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PRESS RELEASE

FEDERAL GROUP SECURES ITS FIRST 'BUILD, OPERATE & OWN' PROJECT FOR OIL PIPELINE INSTALLATION IN INDONESIA

- Total project valued at US\$29 million, of which Federal has secured a sub-contract in project management and procurement worth US\$14 million**

Singapore, 2 July 2008 – SGX Mainboard-listed Federal International (2000) Ltd (“Federal” or collectively with its subsidiaries, the “Group”), an integrated engineering and procurement specialist supporting the energy and utility sectors in the region, announced today that the Group has secured a Build, Operate and Own (“BOO”) project through its business associate, PT. Geolink Nusantara, for an oil pipeline installation in East & Central Java, Indonesia.

The Group will be involved in project management and procurement of materials for this BOO project which entails the engineering, procurement, construction and installation of a 6” x 40 km oil pipeline from Banyu Urip to Mudi and two oil storage tanks for customer PT Pertamina EP Cebu.

Project planning had commenced in May 2008 and is scheduled to be completed by January 2009. The project, which is expected to generate revenue of approximately US\$14 million for the Federal Group over a contractual period of 33 months, kicks off from January 2009.

This project is the Group's first project for oil pipeline installation work, although the Group had completed a 16-km, Zone I East Java Gas Pipeline for PT. Pertamina & Gas in January 2008.

Federal's Executive Chairman and CEO, Mr K. K. Koh commented, "We are delighted to have secured this project which is Federal's very **first oil pipeline installation project on a 'Build, Operate and Own' basis**. This project reflects Federal's progress in scaling up the value chain, from trading and distribution of oilfield related products to project management and procurement of materials."

The Group's participation in the project will be funded by internal resources and bank borrowings. The project 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 2008.

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

About Federal International

Listed on the Mainboard of the SGX-ST in 2000, Federal is an integrated service provider and procurement specialist in the oil & gas, energy and infrastructure industries. From a trading company, Federal has transformed its business model, and today it is involved in Research & Development, Design and Manufacturing as well as Trading of flowline control products and services and oil & gas-related equipment.

The Group develops and markets its own proprietary valves under the KVC™ brand. In line with its strategic objective to build a business base with stable, recurring income streams, Federal has established a new business segment - Marine Logistics – to provide chartering of vessels such as Floating & Storage Offloading vessels for offshore oil & gas upstream activities.

Federal has also recently ventured into the utilities sector with a few BOO contracts. The first was a 12-year, BOO project to supply power to Natural Fuel Pte Ltd on Jurong Island, Singapore. In December 2007, Federal together with its JV partner PT. Gasuma Corporindo, established a JV company which was given the mandate to build an integrated gas processing and power plant on a "BOO" basis in Tuban, East Java, Indonesia at a cost of US\$25.9 million. This BOO project is expected to generate annual revenue of approximately US\$20 million to US\$30 million.

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

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