



NATURAL FUEL

NEWS RELEASE

FEDERAL INTERNATIONAL'S SUBSIDIARY, BANYAN UTILITIES, AIMS TO ACHIEVE S\$300 MILLION REVENUE FROM ITS CO-GENERATION PLANT OVER 12 YEARS

- **Natural Fuel Singapore signs 12-year agreement for Build, Operate & Transfer Energy Plant that will generate recurring income streams for Federal Group**
- **Plant design and operations to deliver substantial benefits to both Banyan Utilities and Natural Fuel Singapore - reduction in energy costs; use of natural gas and biodiesel to run plant**

15 June 2007, Singapore – Mainboard-listed Federal International (2000) Ltd ("Federal"), today announced that its 60%-owned subsidiary Banyan Utilities Pte Ltd ("Banyan Utilities") has entered into a Power & Steam Purchase Agreement ("Agreement") with Natural Fuel Pte Ltd ("Natural Fuel Singapore") (a wholly owned subsidiary of ASX-listed Natural Fuel Ltd ("NFL")) valued at a minimum of S\$54 million for a period of 12 years starting in December 2007.

As part of the Agreement, Natural Fuel Singapore may elect to extend this agreement for another five years, with the option to extend for an additional five years.

Apart from Natural Fuel Singapore, Banyan Utilities is in the process of obtaining a license to sell any surplus output from its Co-Generation facility to third parties. Based on the current demand for energy in Singapore and the region, Banyan Utilities aims to achieve revenues of approximately S\$300 million from the sale of steam and electricity over a period of 12 years.

Banyan Utilities' supply of steam and electricity will be used for Natural Fuel's US\$110 million biodiesel facility located on Jurong Island. When it commences production at the end of 2007, the plant will be the world's largest biodiesel facility, producing 600,000 metric tonnes of biodiesel per year.

To supply electricity and steam to Natural Fuel Singapore, Banyan Utilities will be constructing a Co-Generation facility at an estimated cost of S\$20.5 million. Construction of the facility will commence immediately. With a capacity of 5 megawatt, this Co-Generation plant is expected to be operational by the second quarter of 2008. This Co-Generation plant, which will be a Build, Operate and Transfer project, will be funded by a combination of internal resources and bank borrowings.

Speaking at the contract signing ceremony this afternoon, Mr. K. K. Koh, Federal's Executive Chairman and CEO, said: "We are delighted to have secured this project from Natural Fuel Singapore to supply electricity and steam to the world's largest biodiesel plant. This milestone project underscores Federal's success in diversifying into the power utilities business. It is in line with Federal's goal to be an integrated service provider in the energy sector, as well as to develop businesses with sustainable and long-term recurring income streams."

Mr. Richard Selwood, NFL's Managing Director said: "We are delighted to join with Banyan Utilities in this major project. This Co-Generation facility will be the first of its type at the Jurong Island industrial complex. The facility is designed to use a combination of natural gas, and biodiesel and waste products from Natural Fuel Singapore's biodiesel plant. This use of renewable resources will contribute to exceptionally high energy efficiency at the plant. The Co-Generation plant will allow us to reduce our operating costs in the region of 5%."

The Agreement is not expected to have any material impact on Federal's earnings per share and net tangible assets per share for the financial year ending December 2007.

Co-Generation refers to a process whereby primary energy such as natural gas is transformed simultaneously into both electrical and thermal energy. Thanks to efficient energy production and low emissions involved in the process, Co-Generation is considered to be an environmentally friendly solution for energy production.

Banyan Utilities is a 60-40 joint venture between Federal and Utility Development Corporation Pte Ltd ("UDC"). UDC's shareholders are CT Engineering and Construction Pte Ltd ("CT Engineering & Construction") and two individuals. CT Engineering & Construction is in turn 100% owned by Capital Turbines Australia Pty Ltd (CTA).

None of the Directors or controlling shareholders of Federal has any interest, direct or indirect, in the above investment.

About Federal International (2000) Ltd

Listed on the Mainboard of the SGX-ST in 2000, Federal has moved up the value chain as it aims to be an integrated service provider and procurement specialist in the energy and infrastructure industries.

The Group is currently a distributor and provider of turnkey EPC (engineering, procurement & construction) solutions. It is principally involved in Research & Development, Design and Manufacturing as well as Trading of flowline control products and services as well as equipment supporting the oil & gas and related industries. The Group develops and markets its own proprietary valves under the brands of HP&T and KVC. Federal has also diversified into a new business segment - Marine Logistics – providing chartering of vessels such as Floating & Storage Offloading vessels for offshore oil and gas upstream activities.

About Natural Fuel Pte Ltd

Natural Fuel Pte Ltd (NFPL), a wholly owned subsidiary of Natural Fuel Limited, has commenced construction of three 200,000 tonne biodiesel plants at Jurong Island that will have a combined capacity of 600,000 metric tonnes of biodiesel per annum. The Jurong Island facility will also have three glycerine refining circuits that will refine the 60,000 metric tons of crude glycerine produced per annum to pharmaceutical grade purity.

Natural Fuel is establishing a global network of biodiesel plants as it part of its strategy to become one or the top 3-5 players in the next five years. The strategy is based on the oil industry distribution model as it leads to a reduction in transport and distribution costs as the ports are already central distribution hubs for many commercial enterprises. This model results in a much lower cost of production and distribution for NFL's biodiesel and glycerine.

About CT Engineering and Construction Pte Ltd and Capital Turbines Australia Pty Ltd

CT Engineering and Construction Pte Ltd (CTEC) is a wholly-owned subsidiary of Capital Turbines Australia Pty Ltd (CTA) since late 2006. CTEC's objective is to penetrate the booming investment portfolio currently being undertaken by international companies and the Singapore government. It will mainly be involved in general construction activities for both mechanical and electrical type of projects and is planning to expand its capability in the country to be a full EPC contractor for process industries, oil, gas, utilities etc.

CTA is an internationally renowned world-class energy service provider that is involved in all aspects of the power generation business, from small equipment supplies to major complete turnkey EPC contract and ongoing operations and maintenance services.

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