



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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Federal Posted Revenue of S\$13.8 million for 1Q2018

- The Group registered lower revenue in 1Q2018 due to lower sales contribution from its Trading business segment
- Recovery in Brent crude oil prices should boost capex spending in the region where Federal is well poised to harness its strategic partnerships to pursue for opportunities

Singapore, 11 May 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, reported its financial results for the three months ended 31 March 2018 (“1Q2018”).

Financial Highlights	1Q2018	1Q2017	Chg
	S\$'000	S\$'000	%
Revenue	13,828	21,451	(35.5)
Gross profit	2,819	4,543	(37.9)
Gross profit margin	20.4%	21.2%	(0.8) ppts
Other income	1,109	410	170.5
Total operating expenses	(5,335)	(4,695)	13.6
Net (loss) / profit after tax attributable to equity holders	(976)	410	N.M.
Basic earnings per share (cents)*	(0.69)	0.29	N.M.

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 for 31 March 2018 and 31 March 2017.



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Financial Review

The Group's revenue declined 35.5% from S\$21.5 million in 1Q2017 to S\$13.8 million in 1Q2018, mainly due to lower sales generated under the Group's Trading business segment.

Other income went up by 170.5% to S\$1.1 million in 1Q2018, attributed to i) higher interest income of \$311,000 from an investee company, ii) a one-time upfront fee of \$300,000 in accordance with the litigation funding agreement and iii) sundry income of S\$391,000 mainly relating to rental income, letters of credits ("LC") handling and late payment charges.

The Group incurred selling and distribution expenses of S\$1.3 million and administrative and general costs of \$2.8 million in 1Q2018, where both items remained largely similar to those of 1Q2017. However other operating expenses came in higher at S\$1.3 million because of a loss on disposal of an associate, Federal JWR Energy Pte Ltd, of S\$442,000 and impairment loss on doubtful trade receivables of S\$123,000.

In the light of a challenging operating environment in the oil and gas sector, Federal posted a net loss after tax of S\$1.1 million for 1Q2018.

Business Outlook

With the recent recovery in Brent crude oil prices that should boost capex spending in the region, the Group remained cautiously optimistic of its business outlook and will strive hard to deliver profitability to shareholders moving forward.

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. The charter is expected to commence from 2H2018. Barring any unforeseen circumstances, the Group is expecting to recognize some income from the charter starting in 2H2018.



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The Group will continue to concentrate on harnessing the potential of its strategic partnerships developed over the last two years. In addition, the Group will also strive to maintain its fiscal responsibility to shareholders by streamlining its internal controls and manage its risks and costs prudently.

Commenting on the Group's financial results and its business outlook, Mr. Koh Kian Kiong, Executive Chairman and CEO of Federal, said, ***"The operating environment in the offshore marine, oil and gas sectors continues to be challenging. Our Group is disappointed to post a net loss for 1Q2018. Given our track record and resilience over the years, we are determined to bring the business back to profitability as soon as possible."***

- 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, and energy industries. The Group's main trading business contributes 98% of total turnover. The Group's strategy for sustainable growth 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 the China National Offshore Oil Corporation. The Group has a 1,200 HP American built land drilling rig. The Group also operates an industrial water plant in the People's Republic of China under a 30-year Build, Operate and Transfer agreement with the local Xinjin County government.

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

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