



## FEDERAL INTERNATIONAL (2000) LTD

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### PRESS RELEASE

## FEDERAL GROUP SECURES ITS FIRST COAL CONTRACT WORTH US\$33 MILLION

### - **First milestone contract signifies major breakthrough for Federal in coal business**

Singapore, 24 September 2008 – SGX Mainboard-listed Federal International (2000) Ltd (“Federal” or collectively with its subsidiaries, the “Group”), an integrated engineering and procurement specialist supporting the energy and utility sectors in the region, is pleased to announce that the Group has secured its first milestone contract to sell coal through Alton International Resources Pte Ltd (“AIR”), the subsidiary of Federal’s wholly-owned subsidiary Alton International (S) Pte Ltd (“Alton”).

AIR has recently signed a one-year coal contract with Swastik Coal Corporation Pvt Ltd, to provide 12 shipments of quality coal (*calorific value of 5300-5100 kcal*). Swastik Coal Corporation is the flagship subsidiary of Swastik Group, one of the major players in the coal trading business in Central India Region. The contract will generate revenue of approximately US\$33 million over a period of one year; however AIR has the right to review its selling price after three months. The first shipment of coal will commence in October 2008.

Federal Group’s Executive Chairman and CEO, Mr K. K. Koh commented on this milestone achievement, “This is certainly another breakthrough for the Federal Group, especially in the lucrative energy sector. Our venture into the coal mining business has made swift progress due to the strong support of our business partners and the dedication and effort of our staff. With the continuing trend of escalating coal prices and the growing demand for energy in the region, we are fortunate that we have entered the market at a strategic time to capture a share of the worldwide coal market.”

The Group had expanded into the coal mining business in Indonesia in early 2008, following the incorporation of AIR and its wholly-owned subsidiary, PT Alton International Resources (“PT AIR”) in February this year. Under Indonesian law, foreign-owned companies can only participate in coal mining activities as mine operators within the concession rights of the mine owners. PT AIR, which was granted the Contract of Work (“COW”) for exploration in one of the coal mines in Indonesia, now operates the mine and owns the exclusive marketing rights for the coal end-products.

The contract is of great significance to the Group because PT AIR deploys its own resources such as mining equipment and manpower to carry out the exploration works. As such, the local mine owner that holds the concession rights is very satisfied with the Group’s operation of the mine and marketing the end-products. This bodes well for the Federal Group, where it is able to further penetrate the Indonesian coal market through its good relationship with local mine owners. For instance, the local mine owners may be looking to allocate mine operating and marketing rights for another coal mine with higher calorific value of 6300-6100 kcal in the future.

Commenting on the partnership with the Indian coal trading company, Swastik Coal Corporation, Mr Koh said, “We are very pleased to be working with Swastik, one of the major coal trading players in India. This partnership opens further opportunities to not only the coal market but also the global energy market.”

This contract is expected to have a favourable material impact on the earnings per share of the Company but it is not expected to have a material impact on the 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 contract.

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## **About Federal International**

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 also established the Marine Logistics segment to provide chartering of vessels such as Floating & Storage Offloading vessels for offshore oil & gas upstream activities.

Federal has also recently ventured into the energy and utilities sector with a few local and regional contracts to build, own and operate or build, own transfer gas processing/ power facilities. The Group has also diversified into the wastewater treatment business in China in April 2008.

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