



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's subsidiary clinches a US\$178 million, Build-Operate-Own project to supply electricity and gas to PT Lontar Papyrus Pulp and Paper Industry in Jambi, Indonesia

- **This 10-year power plant project, based on a JV agreement with PT Tanjung Jabung Power, will generate long-term income streams for Federal International while providing a foothold in the Indonesian energy sector**

Singapore, 28 August 2007 -- 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 entered into a co-operation agreement with PT Tanjung Jabung Power ("PT TJP") to establish a joint-venture company, PT Jabung Gas Plant, in Jambi, Indonesia to provide electricity and gas to PT Lontar Papyrus Pulp and Paper Industry ("Lontar Papyrus"). FHEC and PT TJP have 60% and 40% stakes respectively in PT Jabung Gas Plant.

As part of the Gas and Power Sales and Purchase Agreement with Lontar Papyrus, PT Jabung Gas Plant will build, operate and own an integrated gas and power plant, comprising a 6-megawatt gas power plant and a Liquefied Petroleum Gas ("LPG") refinery plant with a daily capacity of between 40 and 57 tonnes, both located at West Tanjung Jabung area, Jambi Province. The LPG and condensate from this plant will also be sold to other third parties.

The duration of the project is 10 years with an option to extend for an additional 5 years.

The expected revenue for this project is US\$178 million over a period of 10 years. The cost of constructing this plant is US\$18.8 million.

Construction of this plant is expected to commence in September 2007 and be completed by August 2008.

Mr K K Koh, Federal International's Executive Chairman and CEO, said: "We are delighted to have made a breakthrough in the regional energy sector through our strategic alliance with our Indonesian partners. The contract awarded by Lontar Papyrus reflects the success of the Group's efforts in diversifying into the power utilities business and becoming an integrated service provider in the energy sector."

Federal International's investment in this Indonesian power plant project will be funded by internal resources and bank borrowings, and is not expected to have any material impact on the net tangible assets or earnings per share of the Company for the financial year ending 31 December 2007.

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 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 that has 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 also 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.

About PT Lontar Papyrus Pulp & Paper Industry

PT Lontar Papyrus Pulp & Paper Industry is part the pulp & paper mills under the Asia Pulp & Paper Group which is one of the world's leading pulp and paper companies and is ranked the largest vertically integrated pulp & paper producer in Asia, excluding Japan. Lontar Papyrus is located at two sites on the island of Sumatra, Indonesia. The first site, located in Nanggroe Aceh Darussalam, has been producing uncoated free sheet since 1976. The second site, located in Jambi, has been producing pulp since December 1994. In addition, Lontar PM#1

commenced commercial production of tissue paper in October 1998 at the Jambi site. The Jambi Mill facility also produces elemental chlorine-free pulp. The mill complex includes a wastewater treatment plant, a caustic soda plant and a co-generation facility.

About PT Tanjung Jabung Power

Established in 2003, PT Tanjung Jabung Power is principally involved in the construction of power plants for producing electricity and gas. The company is currently supplying the electricity needs in Jambi's West Tanjung area with its 7.2 MW gas power plant.

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: 65-94595050)

Tel : 65-6341 7867

Fax : 65-6341 5567

Email : pwling@aimactpr.com / gillian@aimactpr.com