



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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Federal’s Revenue Surges 137.1% to S\$43.7 million in 2Q2017

- Despite a challenging operating environment in the Offshore Marine sector, Federal’s earnings up 10% to S\$1.2 million in 2Q2017
- Group focused on developing key partnerships to pursue contracts of higher value in the region and to grow the Trading business
- As at 24 July 2017, Group’s order book remained healthy at S\$42.0 million which includes Zawtika 1C project’s procurement

Singapore, 4 August 2017 – Federal International (2000) Limited (“Federal” or the “Group”), an integrated service provider and procurement specialist in the oil and gas, energy, utilities and infrastructure industries, delivered a net profit after tax attributable to shareholders of S\$1.2 million for the three months ended 30 June 2017 (“**2Q2017**”).

Financial Highlights	2Q2017	2Q2016	Chg	1H2017	1H2016	Chg
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	43,727	18,443	137.1	65,178	41,576	56.8
Gross profit	6,304	4,148	52.0	10,847	9,993	8.5
Gross profit margin	14.4%	22.5%	(8.1) ppts	16.6%	24.0%	(7.4) ppts
Other operating income/ (expenses)	(551)	1,205	(145.7)	(1,159)	645	N.M.
Total operating expenses	(4,258)	(4,402)	(3.3)	(8,346)	(9,598)	(13.0)
Net profit after tax attributable to equity holders	1,222	1,109	10.2	1,632	2,433	(32.9)
Basic earnings per share (cents)*	0.87	0.79	10.1	1.16	1.73	(32.9)

Note: N.M. denotes Not Meaningful and ppts denotes Percentage Points

* Based on a weighted average number of 140,767,484 ordinary shares for the 3 months ended 30 June 2017 and 12 months ended 30 June 2016.



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Financial Review

The Group's 2Q2017 revenue rose by 137.1% from S\$18.4 million in 2Q2016 to S\$43.7 million in 2Q2017, mainly due to higher revenue contribution from the Zawtika 1C project under the Group's Trading business segment.

Gross profit came in 52.0% higher from S\$4.1 million in 2Q2016 to S\$6.3 million in 2Q2017. Gross profit margin declined slightly from 22.5% in 2Q2016 to 14.4% in 2Q2017 because of lower margins on sales for certain projects under the Trading business segment.

The Group incurred other operating expenses of S\$0.6 million arising from a net foreign exchange loss of \$0.3 million as the US dollar depreciates against the Singapore dollar in 2Q2017 and a loss on disposal of a subsidiary, GV Oilfield Engineering Pte Ltd., amounting to S\$0.3 million.

Administrative and general costs increased by 8.6% from S\$2.7 million in 2Q2016 to S\$3.0 million in 2Q2017 while selling and distribution costs decreased by 22.8% from S\$1.7 million in 2Q2016 to S\$1.3 million in 2Q2017.

Despite continued weakness in the sector, Federal manages to deliver a 10.2% increment in earnings from S\$1.1 million in 2Q2016 to S\$1.2 million in 2Q2017. Basic earnings per share also rose by 10.1% from 0.79 Singapore cents per share in 2Q2016 to 0.87 Singapore cents per share in 2Q2017.

The Group continues to maintain a robust balance sheet, with cash and bank balances of S\$16.2 million as at 30 June 2017 and the Group stands in a healthy net cash position as at 30 June 2017.



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Business Outlook

As of 24 July 2017, the Group's committed order book was S\$42.0 million, including the procurement contract for the Zawtika Development Project Phase 1C.

On 20 April 2017, the Group inked a Memorandum of Understanding ("MOU") with a subsidiary of China Merchants Group to cooperate exclusively on identified oil and gas projects in Indonesia. China Merchants Group's subsidiary, China Merchants Industry Holdings ("**CMIH**"), is a well-established engineering, procurement, construction, installation and commissioning ("**EPCIC**") contractor, and its capabilities include the design and construction of offshore drilling vessels, specialised vessels, and vessel conversions.

On 17 May 2017, the Group signed a tripartite MOU with shanghai-listed China Offshore Oil Engineering Co. Ltd. ("**COOEC**") and Indonesia-based PT Timas Suplindo ("**PT Timas**") to cooperate exclusively to submit a joint proposal for the construction of a Liquefied Natural Gas ("**LNG**") terminal in West Java, Indonesia.

The Group is focused on establishing strategic and strong partnerships to secure higher contract value businesses for the Group's Trading business within the region. Given its order book strength and newly established partnerships, the Group expects to maintain its profitability going forward.

Commenting on the Group's positive set of financial results and its business outlook, Mr. Koh Kian Kiong, Executive Chairman and CEO of Federal, said, ***"Even though the offshore marine and oil and gas sectors continue to face difficulties, our Group is heartened to maintain our profitability in face of such a tough operating environment."***

"Our management will continue to employ a prudent approach in growing our order books by setting up strategic partnerships with strong partners to co-bid for more valuable projects in the region especially in Indonesia. We are very delighted to sign-up partners that have excellent track record in the business like CMIH, COOEC and PT Timas etc. Our Group is hopeful that these strategic partnerships will soon bear fruits for all parties involved and enhance shareholder value moving forward"

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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” or the “Group”), is an integrated service provider and procurement specialist in the oil and gas, energy, utilities and infrastructure industries. The Group’s main trading business contributes 97% 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 EPC contractor and counts major oil companies such as TOTAL, Chevron, ONGC, Pertamina and PTTEP as its customers. The Group provides procurement services to PTG for the EPC 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 and a 1,200 HP American built land drilling rig. The FSO is chartered to the China National Offshore Oil Corporation.

Issued for and on behalf of Federal International (2000) Ltd

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