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PRESS RELEASE

FEDERAL INTERNATIONAL'S SUBSIDIARY, ALTON INTERNATIONAL, TEAMS UP WITH INDONESIAN COMPANIES, PT JWR AND PT MCN, TO TAP THE GROWING INDONESIAN OIL & GAS DRILLING MARKET

December 30, 2004, Singapore – Alton International (S) Pte Ltd (“Alton International”), a wholly-owned subsidiary of Federal International (2000) Ltd (“Federal International”), today announced that it aims to harness the growing opportunities in the Indonesian oil and gas drilling market through its joint venture (JV) with two Indonesian companies, PT Medici Citra Nusa (“PT MCN”) and PT Jaya Wijaya Raya (“PT JWR”).

PT JWR is engaged in a wide range of services including production facilities, integrated logistic, rental equipment, engineering and construction and oil and gas related services. PT MCN is involved primarily in the provision of integrated drilling services required by oilfields and chemical industries in Indonesia.

The business activities of the new JV company, Alton International Indonesia (“PT All”) include the provision of integrated drilling services and associated equipment, logistical works to various Indonesian oil majors and resource explorers, shipping and provision of temporary storage of methanol, chemical methanol trading and sludge reprocessing.

Alton International has a 30% stake in the JV company while PT JWR and PT MCN each has 30% and 40% of the shareholding respectively. The authorized capital of PT All is Rp 4 billion (approximately US\$442,478). Alton International has to date

invested Rp 1.2 billion (approximately US\$133,000) in this JV company as its share of the paid-up capital.

PT All, which has a total staff strength of 17, expects to be profitable in its first year of operation. Drilling services and provision of drilling rigs are expected to be the key contributors to the company's revenue and earnings. Its current customers include Lapindo Brantas, Pertamina, Kondur Petroleum, PT Kaltim Methanol Industri and others. It is also negotiating a deal with Whitesea Shipping to become their representative in Indonesia handling the shipping and distribution of methanol.

Said Mr K. K. Koh, Executive Chairman and CEO of Federal International: "The Indonesian oil and gas sector is expected to attract more foreign investment following the recent enactment of two regulations which aimed to open the industry to competition and do away with the monopoly of the state-owned oil and gas company PT Pertamina. Also, the foreign oil majors are in a better position to make firm, long-term investment plans, now that the Indonesian Presidential elections have taken place, and there is more clarity in the overall investment climate."

"Given this positive scenario, this strategic alliance will benefit the Federal Group by opening doors for us to secure more contracts to support the oil and gas drilling equipment and services market in Indonesia. This joint venture is expected to provide a strong and recurring income stream for the Group."

This joint venture will be funded by internal resources, and is not expected to have any material impact on the consolidated earnings per share and net tangible asset per share of the company for the current financial year.

None of the Directors or substantial shareholders of the Company has any interest in the above agreement.

About Federal International (2000) Ltd

Mainboard-listed Federal International is a value-added distributor and provider of turnkey EPC (engineering, procurement & construction) solutions for the energy &

infrastructure industries. Currently, the group distributes flowline control products (e.g. valves, structural steel, steel flanges/ connectors and pipe fittings) to the oil and gas, power, chemical and pharmaceutical industries. Federal is also involved in upstream activities such as R&D and manufacturing of valves and valve-related equipment through its wholly owned subsidiary Houston-based HP & T Products, Inc. as well as KVC Co. Ltd (Japan) and KVC (UK) Ltd, in which it has strategic stakes.

Alton International supplies oilfield equipment, spares and valves to customers in Australia, China, India and the Asia Pacific region. Its customers include major oil and gas producing companies, drilling contractors, rig building yards and offshore fabricators.

About P.T. Jaya Wijaya Raya

Established in 2001, P.T. Jaya Wijaya Raya is an oil and gas company which offers a wide range of services, ranging from BOO (building, owning and operating) of production facilities for both oil & gas, petrochemical and associated industries, to provision of maintenance services, equipment rental and management, engineering & consultancy works, supply chain management & logistics for upstream and downstream activities, as well as marine and transportation services.

About P.T. Medici Citra Nusa

Established in 1995, P.T. Medici Citra Nusa is owned by individuals who are substantial shareholders of P.T. Energi Mega Persada, an oil and gas company listed on the Jakarta Stock Exchange, with a market capitalization of approximately US\$575 million (Rp 5.2 billion or S\$961.4 million). Some of the major customers of P.T. MCN include Caltex, Vico, Gulf and Pertamina.

Issued on behalf of Federal International (2000) Ltd

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