



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

NEWS RELEASE

Federal forms joint venture with Sapex Oilfield Services Ltd to target the oilfield drilling market in Asia Pacific

May 12, 2005, Singapore – Mainboard-listed Federal International (2000) Ltd (“Federal”) is pleased to announce that it has established a 50/50 joint venture (“JV”) company with Sapex Oilfield Services Ltd (“Sapex Oilfield”). The new JV company is Sapex International Pte. Ltd. (“Sapex International”).

Sapex Oilfield is an established provider of downhole tools and equipment in various sectors of the South East Asia Oil and Gas Industry. Providing complete solutions to meet customer needs, Sapex Oilfield designs, supplies and installs specialised downhole Drilling, Completion and Workover equipment in many areas of Southeast Asia so as to support the regional energy industry.

Sapex International will be involved in business activities supporting the oil and gas exploration sector, including downhole completion, drilling – liner completions, cementing / float equipment and services, downhole flow control equipment, tool repair & refurbishment and other specialised services.

Sapex International will be the exclusive international sales and service distributor for the entire SAPEX product line and its related services. SAPEX product line includes Sapex brand of Production and Service Packers, Completion accessories, Flow Control Equipment, Service Tools, Liner Hangers, External Casing Packers, and Float equipment. Sapex International will harness the combined expertise of its joint venture partners to play an active role in the upstream activities in the oil and gas industry.

Mr K K Koh, Federal’s Executive Chairman and CEO, commented, “This strategic alliance with Sapex Oilfield Services Ltd is in line with Federal’s goal to grow our business by teaming up with strategic partners. The collaboration will increase the breadth and depth of our market presence in the oil and gas industry in the Asia Pacific region. “

The above investment with an authorised capital of US\$10 million and initial paid-up capital of US\$20,000 will be funded by internal resources and is expected to have a positive material impact on the earnings per share but it is not expected to

have any material impact on the net tangible assets per share of the company for the financial year ending 2005.

None of the Directors or substantial shareholders of Federal has any interest, direct or indirect in the above said joint venture.

About Federal International (2000) Ltd

Federal is a value-added distributor and provider of turnkey EPC (engineering, procurement & construction) solutions for the energy & infrastructure industries. Currently, the group is principally involved in the distribution of flowline control products (e.g. valves, structural steel, steel flanges/ connectors and pipe fittings) to the oil and gas, power, chemical and pharmaceutical industries.

Through its subsidiary Houston-based HP & T Products, Inc. and its strategic stakes in KVC Co., Ltd (Japan) and KVC (UK) Ltd -- companies which are involved in upstream activities such as research & development and, manufacturing of valves and valve-related equipment -- Federal is moving up the value chain as it aims to be an integrated service provider and procurement specialist in the energy and infrastructure industries.

About Sapex Oilfield Services Ltd

Sapex Oilfield Services Ltd was established in 2001, as the international affiliate of Sapex Oil Tools Ltd which has been operating since 1994. The company's founder and President, Ronald K. Larson has over 37 years of industry experience.

Additionally, Sapex Oilfield offers a variety of specialised services, many of which have been developed in-house, such as their IZT (Inter Zonal Testing) and IZS (Inter Zonal Separation) services which allow for testing and then maximising production in ESP (Electric Submersible Pumping) completions where water migration and coning may pose problems.

For further information, please contact:

Aimimpact Consultancy Pte Ltd
Gwen W. Ling
Tel: 63417867/97245989