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PRESS RELEASE

Federal's subsidiary, Federal Hardware Engineering is poised to penetrate the Middle East market with the establishment of a trading office in UAE'S SAIF-ZONE

- **UAE offers huge market potential for Federal's trading business especially in valves, pipes and other oil & gas equipment**

Singapore, 15 January 2008 -- Mainboard-listed Federal International (2000) Ltd ("Federal International" or "the Company") today announced that its wholly-owned subsidiary Federal Hardware Engineering Co. Pte Ltd ("FHEC") has incorporated a wholly-owned subsidiary, Federal Engineering Middle East (FZE) ("FEME(FZE)"), as part of its strategic initiative to tap the huge potential of the Middle East market, in particular the United Arab Emirates ("UAE").

FEME(FZE) will be engaged in the general trading of flowline control products such as valves, pipes, flanges, electrical equipment, oil & gas-related equipment and any such products required by its clients.

Mr K K Koh, Federal's Executive Chairman and CEO, commented: "We are all set to penetrate the huge Middle East market which offers exciting market potential for Federal's trading business. Our launch pad into this market is UAE -- an oil production and refinery country -- where there are numerous expansion and maintenance projects. We intend to market our proprietary products such as KVC™ valves and other related products to our target customers there."

FEME(FZE)'s target clients include oil & gas and marine-related companies such as Petrofac, Crescent Petroleum, Subtac/Global, Rits (Ramco), Safety Marine Services, GS Engineering and Const, Hyundai Engineering, StarPetro Energy, Kuwait National Petroleum Co and others.

FEME(FZE) will be setting up a trading office located in UAE's Sharjah Airport International Free Zone (SAIF-Zone) which offers foreign companies a host of benefits including 100% repatriation of capital and profits, 100% exemption from corporate and personal income tax, no import and export duties, 24X7 operational freedom, facility rental protection and others.

In recent years, UAE's economy has been growing at more than 10%, and given the current trend of high oil prices, it is expected to continue to do well. The UAE has become the single most important trade hub in the region and the third largest re-export centre in the world after Hong Kong and Singapore.

Federal's investment in FEME(FZE), which has been incorporated with a paid-up capital of 150,000 Dhs (S\$63,025), will be funded by internal resources. This investment is expected to have no material impact on the earnings per share or net tangible assets per share of the Company for the financial year ending 31 December 2008.

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

About Federal International (2000) Ltd

Listed on the Mainboard of the SGX-ST in 2000, Federal is an integrated service provider and procurement specialist in the oil & gas, energy and infrastructure industries. From a trading company, Federal has transformed its business model, and today it is involved in Research & Development, Design and Manufacturing as well as Trading of flowline control products and services and oil & gas-related equipment. The Group develops and markets its own proprietary valves under the KVC™ brand. In line with its strategic objective to build a business base with stable, recurring income streams, Federal has developed a new business segment - Marine Logistics – to provide chartering of vessels such as Floating & Storage Offloading vessels for offshore oil & gas upstream activities.

Federal has also recently ventured into the utilities sector with a few BOO contracts. The first was a 12-year, BOO project to supply power to Natural Fuel Pte Ltd on Jurong Island, Singapore. In December 2007, Federal together with its JV partner PT. Gasuma Corporindo, established a JV company which was given the mandate to build an integrated gas processing and power plant on a "BOO" basis in Tuban, East Java, Indonesia at a cost of US\$25.9 million. This BOO project is expected to generate annual revenue of approximately US\$20 million to US\$30 million.

Release issued on behalf of Federal International (2000) Ltd
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