



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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Federal Reports Profitable 1Q2017

- The Group has a committed order book of S\$ 86 million (as of 24 April 2017), including the procurement for the Zawtika Development Phase 1C Project
- Signed MOU to co-operate exclusively with China Merchants Industry Holdings on certain oil and gas projects in Indonesia
- In discussion on the possible charter of the Group’s 1,200 HP land drilling rig located in Jakarta, Indonesia

Singapore, 5 May 2017 – Federal International (2000) Limited (“Federal” and together with its subsidiaries, the “Group”), an integrated oil-field equipment service provider and procurement specialist in the oil and gas industry, delivered a net profit after tax attributable to shareholders of S\$ 0.4 million for the three months ended 31 March 2017 (“1Q2017”). Financial highlights are as follows:

Financial Highlights	1Q2017	1Q2016	Chg	4Q2016	Chg
	S\$'000	S\$'000	%	S\$'000	%
Revenue	21,451	23,133	-8	21,452	0
Gross Profit	4,543	5,845	-22	3,447	+32
Gross Profit Margin	21.1%	25.3%	-4.2 pts	16.1%	+5.0 pts
Other operating income	410	1,198	NM	6,169	NM
Total operating expenses	(4,695)	(5,756)	-18	(7,276)	-35
Net Profit after tax attributable to Equity Holders	410	1,324	-69	3,694	-65
Net Profit Margin	1.9%	5.7%	-3.8 pts	17.2%	-7.9 pts
Basic Earnings Per Share (cents)*	0.29	0.94	-69	2.62	-89

* Based on a weighted average number of 140,767,484 ordinary shares for the 3 months ended 31 March 2017.
Ppts: Percentage Points



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Financial Review

The Group's 1Q2017 revenue was S\$ 21.5 million, contributed mainly by the Trading business and stable compared to 4Q2016 revenue of S\$ 21.5 million.

1Q2017 gross profit was S\$ 4.5 million, and gross margin was 21.1%. 1Q2017 gross margin expanded by 5 percentage points compared to 4Q2016 gross margin of 16.1%.

Other income was S\$ 0.4 million in 1Q2017. 1Q2016 other income was S\$ 1.2 million, and related mainly to the forfeiture of partial proceeds received in relation to the disposal of an associate of S\$ 0.7 million, and interest income from a related party of S\$ 0.16 million.

In terms of operating costs, 1Q2017 selling and distribution costs decreased -46% year-on-year due to lower sales, marketing related expenses and staff related costs. This helped reduce total operating expenses by -18% year-on-year and -35% quarter-on-quarter.

The Group's 1Q2017 share of results of its associates was a net gain of S\$ 0.35 million. Of this, S\$ 0.23 million was contributed by the Group's 30% interest in PT Eastern Jason ("PTEJ"), which owns *Federal II*, a floating, storage and offloading vessel ("FSO") which is chartered to China National Offshore Oil Corporation. The Group also recorded a share of profit of S\$ 0.12 million from another of its associates.

Although 1Q2017 remained a soft quarter for the offshore marine, oil and gas industries, Federal was able to deliver a net profit attributable to shareholders of S\$ 0.4 million and earnings per share of 0.29 Singapore cents.

The Group remains prudent and is supported by a sound balance sheet, with net debt to total equity of just 34.6% as at 31 March 2017.



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Business Outlook

As of 24 April 2017, the Group's committed order book was S\$ 86 million, including the procurement for the Zawtika Development Phase 1C Project ("Zawtika Project") which is a project awarded by PTTEP International Limited to PT Gunanusa Utama Fabricators ("PTG"). The Group has a master procurement agreement with PTG to support the EPC projects secured by PTG. PTG is an established EPC contractor and PTG was awarded the Zawtika Project with an aggregate value of US\$ 305 million in 2016.

On 20 April 2017, the Group announced it had signed a Memorandum of Understanding ("MOU") with China Merchants Industry Holdings Co., Ltd ("CMIH"). Under the MOU, the Group and CMIH will co-operate exclusively on certain identified oil and gas projects in Indonesia. The Group is still in discussion with the parties concerned on the projects.

The Group is also in discussion on the possible charter of its 1,200 HP land drilling rig which is located in Jakarta, Indonesia.

Finally, the Group continues to benefit from a steady source of recurring earnings from CNOOC's charter of *Federal II*, a floating, storage and offloading vessel owned by PT Eastern Jason ("PTEJ"), in which the Group has a 30% interest. *Federal II* is chartered to CNOOC until September 2018 with an option to renew the charter for a further 5 years.

Commenting on the Group's 1Q2017 financial performance and business outlook, Mr. Koh Kian Kiang, Executive Chairman and CEO of Federal, said, ***"We are pleased to remain profitable despite the challenging industry conditions in 1Q2017. Our prudent approach has steered us through these tough times even as the industry continues to see waves of consolidation and restructuring. Our sound balance sheet underpins our profitability and ability to win new business."***

Looking ahead in 2017, we are well placed to benefit from our strategic partnerships with CMIH and PTG. We are focused on forming strategic partnerships in order to strengthen our competitiveness in the trading business. Our MOU with CMIH is recognition of both the Group's expansive business ties in Indonesia, and its established capabilities in the oil and gas industry."



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As Indonesia plans up to US\$ 200 billion of investment¹ in order to increase output at its oil and gas fields and expand refining capacity, this is a particularly exciting time for Indonesian offshore marine contractors.”

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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” and together with its subsidiaries, the “Group”), is an integrated service provider and procurement specialist in the oil and gas, energy, utilities and infrastructure industries. The Group’s design and manufacturing facility located in Scotland, the United Kingdom, is American Petroleum Institute (API) Q1, Spec 6D, ISO 9001:2008 and Pressure Equipment Directive 97/23/EC (PED) certified.

The Group also owns a floating, storage and offloading (“FSO”) vessel and a 1,200 HP Brewster land drilling rig. The FSO is chartered to the China National Offshore Oil Corporation.

Finally, the Group also has a master procurement agreement with PT Gunanusa Utama Fabricators (“PTG”), through which it will provide procurement services to PTG for projects secured by PTG. Founded in 1980, PTG is an established contractor and provides project management, engineering, procurement, construction, installation and commissioning services for both offshore and onshore projects in the oil and gas sector, as well as for other heavy engineering projects. In addition to its home market in Indonesia, PTG has completed more than 50 projects in Brunei, India, Myanmar and Thailand for customers such as ONGC, PTT Exploration and Production Public Company (Thailand) and Total. Its facilities include an 18-ha customs bonded yard located about 120 km northwest of Central Jarkata. The yard has an 800 metre waterfront and is served by 2 jetties, each with an 8,000 ton and a 10,000 ton load out capacity respectively.

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

By Financial PR Pte Ltd

For more information, please contact:

Romil SINGH / Sharon WOO
federal@financialpr.com.sg
Tel: (65) 6438 2990, Fax: (65) 6438 0064

¹ Indonesia Bets on \$200 Billion Investment to Boost Energy Output, Bloomberg 25 April 2017.