

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

(Incorporated in Singapore)

Company Registration No. 199907113K

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### **▪ FORMATION OF INDONESIAN SUBSIDIARY – PT. GASUMA FEDERAL INDONESIA ▪ INDONESIAN SUBSIDIARY AWARDED CONTRACT FOR PROVISION OF GAS AND ELECTRICITY**

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The Board of Directors of Federal International (2000) Ltd (the “Company”) wishes to announce the following:

#### **(i) Formation of Indonesian Subsidiary**

The Company’s wholly-owned subsidiary, Federal Hardware Engineering Co. Pte Ltd (“FHEC”), has entered into a Joint Venture Agreement (“JVA”) with PT. Gasuma Corporindo (“PT GSC”) to establish a joint venture company, PT. Gasuma Federal Indonesia (“JV Company”).

FHEC and PT GSC will hold a 60% and 40% stake in the JV Company respectively. The JV Company is incorporated in Indonesia with an initial paid-up capital of US\$750,000.

Under the terms of the JVA, FHEC would grant PT GSC an option to increase its shareholding in the JV Company to 55% through the purchase of an additional 15% stake from FHEC, subject to the fulfillment of terms and conditions in the JVA.

#### **(ii) Indonesian Subsidiary Awarded Contract for the Provision of Gas and Electricity**

On 1 October 2007, PT GSC had entered into a Gas Selling And Purchase Agreement (“GSPA”) with a production sharing consortium comprising PT Pertamina (Persero), PT Pertamina EP, PetroChina International Java Ltd and Medco E & P Tuban (collectively the “Sellers”) for the supply of raw gas from the Sellers for a period of 6 years, with an option to extend to 10 years (“Project”).

Pursuant to the JVA, PT GSC will appoint and authorise the JV Company to conduct and execute the Project.

The JV Company will build an integrated gas processing and power plant (the “Plant”) on a “Build, Operate and Own” basis in Tuban, East Java, Indonesia at a cost of US\$25.9 million. The Plant would comprise a 10 to 12 megawatt electricity power plant, a Liquefied Petroleum Gas (“LPG”) refinery plant with a daily capacity of 60 tons and a Condensate refinery plant with a daily capacity of 539 barrels. The JV is expected to generate annual revenue of approximately US\$20 million to US\$30 million.

The construction of the Plant is expected to be completed before mid-June 2009.

The Company is also pleased to announce that the JV Company will be entering into an off-taker master agreement with PT. Kimia Yasa within 1 week from today, for the provision of LPG and Condensate for a period of 6 years, with an option to extend for an additional 4 years.

The Company’s investment in the JV Company will be funded by internal resources and bank borrowings and is not expected to have any material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2007.

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the above investment.

By Order of the Board

Chng Geok  
Director

12 December 2007

### **About PT. Gasuma Corporindo**

PT GSC was established in 1975 as an oil and gas and energy sector services and supply company. It provides oil and gas well drilling services and oil/gas surface production facilities equipment. Its main customers are Chevron, PT. Pertamina Hulu (Upstream) and PT. Pertamina (Downstream) and other major oil/gas production sharing contractors.

### **About the Supplier of Raw Gas – Job Pertamina– PetroChina East Java**

In accordance with Law No. 22 Year 2001 and the Government Regulation No. 42 Year 2002, BPMIGAS has appointed PT Pertamina (Persero), PT Pertamina EP, PetroChina International Java Ltd and Medco E & P Tuban (the “Sellers”) to supply raw gas to PT GSC.

The supply of raw gas would be derived from 2 oil fields, Mudi Field and Sukowati Field, located in Kabupaten Tuban in East Java province which is now operated by Job Pertamina – PetroChina East Java. The current output of this MIGAS block is 22,000 barrels per day of crude oil and related gases. Operations had commenced since January 1998.

### **About PT. Kimia Yasa**

PT. Kimia Yasa was established since 1969. Initially set up as a chemical products supplier, its business expanded to include trading in LPG and it has been the distributor of PT. Pertamina (Persero) since 1987 focusing in East Java area. Their current market share of LPG is 3600 tons per month. The bulk of LPG received from PT. Pertamina (Persero) is sent to PT. Kimia Yasa’s 2 LPG filling stations to produce various retail sizes of LPG for both household and industrial use.