



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

REPLY TO SGX QUERIES REGARDING THE COMPANY'S UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FINANCIAL PERIOD ENDED 30 JUNE 2021

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:

In respect of the Group's current Trade receivables and Other receivables of S\$19.3mil and S\$3.8mil respectively, please disclose the following:

- (a) the breakdown of the Group's receivables;
- (b) the breakdown and the nature of the Group's other receivables;
- (c) aging of the Group's other receivables;
- (d) details of the Group's underlying transactions of its other receivables and the terms of the transactions;
- (e) the Company's plans to recover the trade and other receivables;
- (f) whether they are major customers and whether the Company continues to transact with these customer(s);
- (g) how long the debts are outstanding and in which period the sales were reported;
- (h) actions taken to recover the trade and other receivables;
- (i) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and
- (j) the Board's assessment of the recoverability of the remaining trade and other receivables.

Company's response:

- (a) the breakdown of the Group's receivables are as follows;

	Weighted average loss rate %	Gross carrying amount S\$'000	Credit loss allowance S\$'000	Net carrying amount S\$'000
Group				
<u>30 June 2021</u>				
Current (not past due)	1.6	3,553	(57)	3,496
1 – 120 days past due	0.9	4,296	(37)	4,259
More than 120 days past due	46.2	21,461	(9,907)	11,554
		<u>29,310</u>	<u>(10,001)</u>	<u>19,309</u>

- (b) the breakdown and the nature of the Group's other receivables are as follows;

Table 1 – Breakdown of other receivables – Current

As at 30 June 2021	S\$'000	Ageing and underlying transactions
Amount due from an investee company	1,468	Non-trade advances and it includes \$538k which bear interest at 8% per annum and repayable within 12 months.
Goods and Service Tax and Value Added Tax recoverable	1,055	Relates mainly to Value Added Tax recoverable from Indonesia Tax Authority that are more than 120 days old.
Sundry debtors	1,229	Include note receivables of \$710k from a customer in China and various miscellaneous receivables. These are unsecured and non-interest bearing.
	3,752	

- (c) aging of the Group's other receivables

Please refer to Table 1 – Breakdown of other receivables – Current above.

- (d) details of the Group's underlying transactions of its other receivables and the terms of the transactions;

Please refer to Table 1 – Breakdown of other receivables – Current above.

- (e) the Company's plans to recover the trade and other receivables;

The Group continues to engage its customers and manages collections on the agreed terms of payments. For customers affected by the Covid-19 pandemic or financial difficulties, the Group continues to work with established customers on agreed settlement terms after evaluation of each case.

- (f) whether they are major customers and whether the Company continues to transact with these customer(s);

Table 2 – Breakdown of trade receivables that are more than 120 days.

	30 Jun 2021 (S\$m)
Amount due from an Investee company who is also a major customer	8.4
Amount due from Indonesian companies – with agreed repayment plans	1.3
Amount due from a major customer – relates to retention amount in accordance with contract terms and awaits final completion of documentation.	0.9
Others – Include companies that are established customers that continues to trade with the Group with managed credit granted.	1.0
Amounts that were more than 120 days past due	11.6

Included in the amount that are more than 120 days past due is amount due from one major customer PT Gunanusa (PTG) which is also an investee company. Please see Table 2 above.

PTG is a company that provides engineering, procurement, construction, Installation and (EPCIC) oil and gas sector. The Group is an exclusive procurement agent for PTG and the Group continues to transact and support PTG in procurement scope for its EPCIC projects. Each project with PTG is evaluated and risks including collection risk.

- (g) how long the debts are outstanding and in which period the sales were reported;

With regards to the debts that were more than 120 days past due, the significant amount of approximately \$4.0 million were for invoices issued in 2017, approximately \$400k were invoices issued in 2019 and the remaining were invoices issued in 2020 and 2021.

- (h) actions taken to recover the trade and other receivables;

The Group continues to engage its customers and manages collections on the agreed terms of payments. For customers affected by the Covid-19 pandemic the Group continues to work with established customers on agreed settlement terms after evaluation of each case.

The Group has also taken legal actions against companies where no resolution on repayment can be reached.

- (i) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade and other receivables; and

The impairment losses were based on an assessment of collectability from each Debtor.

- (j) the Board's assessment of the recoverability of the remaining trade and other receivables.

The Management has examined the recoverability of trade receivables individually and collectively based on the age of debts to identify any expected credit losses. The Management also estimates the expected credit loss rates for each category of past due status of the trade receivables based on historical credit loss experience. On this basis, the Management has assessed that no impairment is necessary for the remaining trade receivables. The Board has reviewed and accepted Management's analysis and estimates and will continue to have oversight on the progress of the recoverability of the remaining trade receivables.

By order of the Board

Koh Kian Kiong
Executive Chairman and CEO
17 September 2021

About 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 tap water plant in the People's Republic of China under a 30-year Build, Operate and Transfer agreement with the local Xinjin District, Chengdu government.