



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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

## Federal Delivers Earnings of S\$4.2 million for FY2017 and Proposes Total Dividends of 2.0 Singapore Cents

- Revenue grew 45.2% to S\$130.0 million in FY2017, bumped up by higher contribution from Group’s Trading business segment
- Group proposed a final dividend of 1.5 Singapore cents and a special dividend of 0.5 Singapore cents to reward shareholders, representing a total dividend payout ratio of 66.5%

Singapore, 26 February 2018 – 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\$4.2 million for the twelve months ended 31 December 2017 (“FY2017”).

Financial Highlights	4Q2017	4Q2016	Chg	FY2017	FY2016	Chg
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	22,390	21,452	4.4	129,958	89,481	45.2
Gross profit	5,309	3,447	54.0	22,173	17,789	24.6
Gross profit margin	23.7%	16.1%	7.6 pts	17.1%	19.9%	(2.8) pts
Other income	1,163	6,169	(81.1)	3,011	10,398	(71.0)
Other operating income/ (expenses)	1,327	(1,241)	N.M.	(475)	(924)	(48.6)
Total operating expenses	(5,959)	(6,035)	(1.3)	(18,697)	(21,118)	(11.5)
Net profit after tax attributable to equity holders	1,147	3,694	(68.9)	4,232	7,257	(41.7)
Basic earnings per share (cents)*	0.81	2.62	(69.1)	3.01	5.16	(41.7)

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

\* Based on a weighted average number of 140,767,484 ordinary shares for the 3 months and 12 months ended for both 31 December 2017 and 31 December 2016.



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## **Financial Review**

The Group's revenue rose 45.2% to S\$130.0 million in FY2017 from S\$89.5 million in FY2016 mainly attributed to higher revenue contribution from its Trading business segment. The Group also recognised a 24.6% increase in gross profit to S\$22.2 million in FY2017 from S\$17.8 million in FY2016. However, gross profit margin declined to from 19.9% in FY2016 to 17.1% in FY2017 because of lower margins on sales for certain projects under the Trading business segment.

Other income was \$10.4 million in FY2016 as compared to S\$3.0 million for FY2017 mainly due to a foreign exchange gain of \$1.2 million in FY2016, gain on disposal of asset amounting to \$1.3 million in FY2016 and service fees of \$5.9 million charged to a former associate for services rendered in relation to a project in FY2016.

The Group incurred lesser total operating expenses by 11.5% from S\$21.1 million in FY2016 to S\$18.7 million in FY2017. As a result of lower sales to customers in China and lesser marketing related expenses, selling and distribution expenses dropped 28.0% from S\$7.2 million in FY2016 to S\$5.2 million in FY2017. Administrative and general costs remained flat at approximately S\$14.0 million in FY2017.

Despite a challenging operating environment in the offshore marine sector, Federal maintained its profitability and posted a net profit after tax attributable to equity holders of S\$4.2 million for FY2017.

## **Business Outlook**

On 10 November 2017, the Group has entered into a joint venture and shareholders agreement (“**JVA**”) with Bursa Malaysia-listed Destini Berhad (“**Destini**”). Federal and Destini would leverage on each other's capabilities and expertise to tender for oil & gas projects in South Asia and South-East Asia.

On 26 November 2017, the Group secured a contract of value US\$3.3 million for the charter of its 1,200 HP land drilling rig. The rig will be deployed by the charter for the drilling of six wells in Gn Parakasak Field, Padarincang District, Serang Regency – Banten Province, Indonesia. The charter period of the rig for each well is 50 days is expected to commence in 2H 2018.



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The Group would focus on building up its order book and on forming strategic partnerships in the region in order to secure higher contract value businesses for the Group's Trading business moving forward.

Commenting on the Group's financial results and its business outlook, Mr. Koh Kian Kiong, Executive Chairman and CEO of Federal, said, ***“Our Group is heartened to remain profitable in light of the tough operating environment challenging the offshore marine sector. We believed that striking out valuable partnerships to expand our opportunities, co-sharing the risks and co-bidding for higher value projects is the way to move forward. With Brent crude oil prices off its low and stabilizing above US\$50 per barrel for most parts in FY2017, we remain cautiously optimistic of a recovery in the sector.*”**

***As a result of our positive financial performance, our Group proposed a final dividend of 1.5 Singapore cents and a special dividend of 0.5 Singapore cents for FY2017 to reward our valued shareholders.”***

- End -

#### **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.



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

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