



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

SGX/MEDIA RELEASE – FOR IMMEDIATE RELEASE

Federal Delivers a 60.2% Rise in Revenue to S\$42.4 million for 3Q2017

- Federal’s earnings up 28.6% to S\$1.5 million in 3Q2017 despite operating in a challenging offshore marine industry
- Group continues to strike key partnerships in the region by securing a procurement contract for a pipe laying project in Kalimantan, Indonesia

Singapore, 2 November 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\$1.5 million for the three months ended 30 September 2017 (“3Q2017”).

Financial Highlights	3Q2017	3Q2016	Chg	9M2017	9M2016	Chg
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Revenue	42,391	26,454	60.2	107,568	68,029	58.1
Gross profit	6,018	4,350	38.3	16,864	14,342	17.6
Gross profit margin	14.2%	16.4%	(2.2) ppts	15.7	21.1	(5.4) ppts
Other operating income/ (expenses)	246	2,540	(90.3)	45	4546	N.M.
Total operating expenses	(4,392)	(5,487)	(20.0)	(12,738)	(15,084)	(15.6)
Net profit after tax attributable to equity holders	1,453	1,130	28.6	3,085	3,563	(13.4)
Basic earnings per share (cents)*	1.03	0.80	28.8	2.19	2.53	(13.4)

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 and 9 months ended for both 30 September 2017 and 30 September 2016.



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Financial Review

The Group's 3Q2017 revenue increased significantly by 60.2% from S\$26.5 million in 3Q2016 to S\$42.4 million in 3Q2017 as the Group recognised higher revenue from its Trading business segment. Gross profit also rose by 38.3% from S\$4.4 million in 3Q2016 to S\$6.0 million in 3Q2017. However gross profit margin declined from 16.4% in 3Q2016 to 14.2% in 3Q2017 due to lower margins for certain projects under the Group's Trading business segment.

The Group's other income came in lower at S\$892,000 in 3Q2017 because of absence in service fees charged to a former associate and foreign exchange gain which contributed S\$3.2 million in 3Q2016. The Group managed to reduce other operating expenses by 35.5% to S\$646,000 in 3Q2017 from S\$1.0 million in 3Q2016. Other operating expenses comprised mainly of allowance for slow moving inventories and foreign exchange loss for 3Q2017.

Due to prudent cost management, the Group's total operating expenses decreased by 20.0% from S\$5.5 million in 3Q2016 to S\$4.4 million in 3Q2017. Selling and distribution expenses of S\$1.3 million incurred in 3Q2017 were 18.0% lower from S\$1.6 million in 3Q2016 as a result of lower sales to customers in China and lesser marketing related expenses. Administrative and general costs dropped by 20.8% from S\$3.9 million in 3Q2016 to S\$3.1 million in 3Q2017. The Group incurred higher costs in 3Q2016 mainly because of costs involving services provided to a former associate in 3Q2016.

Even though the offshore marine sector is facing a persistent and challenging operating environment, Federal continued to maintain its profitability and delivered a 31.2% growth in net profit after tax from S\$1.0 million in 3Q2016 to S\$1.3 million in 3Q2017. Basic earnings per share also jumped by 28.8% from 0.8 Singapore cents per share in 3Q2016 to 1.0 Singapore cents per share in 3Q2017, further enhancing shareholder value.



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Business Outlook

As of 24 October 2017, the Group's committed order book was S\$21.1 million, including the procurement contract for the Zawtika Development Project Phase 1C.

On 20 October 2017, the Group has signed an exclusive Procurement Agreement ("**Agreement**") with PT OGSPRO Indonesia ("**OGSPRO**"), to co-operate on a 15km 36" pipe laying project for ENI Murara Bakau Lean Gas Pipeline Project in Kalimantan, Indonesia.

The Group would continue to foster strategic and strong partnerships in the region in order to secure higher contract value businesses for the Group's Trading business. Given its order book strength and newly established partnerships in 2017, 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, "*Once again, our Group is able to produce positive financial results in view of the challenging business conditions faced by the offshore marine industry. Our Group has been laying the groundwork in 2017 via securing key partnerships that we believe would propel our Group forward and increase our revenue base in the future.*"

Our Group is very delighted to link up with OGSPRO for the pipe laying project in Indonesia and would like to thank OGSPRO for selecting us as their exclusive procurement agent. This is a testament of our track record and capabilities in Indonesia.

Our Group will continue to manage our costs prudently and to mitigate the risks inherent in the sector by co-bidding for projects with established partners. Our Group remains optimistic that all these strategic partnerships would yield positive outcomes for the Group 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

By Financial PR Pte Ltd
For more information, please contact:

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