



## **FEDERAL INTERNATIONAL (2000) LTD**

47/49, Genting Road, Singapore 349489

Tel: 67478118 • Facsimile: 67430690, 67450048

Email Address: admin@fedsin.com.sg • Webpage: <http://www.federal.com.sg>

Registration No: 199907113K

### **PRESS RELEASE**

#### **Federal International makes gain of S\$15.8 million from the divestment of its stake in US subsidiary HP & T Products, Inc.**

##### **- Divestment is aimed at further consolidating and streamlining the Group's businesses**

Singapore, 31 October 2007 – Mainboard-listed Federal International (2000) Ltd ("Federal" or "the Company") today announced that the Company, together with three other individual shareholders - George Anderson, Vijay Chatufale and Joe Gruba (collectively the "Sellers") - have entered into a stock purchase agreement ("S&P Agreement") with NASDAQ-listed oilfield products and services provider T-3 Energy Services, Inc. ("T-3 Energy") to sell HP & T Products, Inc. ("HP & T") to T-3 Energy. Federal's gain on the disposal of its investment in HP & T is approximately S\$15.8 million.

The consideration payable by T-3 Energy for HP & T is US\$25.6 million (less the Scheduled Indebtedness as defined in the S&P Agreement) and was arrived at on a "willing buyer willing seller" basis. The sales proceeds was satisfied by payment in cash.

HP & T, which is the Company's 60% owned Houston-based subsidiary, provides research & development, design as well as the manufacture of high pressure and temperature valves and related oilfield products for deep-sea offshore oil & gas drilling activities. HP & T's net tangible asset value is S\$2.3 million as at 30 September 2007.

Federal's management believes that the divestment is in the Group's best interest and in line with its objective to further consolidate and streamline its businesses. The one-time gain from this divestment will be used for the purposes of investments and future growth of the Group's businesses.

Mr K K Koh, Federal's Executive Chairman and CEO, commented, "We are delighted to be able to maximise value for our shareholders through this divestment. We have nurtured HP & T from a start-up in 2001 to what it is today – a profitable company with immense intrinsic value, given its portfolio of patented products."

"We believe that it is timely to divest our interest in HP& T so that we can reap the returns on our investment and deploy the funds to grow our businesses."

None of the directors, executive officers, controlling shareholders or their associates has any interest, direct or indirect, in the divestment of HP & T. None of the directors will be entering into any service contracts in connection with the said divestment.

### **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 oil & gas, energy and infrastructure industries.

The Group has come a long way from being 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 HPT™ and KVC™.

In line with its strategic objective to build a business base with stable, recurring earnings streams, Federal has since 2006 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. In June 2007, Federal ventured into the utilities sector, after having clinched a 12-year, BOO project to supply power to Natural Fuel Pte Ltd on Jurong Island, Singapore. In August, Federal Hardware Engineering established a 60-40 joint-venture company, PT Jabung Gas Plant (PT JGP) with PT Tanjung Jabung Power to construct an integrated gas and power plant worth US\$18.8 million on a “Build, Operate and Own” basis to supply electricity and gas to a paper manufacturer in Jambi. The agreement is expected to generate revenue of approximately US\$178 million over a period of 10 years.

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Release issued on behalf of Federal International (2000) Ltd  
by Aimpact Consultancy Pte Ltd

For more information, please contact:

Gwen Ling (Hp: 65-9724 5989)

Gillian Lim (Hp: 65-9459 5050)

Tel : 65-6341 7867

Fax : 65-6341 5567

Email : [pwling@aimactpr.com](mailto:pwling@aimactpr.com) / [gillian@aimactpr.com](mailto:gillian@aimactpr.com)