

FEDERAL INTERNATIONAL (2000) LTD

(Incorporated in Singapore)

Company Registration No. 199907113K

UPDATE ON BANYAN UTILITIES PRIVATE LIMITED

The Board of Directors of Federal International (2000) Ltd (the "Company") refers to the announcements on the Company's subsidiary, Banyan Utilities Private Limited ("Banyan") made on 25 August 2008 in connection with irregularities pertaining to certain transactions in the operations of Banyan.

The Company had engaged the services of Ernst & Young Risk Advisory Services Pte Ltd to conduct a special review in relation to these transactions. Based on the findings of Ernst & Young Advisory Services Pte Ltd and subsequent discussion between Banyan and the parties concerned, Banyan had satisfactorily resolved the transactions in question with each of the parties with no financial loss to Banyan.

The abovesaid matter will not have any financial impact on Banyan and the Company.

By Order of the Board

Chng Geok
Director/Company Secretary

22 September 2008