

**FEDERAL INTERNATIONAL (2000) LTD**

(Incorporated in Singapore)

*Company Registration No. 199907113K*

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**TERMINATION OF CONSTRUCTION OF INTEGRATED GAS AND POWER PLANT**

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Federal International (2000) Ltd (the "Company") refers to the announcement made on 28 August 2007 in relation to the proposed construction of an integrated gas and power plant by PT Jabung Gas Plant ("PT Jabung Gas Plant"), a joint venture company held jointly by the Company's wholly-owned subsidiary, Federal Hardware Engineering Co. Pte Ltd (the "Group") and PT Tanjung Jabung Power ("PT TJP"), for the supply of electricity and gas to PT Lontar Papyrus Pulp and Paper Industry ("Lontar Papyrus").

The Board of Directors of the Company (the "Board") wishes to announce that construction of the integrated gas and power plant (the "Plant") had not commenced as PT Jabung Gas Plant and Lontar Papyrus had mutually agreed to terminate the contract for the supply of electricity and gas (the "Contract") and neither party is required to pay any cost or penalty to each other.

Additionally, the Company has to-date not inject any capital into PT Jabung Gas Plant. The termination of the proposed construction of the Plant and the Contract is not expected to have any material impact on the financial position of the Company and Group for the financial year ending 31 December 2008.

By Order of the Board

Chng Geok  
Director/Company Secretary

22 August 2008