and maintenance of oil and gas facility services.

Geographical Information

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. Others include countries such as Malaysia, Philippines, United Kingdom, etc.

Non-current assets consist of property, plant and equipment, investment properties, right-of-use assets, investment in associates and intangible asset as presented in the Group's statement of financial positions.

4. Segment information (cont'd)

4.1 Business segments

Analysis by Business segments	Trading		Manufacturing/ Design/Research and Development		Marine Logistics		Energy and Utilities		Resources		Corporate / Others		Elimination		Group	
	6 Months Ended															
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Revenue:																
External customers	88,696	27,180	1,139	768	-	-	1,300	872	-	-	-	-	-	-	91,135	28,820
Intersegment sales	30	11	75	126	-	-	-	-	-	-	1,380	1,440	(1,485)	(1,577)	-	-
Total revenue	88,726	27,191	1,214	894	-	-	1,300	872	-	-	1,380	1,440	(1,485)	(1,577)	91,135	28,820
Result:	6,405	1,231	(87)	(33)	880	859	(101)	(23)	(18)	(343)	498	(384)	(3,101)	(196)	4,476	1,111
Depreciation & amortisation	(468)	(693)	(66)	(75)	-	-	(2)	(2)	-	-	(504)	(507)	24	91	(1,016)	(1,186)
Other non-cash income/(expense)	(837)	(548)	(11)	(10)	-	-	-	-	-	-	-	-	-	-	(848)	(558)
Finance costs	(784)	(690)	(13)	(16)	-	-	-	-	-	-	-	-	125	121	(672)	(585)
Interest income															49	51
Share of results of associates															698	475
Profit/(loss) before tax															2,687	(692)
Income tax expense															(257)	(397)
Profit/(loss) net of tax															2,430	(1,089)

Federal International (2000) Ltd and its Subsidiaries
Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4. Segment information (cont'd)

4.1 Business segments (cont'd)

Analysis by Business Segments	Trading		Manufacturing/ Design/ Research and Development		Marine Logistics		Energy and Utilities		Resources		Corporate/Others		Elimination		Group	
	6 Months Ended															
	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
SS'000																
Assets:	147,484	105,635	2,332	2,310	3,616	13,362	4,688	4,459	-	-	89,130	96,855	(114,316)	(129,954)	132,934	92,667
Investment in associates	-	-	-	-	8,564	7,047	-	-	-	-	1,182	1,391	-	-	9,746	8,438
Unallocated assets															2,292	2,076
Total assets															144,972	103,181
Liabilities:	(112,453)	(74,745)	(6,396)	(6,513)	(87,827)	(86,450)	(12,900)	(12,768)	(54,749)	(54,023)	(45,725)	(53,685)	241,080	248,569	(78,970)	(39,615)
Unallocated liabilities															(1,466)	(2,308)
Total liabilities															(80,436)	(41,923)
Other segment information:																
Additions to non-current assets:																
- PPE ⁽¹⁾	390	15	3	22	-	-	4	2	-	-	-	-	-	-	397	39
- ROU assets ⁽²⁾	70	6	-	-	-	-	-	-	-	-	-	-	-	-	70	6

⁽¹⁾ Properties, plant and equipment

⁽²⁾ Rights-of-use assets

4. Segment information (cont'd)

4.2 Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

Analysis by Geographical Segments	Revenue		Non-current Assets	
	6 Months Ended			
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Indonesia	75,627	1,151	10,114	9,581
Japan	17	52	1,182	1,391
People's Republic of China	5,418	6,765	17	17
Singapore	4,524	5,467	30,256	28,700
Thailand	1,791	13,079	–	–
Vietnam	929	623	–	–
Others ⁽¹⁾	2,829	1,683	406	540
	91,135	28,820	41,975	40,229

⁽¹⁾ Others include countries such as Malaysia, Philippines, United Kingdom, etc.

5. Revenue

	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
<u>Point in time</u>		
Sale of products	90,141	28,427
<u>Overtime</u>		
Service concession income	183	287
Provision of wastewater treatment services	811	106
	91,135	28,820

Sale of products include trading of flowline control products, fire detection and protection systems, and environmental protection system.

6. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Other income		
Foreign currency exchange gain	25	–
Gain on disposal of property, plant and equipment	–	1
Implicit interest income	2	2
Interest income	47	49
Other rental income	18	108
Rental income from investment properties	213	123
Grant income	–	291
Sundry income	247	312
	552	886
Other operating expenses		
Allowance for slow moving inventories	(369)	(310)
Bad debts recovered	–	96
Fair value loss on investment properties	(70)	–
Foreign currency exchange loss	–	(118)
Inventories written off	(2)	(58)
Loss on disposal of subsidiary	(727)	–
Loss on disposal of property, plant and equipment	(3)	–
Other expenses	(594)	(12)
	(1,765)	(402)
Selling and distribution costs		
Depreciation of property, plant and equipment	(20)	(13)
Administrative and general costs		
Amortisation of intangible assets	(68)	(68)
Depreciation of property, plant and equipment	(812)	(968)
Depreciation of right-of-use assets	(116)	(137)
Net impairment loss on financial assets		
Impairment loss on receivables (current)	(576)	(291)
Write back of impairment loss on receivables (current)	98	5
	(478)	(286)
Finance costs		
Interest expense on:		
- Bank overdrafts	(78)	(93)
- Term loans	(186)	(259)
- Trust receipts	(288)	(140)
- Lease liabilities	(89)	(93)
- Amount owing to a related party	(31)	–
	(672)	(585)

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Current income tax		
- Current income taxation	258	–
- Under provision in respect of previous years	–	385
	258	385
Deferred income tax		
- Origination and reversal of temporary differences	(1)	12
	(1)	12
Income tax expense recognised in income statement	257	397

8. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing profit/(loss) net of tax attributable to owners of the Company by the weighted average number of ordinary shares on issue (excluding treasury shares) during the financial period.

As at 30 June 2022 and 30 June 2021, diluted earnings/(loss) per share is similar to basic earnings/(loss) per share as there were no potential dilutive ordinary shares.

The following tables reflect the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the financial period ended 30 June:

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Profit/(loss) net of tax attributable to owners of the Company used in the computation of earnings/(loss) per share	2,536	(1,050)
	Number of shares	
	'000	'000
Weighted average number of ordinary shares on issue (excluding treasury shares) for earnings/(loss) per share computation	140,667	140,667

9. Related party transactions

(a) Other related party transactions

In addition to those related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Advances from a director of the Company	–	20
Rental paid to a director of certain subsidiaries	(19)	(19)
Sales of goods and services to an associate	1	–
Purchases of goods and services from an associate	(2)	–
Repayment of loan from an associate	339	–
Repayments of amount due to a director of certain subsidiaries	(253)	(83)
Repayment of amount due from a director of certain subsidiaries	200	–
Secretarial and professional fee to director-related firms ⁽¹⁾	(38)	(13)

⁽¹⁾ During the current financial period, secretarial and professional services were provided by entities where two of the independent directors of the Company are also the director of the secretarial and professional entities. Approximately \$1,000 (31 December 2021: \$3,000) was outstanding at the end of current financial period.

(b) Compensation of key management personnel

	Group	
	6 Months Ended	
	30.06.2022	30.06.2021
	S\$'000	S\$'000
Directors' fees	92	95
Short-term employee benefits	872	785
Defined contributions	30	39
Other short-term benefits	33	28
Total compensation paid to key management personnel	1,027	947
Comprise of amounts paid to:		
Directors of the Company	551	616
Other key management personnel	476	331
	1,027	947

10. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$397,000 (30 June 2021: S\$39,000) and disposed of assets amounting to net book value of S\$7,000 (30 June 2021: S\$Nil).

10. Property, plant and equipment (cont'd)

10.1. Revaluation of leasehold building

Leasehold building relates to a single-storey detached factory situated at 12 Chin Bee Drive on leasehold land of 7,146.3 square metres. The lease tenure of the leasehold land is 30 years effective October 2013.

The fair value of the Group's leasehold building was determined based on the properties' highest and best use by an external valuer using direct comparison with recent transactions of comparable properties within the vicinity at 31 December 2021. Adjustments were made for differences in location, land area, floor area, floor loading, ceiling height, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value, with consideration on the impact of COVID-19 pandemic. Management assessed and concluded that the fair value of the Group's leasehold building as at 30 June 2022 has not changed significantly since 31 December 2021.

The fair value measurement is categorised under Level 3 of the fair value hierarchy.

The Group's leasehold building with carrying amount of S\$8,502,000 (31 December 2021: S\$8,700,000) are mortgaged to secure banking facilities and bank loans of certain subsidiaries (Note 17).

11. Investment properties

	Group S\$'000
At 31 December 2021	
Carrying amount	17,900
6 months ended 30 June 2022	
Opening carrying amount	17,900
Fair value loss recognised in income statement	(70)
Closing carrying amount	17,830

The investment properties are mortgaged to secure banking facilities and bank loans (Note 17).

11.1 Fair value of investment properties

Investment properties held by the Group relate to freehold land and buildings, consisting of two 3-storey terrace factories situated at 47 and 49 Genting Road on freehold land of 810.9 square metres ("**Genting properties**") and leasehold building, consisting of a single-storey factory situated at 11 Tuas Avenue 1 on a leasehold land area of 4,701.4 square metres ("**Tuas property**"). The lease tenure of the leasehold land is 22 years effective November 2012.

The fair values of the Group's investment properties were determined based on the properties' highest and best use by an external valuer using market comparison approach at 31 December 2021.

For market comparison approach, fair value was computed using recent transactions of comparable properties, prevailing market condition and underlying economic factors which may influence the trend of the market values, with consideration on the impact of COVID-19 pandemic.

Management assessed and concluded that the fair values of the Group's investment properties relating to Genting properties as at 30 June 2022 have not changed significantly since 31 December 2021. The fair value measurement of Genting properties is categorised under Level 3 of the fair value hierarchy.

11. Investment properties (cont'd)

11.1 Fair value of investment properties (cont'd)

On 3 January 2022, the Company's wholly-owned subsidiary, Federal Hardware Engineering Co Pte Ltd, has entered into a sales and purchase agreement ("**SPA**") with an independent third party for the sale of Tuas property. During the financial period, a fair value loss of S\$70,000 was recognised for investment property relating to Tuas property with reference to the consideration of S\$4,030,000 in the SPA. The fair value measurement of Tuas property is categorised under Level 2 of the fair value hierarchy.

12. Investment in subsidiaries

12.1 Disposal of subsidiaries

- (a) Federal Capital Pte. Ltd, a wholly-owned subsidiary of the Group, was struck off from the Register of Companies during the financial period. The disposal has no effect on the financial position of the Group.
- (b) Federal Offshore Services Pte. Ltd., a 60%-owned subsidiary of the Group, was struck off from the Register of Companies during the financial period. The effect of the disposal on the financial position of the Group is as follows:

	Group 30.06.2022 S\$'000
Net assets derecognised	–
Consideration received, satisfied in cash	–
Cash and cash equivalents disposed of	–
Net cash inflow	–
Loss on disposal:	
Consideration received	–
Net assets derecognised	–
Cumulative foreign currency translation on loss of control of subsidiary reclassified to profit or loss	(1,211)
	(1,211)
Non-controlling interest	484
	(727)

12.2 Company level – Impairment review of investment in subsidiaries

During the six months ended 30 June 2022, management performed an impairment review for investment in a subsidiary, Federal Environmental & Energy Pte Ltd. A further impairment loss of S\$851,000 was made to write down the cost of investment to its recoverable amount with reference to the net assets of the subsidiary.

13. Intangible assets

	Group		
	Goodwill	Development costs	Total
	S\$'000	S\$'000	S\$'000
At 31 December 2021			
Cost	1,044	2,061	3,105
Accumulated amortisation and impairment loss [see below (a) and (b)]	(1,044)	(1,516)	(2,560)
Net carrying amount	–	545	545
6 months ended 30 June 2022			
Opening net carrying amount	–	545	545
Amortisation charge	–	(68)	(68)
Closing net carrying amount	–	477	477

(a) Impairment review of goodwill

Goodwill arising from business combinations that was allocated to Manufacturing/Design/Research and Development segment, a single cash-generating unit (“CGU”) which is also a reportable operating segment, has been fully impaired.

(b) Impairment review of development costs

Development costs relate to testing and design development projects/prototypes. Development costs amounting to S\$696,000 relating to the second phase of a developing project has been fully impaired, as the Group expects delay in completing the development due to COVID-19 pandemic.

Management has reviewed and is of the opinion that there is no further indication of impairment since 31 December 2021.

14. Financial assets at fair value through other comprehensive income (“FVOCI”)

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Equity investments designated at FVOCI</i>				
Unquoted equity shares	381	381	381	381

The investments represent investments in unquoted equity shares in 2 companies incorporated in Indonesia, which are not held for trading. Accordingly, management has elected to designate these investments in equity shares at fair value through other comprehensive income. It is the Group’s strategy to hold these investments for long-term purposes.

The fair value of the unquoted equity share is determined by reference to the equity value of an investee company as disclosed in Note 15.

No fair value adjustment was made as at 30 June 2022 (31 December 2021: S\$Nil) based on the fair value of the unquoted equity share. These investments are categorised under Level 3 fair value hierarchy.

15. Other receivables (non-current)

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	90	90	–	–
Loan to a shareholder of an investee company	13,022	13,022	13,022	13,022
Less: impairment loss	(2,000)	(2,000)	(2,000)	(2,000)
	11,112	11,112	11,022	11,022

The loan to a shareholder of an investee company, as disclosed in Note 14, PT Gunanusa Utama Fabrication (“PTG”), is secured by the shareholder’s shares of the investee company, bears interest at 7% (31 December 2021: 7%) per annum and is repayable in December 2023 (31 December 2021: December 2023).

Management assessed the loan to a shareholder of an investee company for impairment using the expected credit loss model and took into consideration the fair value of the pledged shares. No further impairment loss was made as at 30 June 2022 (31 December 2021: S\$Nil) based on the fair value of the pledged shares.

The fair value of the pledged shares is determined by reference to the equity value of the investee company based on valuation performed by an external valuer using income approach.

The valuation using income approach has been determined based on discounted cash flow analysis from forecast provided by the investee company covering a three-year period, with consideration on the impact of COVID-19 pandemic. The weighted average cost of capital applied to the cash flow projection and forecasted growth rate used to extrapolate cash flow projection beyond three-year period are 13.5% (31 December 2021: 12.3%) and 1.7% (31 December 2021: 1.7%) respectively.

16. Trade receivables

The Group’s credit risk exposure in relation to trade receivables under SFRS(I) 9 as at 30 June 2022 and 31 December 2021 are set out in the provision matrix below:

	Weighted average loss rate %	Gross carrying amount S\$'000	Credit loss allowance S\$'000	Net carrying amount S\$'000
Group				
30 June 2022				
Current (not past due)	–	28,758	–	28,758
1 – 120 days past due	1.0	8,132	(79)	8,053
More than 120 days past due ⁽¹⁾	42.2	24,236	(10,222)	14,014
		61,126	(10,301)	50,825
31 December 2021				
Current (not past due)	–	16,694	–	16,694
1 – 120 days past due	0.8	6,418	(52)	6,366
More than 120 days past due	42.3	23,414	(9,903)	13,511
		46,526	(9,955)	36,571

16. Trade receivables (cont'd)

(1) Included in the net carrying amount that are more than 120 days past due as at 30 June 2022 are amount due from PTG amounting to S\$9.0 million (31 December 2021: S\$8.3 million) and retention amount of S\$2.9 million (31 December 2021: S\$2.5 million) from customers in accordance with contract terms. These retention money are expected to be paid upon completion of final documentations.

PTG has secured a significant project of which the Group has undertaken its procurement scope. The Group continues to monitor PTG's financial position and performance on a preiodic basis to manage the Group's overall exposure and its recoverability.

Included in trade receivables is an amount of S\$480,000 (31 December 2021: S\$11.8 million) relating to advance billing issued to customers.

17. Amounts due to banks and Term loans

	Group	
	30.06.2022	31.12.2021
	S\$'000	S\$'000
Amounts due to banks		
<u>Amount repayable within one year or less, or on demand</u>		
Bank overdrafts, secured	2,781	3,270
Trust receipts, secured	30,802	3,955
	33,583	7,225
Term loans		
<u>Amount repayable within one year or less, or on demand</u>		
Term loans, secured	7,026	7,418
<u>Amount repayable after one year</u>		
Term loans, secured	3,036	4,327
Aggregate amounts of Group's borrowings		
<u>Amount repayable within one year or less, or on demand</u>		
Secured	40,609	14,643
<u>Amount repayable after one year</u>		
Secured	3,036	4,327

17.1 Securities

The Group's bank overdrafts, trust receipts and term loans are secured on:

- (i) legal mortgage on the Group's leasehold building (Note 10);
- (ii) legal mortgage on the Group's investment properties (Note 11);
- (iii) corporate guarantee by the Company;
- (iv) Standby Letter of Credit issued by financial institution and guaranteed by related companies;
- (v) personal guarantee and pledge of real property by a director of a subsidiary;
- (vi) charge over the contracts and contract proceeds & first fixed charge over account in respect of certain sales proceeds; and
- (vii) first floating charge over certain receivables of a subsidiary.

18. Share capital and Treasury shares

	Group and Company			
	30.06.2022		31.12.2021	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Share capital				
<i>Issued and fully paid ordinary shares</i>				
Beginning and end of interim period/ financial year	140,767	144,099	140,767	144,099
Treasury shares				
Beginning and end of interim period/ financial year	(100)	(25)	(100)	(25)
Total number of issued shares excluding treasury shares as at end of interim period/ financial year	140,667		140,667	

The Company did not issue any ordinary shares during the 6 months ended 30 June 2022.

The Company did not have any convertible securities as at 30 June 2022 (30 June 2021: Nil).

There was a total of 100,000 treasury shares held as at 30 June 2022 (30 June 2021: 100,000). There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no subsidiary holdings as at 30 June 2022 (30 June 2021: Nil). There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

19. Fair value measurement

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

19. Fair value measurement (cont'd)

The following table shows an analysis of each class of assets measured at fair value at each reporting period:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
30 June 2022				
<u>Group</u>				
<u>Non-financial assets</u>				
Property, plant and equipment - Leasehold building	-	-	8,502	8,502
Investment properties	-	4,030	13,800	17,830
<u>Financial assets at FVOCI</u>				
Unquoted equity shares	-	-	381	381
<u>Company</u>				
<u>Financial assets at FVOCI</u>				
Unquoted equity shares	-	-	381	381
31 December 2021				
<u>Group</u>				
<u>Non-financial assets</u>				
Property, plant and equipment - Leasehold building	-	-	8,700	8,700
Investment properties	-	-	17,900	17,900
<u>Financial assets at FVOCI</u>				
Unquoted equity shares	-	-	381	381
<u>Company</u>				
<u>Financial assets at FVOCI</u>				
Unquoted equity shares	-	-	381	381

20. Categories of Financial assets and financial liabilities

Set out below are the carrying amounts of the Group's and Company's financial assets and financial liabilities as at 30 June 2022 and 31 December 2021:

	Group		Company	
	30.06.2022 S\$'000	31.12.2021 S\$'000	30.06.2022 S\$'000	31.12.2021 S\$'000
Financial assets				
At FVOCI	381	381	381	381
At amortised cost	80,965	64,076	20,368	19,137
At cost	-	-	12,939	12,862
	81,346	64,457	33,688	32,380
Financial liabilities				
At amortised cost	70,559	44,136	1,245	1,285
At cost	-	-	8,656	8,402
	70,559	44,136	9,901	9,687

21. Net Asset Value

	Group		Company	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
	cents	cents	cents	cents
Net asset value per ordinary share	59.63	56.89	55.29	55.13

Net asset value per share is calculated based on the number of ordinary shares on issue (excluding treasury shares) of 140,667,484 as at 30 June 2022 (31 December 2021: 140,667,484).

22. Subsequent events

There are no other known subsequent events which have led to adjustments to this set of interim financial statements.

1. Review

The condensed consolidated statement of financial position of Federal International (2000) Ltd and its subsidiaries as at 30 June 2022 and the related condensed consolidated income statement and other comprehensive income, condensed statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is material uncertainty relating to going concern.

None.

3. 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.**

CONSOLIDATED INCOME STATEMENT

1H2022 versus 1H2021

Revenue

Group revenue of S\$91.1 million was higher than the revenue in 1H2021 of S\$28.8 million. This was mainly attributable to higher sales from the Trading business in relation to an on-going project with PT Gunanusa Utama Fabrication ("**PTG**") in Indonesia, partially offset by lower sales from the Trading businesses in Thailand and China.

Gross profit

Gross profit of S\$11.6 million was higher than 1H2021 of S\$6.1 million, which was in line with the higher sales recorded in 1H2022. However, gross profit margin was lower at 12.7% (1H2021: 21.0%) as a result of lower margin on sales to PTG.

Other income

Other income of S\$552,000 was lower than 1H2021 of S\$886,000 in the absence of grant income of Jobs Support Scheme ("**JSS**") payout of S\$291,000 in 1H2021.

Selling and distribution costs

Selling and distribution costs in 1H2022 were comparable to costs incurred in 1H2021 at S\$2.6 million despite significantly higher revenue contributed by the project with PTG which did not add significant selling costs.

Administrative and general costs

Administrative and general costs of S\$4.7 million (1H2021: S\$4.2 million) were higher mainly due to higher bank charges incurred for project financing and professional fee relating to the recovery of impaired trade receivables in Indonesia.

CONSOLIDATED INCOME STATEMENT (cont'd)

1H2022 versus 1H2021 (cont'd)

Other operating expenses

Other operating expenses of S\$1.8 million were higher than expenses of S\$402,000 in 1H2021. This was mainly due to a loss on disposal of subsidiary of S\$727,000 and higher other expenses of S\$582,000 for vessel related expenses.

Net impairment loss on financial assets

The Group recorded a higher net impairment loss on financial assets of S\$478,000 in 1H2022 (1H2021: S\$286,000).

Finance costs

Finance costs of S\$672,000 were higher than the costs in 1H2021 of S\$585,000, mainly due to higher interest expenses on trust receipts, partially offset by lower term loans interest expenses.

Share of results of associates

Share of results of associates increased by S\$223,000 mainly due to share of better results from an associated company in Japan.

Income tax expense

The Group recorded an income tax expense of S\$257,000 in 1H2022 mainly relating to current income tax provision whereas in 1H2021, the income tax expense of S\$397,000 mainly related to prior years' under provision of current income tax.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP

Equity attributable to owners of the Company

As at 30 June 2022, equity attributable to owners of the Company amounted to S\$83.9 million, which translated to a net asset value per ordinary share of 59.63 cents.

Non-current assets

Non-current assets increased by \$0.1 million to S\$55.8 million (31 December 2021: S\$55.7 million) mainly due to increase in investment in associates of S\$768,000 as a result of share of associates' results for the period.

The above increase was partially offset by: -

- a) decrease in property, plant and equipment of S\$487,000 mainly due to depreciation charge of S\$832,000, partially offset by additions of assets of S\$397,000; and
- b) decrease in intangible assets of S\$68,000 and right-of-use assets of S\$91,000 as a result of amortisation and depreciation charge during the period.

Current assets

Current assets increased by S\$18.9 million to S\$89.2 million (31 December 2021: S\$70.3 million) mainly due to: -

- a) higher trade receivables of S\$14.3 million and advance payment to suppliers of S\$3.4 million in relation to on-going projects;
- b) increase in cash and bank balances of S\$2.3 million.

The above is partially offset by a drop in inventories of S\$1.4 million due to delivery of products to customers and allowance for slow-moving inventories.

STATEMENT OF FINANCIAL POSITION FOR THE GROUP (cont'd)

Current liabilities

Current liabilities increased by S\$16.5 million to S\$73.0 million (31 December 2021: S\$56.5 million) mainly in relation to the on-going projects, which had resulted in an increase in amounts due to banks of S\$26.4 million as a result of net drawdown of trust receipts and higher trade and other payables of S\$2.0 million, partially offset by a decrease in contract liabilities (advance consideration received from customers) of S\$11.1 million.

Non-current liabilities

Non-current liabilities decreased by S\$1.4 million to S\$7.4 million (31 December 2021: S\$8.8 million) mainly due to repayment of term loans of S\$1.3 million.

STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

Non-current assets

Non-current assets decreased by S\$662,000 to S\$82.4 million (31 December 2021: S\$83.1 million) mainly due to an impairment loss of S\$851,000 on investment in a subsidiary.

Current assets

Current assets increased by S\$1.1 million to S\$5.5 million (31 December 2021: S\$4.4 million) mainly attributable to: -

- a) higher other receivables of S\$1.0 million mainly due to loan to an investee company; and
- b) increase in amounts due from subsidiaries of S\$377,000 mainly in relation to management fee income billed to subsidiaries.

The above increase is partially offset by lower cash and bank balances of S\$261,000.

Current liabilities

Current liabilities remained comparable at S\$1.4 million as compared to 31 December 2021.

Non-current liabilities

Non-current liabilities increased by S\$254,000 to S\$8.8 million (31 December 2021: S\$8.5 million) largely attributable to foreign currency translation loss arising from amount due to subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2022, the Group's cash and cash equivalents, excluding bank deposits pledged, amounted to S\$13.7 million. For the six-month period 30 June 2022, operating activities utilised cash of S\$21.1 million, investing activities utilised cash of S\$417,000 and financing activities generated cash of S\$23.6 million. Overall, the Group's cash and cash equivalents had increased by S\$2.1 million for the six-month period ended 30 June 2022.

The net cash used in operating activities mainly related to working capital movement such as an increase in trade and other receivables and advance payment to suppliers. Nevertheless, this was partially offset by positive operating cash flows, an increase in trade and other payables and also a decrease in inventories. The Group continues to control and manage its trade receivable position. The payments from the project with PTG are channelled into a joint account between the Group and PTG, which includes a mandated sweeping mechanism where money is transferred to a bank account of the Group for settlement of project financing facilities utilised by the Group, such as trust receipts.

The net cash used in investing activities was mainly due to loan to an investee company and purchase of property, plant and equipment, partially offset by repayment of loan received from an associate.

The net cash generated from financing activities was mainly due to net drawdown of trust receipts of S\$26.4 million, partially offset by repayments of term loans and bank overdrafts.

- 4. 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.

- 5. 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.**

The shipping and supply chain disruptions continue to pose challenges to the Group's ongoing projects. The Group's procurement project with PT Gunanusa Utama Fabrication is progressing amid these challenges and deliveries will be materially completed in the second half of the year.

The Group continues to work with partners to secure projects in the ASEAN countries where oil and gas upstream segment continues to see increased activities.

- 6. 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.

- 7. 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 as the Group wish to preserve cash for working capital and pursue new opportunities.

- 8. Interested Person Transactions**

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

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

9. 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.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Koh Kian Kiong
Executive Chairman & CEO

Maggie Koh
Executive Director

Singapore
12 August 2022