



FEDERAL INTERNATIONAL (2000) LTD

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NEWS RELEASE

Federal International incorporates subsidiary company Banyan Utilities to target the power and steam market

21 May 2007, Singapore – Mainboard-listed Federal International (2000) Ltd ("Federal" or "the Company") announced that it has entered into a joint venture with Utility Development Corporation Pte Ltd ("UDC") to incorporate a subsidiary, Banyan Utilities Private Limited ("Banyan Utilities") which will build, operate and own a Co-Generation facility.

Federal owns 60% shareholding of Banyan Utilities while UDC owns the balance 40% of the company. UDC's shareholders are CT Engineering and Construction Pte Ltd ("CT Engineering & Construction") and two individuals. CT Engineering & Construction is in turn owned by Capital Turbines Australia Pty Ltd (CTA).

Commented Mr K K Koh, Federal's Executive Chairman and CEO: "This strategic alliance with Utility Development Corporation to venture into the Co-Generation facility to produce electricity and steam for customers is in tandem with Federal's goal to be an integrated service provider in the energy sector, as well as to focus on business activities that can generate long-term and recurring income, such as BOO (Build, Operate and Own) and BOT (Build, Operate and Transfer) projects."

This investment with an initial paid up capital of S\$10,000 is funded by Federal's internal resources. It is not expected to have any material impact on Federal's earnings per share or net tangible assets per share for the financial year ending December 2007.

None of the Directors or controlling shareholders of the company 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 CT Engineering and Construction Pte Ltd and Capital Turbines Australia Pty Ltd

CT Engineering and Construction Pty 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 type 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.

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

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