

FEDERAL INTERNATIONAL (2000) LTD

Company Registration No. 199907113K

ACQUISITION OF SHARES IN THE ENLARGED SHARE CAPITAL OF ASSOCIATE COMPANY PT GUNANUSA UTAMA FABRICATORS

The Board of Directors of Federal International (2000) Ltd ("Company") wishes to announce that an investor, Labuan-registered Globrant Investment Inc. ("Globrant"), has subscribed for 3,750 shares in the share capital of its associate company, PT Gunanusa Utama Fabricators ("PT Gunanusa"), for a consideration of USD10 million. This subscription of shares represents a 54.15% stake in PT Gunanusa.

In order to maintain its 20% stake in the enlarged share capital of PT Gunanusa, the Company has:

- (i) acquired 10 shares at par value of RP5 million each in the share capital of PT Gunanusa from an existing shareholder, Mr Iman Taufik, for a cash consideration of RP50 million; and
- (ii) converted the amount of RP4,625 million due from PT Gunanusa into 925 shares at par value of RP5 million each in the share capital of PT Gunanusa.

The Company's acquisition of 10 shares from Mr Iman Taufik, who is also the advisor to the Federal group of companies, will be funded by internal resources.

The above transactions are 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 2006.

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the above investment.

By Order of the Board

Chng Geok
Director/Company Secretary

16 May 2006