

**FEDERAL INTERNATIONAL (2000) LTD**

(Incorporated in Singapore)

*Company Registration No. 199907113K*

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**INCREASE IN INVESTMENT IN ASSOCIATE COMPANY, PT GUNANUSA UTAMA FABRICATORS**

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The Board of Directors of Federal International (2000) Ltd (the "Company") wishes to announce that the Company's shareholding in the share capital of its associate company, PT Gunanusa Utama Fabricators ("PT Gunanusa"), has increased by way of:

- (i) an issue of bonus shares by PT Gunanusa on the basis of 1 bonus share for every 1 existing ordinary share held by PT Gunanusa's shareholders, which had increased the Company's shareholding from 1,385 shares to 2,770 shares;
- (ii) a subscription for 830 shares at a consideration of US\$2.075 million from an issuance of new shares by PT Gunanusa, which had increased the Company's shareholding from 2,770 shares to 3,600 shares; and
- (iii) acquisition of an additional 120 shares from PT Gunanusa's existing shareholders for a consideration of US\$300,000.

The proceeds from PT Gunanusa's issuance of new shares would be used to strengthen its working capital, upgrade existing yard facilities and invest in a new barge and shipyard.

The Company had subscribed for the said 830 shares in order to maintain its 20% stake in the enlarged share capital of PT Gunanusa.

Following the said share subscription as well as the acquisition of the additional 120 shares, the Company's shareholding has increased to 3,720 shares or 20.66% of the issued share capital of PT Gunanusa.

The Company's subscription for shares will be funded by internal resources 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 2008.

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 April 2008