

FEDERAL INTERNATIONAL (2000) LTD

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

UPDATE ON EASTERN JASON FABRICATION SERVICES PTE. LTD.

The board of directors (the “**Board**”) of Federal International (2000) Limited (the “**Company**”, together with its subsidiaries, referred to as the “**Group**”) wishes to announce that it has been informed that the South Jakarta District Court (the “**Court**”) had ruled against its wholly owned subsidiary, Eastern Jason Fabrication Services Pte. Ltd. (“**EJFS**”) in respect of a lawsuit brought by it against PT Aquamarine Divindo Inspection (“**PT Aquamarine**”) (the “**Dispute**”).

The Dispute was in respect of losses suffered by EJFS due to PT Aquamarine failing to comply with its obligations to EJFS under a mooring installation and hook up agreement (the “**Mooring Agreement**”) entered into on 7 July 2014. PT Aquamarine had contracted to complete the mooring and installation works in relation to the vessel “**FEDERAL II**” in twenty-one days, however, it had failed to properly complete the contracted works.

EJFS filed a claim against PT Aquamarine at the Court on 5 December 2016 for an aggregate sum of US\$7,603,198.45 and S\$131,070.50. The claim was in respect of the additional costs incurred by EJFS as well as the loss of profits and penalties suffered, resulting from PT Aquamarine failing to complete its obligations under the Mooring Agreement.

PT Aquamarine subsequently made a counterclaim against EJFS on 28 December 2016 for a sum of US\$8,277,064.54. The counterclaim was in respect of PT Aquamarine’s additional invoices, loss of interest income, and other unspecified losses. EJFS had been advised by its Indonesian attorneys (the “**Attorneys**”) that the counterclaim was frivolous and vexatious and that it had a strong defense to the counterclaim based on the actions of PT Aquamarine in connection with the Mooring Agreement.

EJFS has now been advised by the Attorneys on the following:

- (i) the Court had issued a verdict on 21 August 2017 in favor of PT Aquamarine for a sum of US\$4,172.950 which is the difference between the aggregate sum of PT Aquamarine's invoices and the monies already paid by EJFS to PT Aquamarine;
- (ii) that prior to the Court delivering its verdict, the Komisi Pemberantasan Korupsi (“**KPK**”), an Indonesia government agency tasked with fighting corruption in Indonesia, had identified two of PT Aquamarine's Indonesian attorneys as suspects in an investigation and detained them. The acting clerk to the Court (the “**Clerk**”) was also detained;
- (iii) there are various print media regarding a KPK investigation involving one of PT Aquamarine's attorneys (the “**PTA Counsel**”) allegedly bribing the Clerk with Rp 425 million to influence the Dispute and both the PTA Counsel and the Clerk being detained by the KPK. In addition to the PTA Counsel, PT Aquamarine's President Director had also been named as a suspect in the same investigation and had been detained; and

- (iv) EJFS has 14 days from 21 August 2017 to register an appeal to the High Court of Indonesia for a re-trial and that EFS has very strong grounds for a successful appeal based on the above irregularities as identified by the KPK.

Accordingly, as advised by the Attorneys, EJFS intends to register an appeal to the High Court of Indonesia for a re-trial and will rigorously pursue its full rights against PT Aquamarine.

The Board will make further announcements on any material developments in connection with this matter as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing with the shares of the Company in relation to this announcement.

BY ORDER OF THE BOARD

Koh Kian Kiong
Executive Chairman & Chief Executive Officer

27 August 2017