



## **FEDERAL INTERNATIONAL (2000) LTD**

47/49, Genting Road, Singapore 349489  
Tel: 67478118 • Facsimile: 67430690, 67450048  
Email Address: admin@fedsin.com.sg • Webpage: <http://www.federal.com.sg>  
Registration No: 199907113K

### **NEWS RELEASE**

#### **FEDERAL'S INTERIM NET PROFIT INCREASES 43.5% TO \$8.9 MILLION ON HIGHER REVENUE OF \$90.3 MILLION**

- ✓ Group is optimistic about its business outlook and expects improved profitability for FY2007

**14 August 2007, Singapore** – Mainboard-listed Federal International (2000) Ltd ("Federal" or "the Company") today announced its results for the six months ended 30 June 2007 ("1H2007").

Group revenue in 1H2007 saw a robust improvement of 53.3% to \$90.3 million from \$58.9 million in the corresponding period last year ("1H2006"). This was mainly attributable to an overall improvement in its core business segments, including Trading, Manufacturing & Design as well as the Marine Logistics segment which had the benefit of a full six-month contribution compared to a two-month contribution in 1H2006.

Profit before taxation and minority interests increased by 47.4% to \$11.2 million in 1H2007 from \$7.6 million in 1H2006. Selling and distribution expenses decreased by 22.7%, due to foreign exchange gains from forward currency contracts realised during the period under review, as compared to exchange losses in 1H2006.

Other debtors increased from \$1.6 million to \$13.4 million due mainly to the fully refundable \$10 million payout to Asia Pacific Links Limited by Federal's wholly owned subsidiary, Federal Energi Pte Ltd, following the Option Agreement signed in May this year. As a result of the payout, fixed deposits, cash and bank balances also saw a corresponding decrease.

Amounts due to bankers grew from \$8.5 million to \$17.1 million, due to the increase in trust receipts and bill payables needed to procure equipment for its 60% subsidiary, Banyan Utilities Pte Ltd ("Banyan Utilities"), which is building a co-generation plant on a BOT (Build, Operate and Transfer) basis for Natural Fuel Singapore Pte Ltd on Jurong Island.

All these balance sheet and cashflow movements reflect the Group's efforts to put into action its strategic plans to broaden its earnings base by diversifying into businesses that will bring in long-term and sustainable revenue streams.

### **Outlook in FY2007**

Consistent revenues are expected to stream in from the 10-year contract of US\$91.325 million for the provision of time charter of a FSO (Floating, Storage and Offloading) vessel by Federal Offshore Services Pte Ltd. The other source of recurring income is Banyan Utilities's 12-year contract with a guaranteed value of \$54 million to supply steam and electricity to Natural Fuel Singapore.

Federal's Executive Chairman and CEO, Mr K K Koh comments: "Our first-half performance is an affirmation that our business strategy is on the right track. Given the robust outlook for the marine logistics and offshore oil and gas sectors, the Group is working towards expanding its marine logistics business and seeking opportunities to acquire more FSO vessels. While seeking to expand the utilities businesses, we will continue to look for synergistic business opportunities that will contribute to the Group's long-term growth."

## **About Federal International (2000) Ltd**

Listed on the Mainboard of the SGX-ST in 2000, Federal has moved up the value chain as it aims to be an integrated service provider and procurement specialist in the energy and infrastructure industries.

The Group is currently a distributor and provider of turnkey EPC (engineering, procurement & construction) solutions. It is principally involved in Research & Development, Design and Manufacturing as well as Trading of flowline control products and services as well as equipment supporting the oil & gas and related industries. The Group develops and markets its own proprietary valves under the brands of HP&T and KVC. Federal has also diversified into a new business segment - Marine Logistics – providing chartering of vessels such as Floating & Storage Offloading vessels for offshore oil and gas upstream activities.

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by Aimpact Consultancy Pte Ltd

For more information, please contact

Gwen Ling (Hp: 65-9724 5989)

Gillian Lim (Hp: 65-94595050)

Tel : 65-6341 7867

Fax : 65-6341 5567

Email : [pwling@aimactpr.com](mailto:pwling@aimactpr.com) / [gillian@aimactpr.com](mailto:gillian@aimactpr.com)