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Announcement Details :

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Announcement Title	HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
Announcement Category	FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

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SGX Securities Trading, Market Control Department (Securities Operations)

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Half Year * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information


Name of Announcer *	EQUATION CORP LIMITED
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Announcement is submitted with respect to *	EQUATION CORP LIMITED
Announcement is submitted by *	Chng Weng Wah
Designation *	Executive Director
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2007
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Attachments:

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Equation Corp Limited

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Income Statement

	Group 6 months ended 31 Dec.2007 \$'000	Group 6 months ended 31 Dec.2006 \$'000	Change %
Continuing operations			
Sales	24,833	7,770	219.6%
Cost of sales	(18,426)	(6,109)	201.6%
Gross profit	6,407	1,661	285.7%
Other gains - net	10,259	606	1592.9%
Expenses			
- Distribution	(4,842)	(1,901)	154.7%
- Administrative	(3,738)	(2,116)	76.7%
- Finance	(509)	(169)	201.2%
- Other	(98)	(76)	28.9%
Share of loss of an associated company	(1,961)	(945)	107.5%
Profit/(loss) before income tax	5,518	(2,940)	NM
Income tax (expense)/credit	(196)	102	NM
Profit/(loss) from continuing operations	5,322	(2,838)	NM
Discontinued operations			
Loss from discontinued operations *	-	(147)	-100.0%
Total profit/(loss)	5,322	(2,985)	NM
Attributable to:			
Equity holders of the Company	5,520	(2,521)	NM
Minority interests	(198)	(464)	NM
	5,322	(2,985)	NM
Earnings/(loss) per share for results from continuing operations			
attributable to equity holders of the Company (expressed in cents per share)			
- Basic	0.57	(0.26)	NM
- Diluted	0.57	(0.26)	NM
Loss per share for loss from discontinued operations attributable to			
equity holders of the Company (expressed in cents per share)			
- Basic	-	(0.02)	-100.0%
- Diluted	-	(0.02)	-100.0%

NM : percentage not meaningful.

* : The loss from discontinued operations related to Jacob's Larder Pte Ltd ("JL"), a former subsidiary dealing with food and beverage business. JL was disposed of in June 2007 as this was a non-core loss-making business. Accordingly, the comparative results of Jacob's Larder Pte Ltd has been presented on the income statement as "discontinued operations".

Equation Corp Limited

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

1(a)(ii) Notes to the Income Statement

	Group 6 months ended 31 Dec 2007 \$'000	Group 6 months ended 31 Dec 2006 \$'000
Continuing operations		
Profit/(loss) from continued operations include the following (charges)/credits:		
Interest expense		
- bank borrowings	(389)	(82)
- finance lease liabilities	(67)	(11)
- others	(53)	(76)
Depreciation of property, plant and equipment	(803)	(717)
Employee compensation	(2,727)	(1,884)
Impairment loss on available-for-sale financial assets	-	(27)
Allowance for impairment of trade and other receivables	(47)	(17)
Rental expense - operating leases	(265)	(232)
Loss on disposal of property, plant and equipment	-	(4)
Gain on disposal of shares in an associated company	9,710	-
Interest income	191	158
Exchange gain - net	177	11
Allowance for impairment of receivables of former subsidiary written back	-	346
Provision for other liabilities and charges written back	(1,349)	93
Current income tax	(206)	(2)
Deferred income tax	23	104
(Under)/over provision in preceding financial years for:		
- current income tax	(14)	-
- deferred income tax	1	-
Discontinued operations		
Net loss from discontinued operations include the following charges:		
Depreciation of property, plant and equipment	-	(3)
Employee compensation	-	(317)
Rental expense - operating leases	-	(318)

Equation Corp Limited

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group As at 31 Dec 2007 \$'000	Group As at 30 Jun 2007 \$'000	Change %	Company As at 31 Dec 2007 \$'000	Company As at 30 Jun 2007 \$'000	Change %
ASSETS						
Current assets						
Cash and cash equivalents	6,132	8,387	-26.9%	267	1,020	-73.8%
Trade and other receivables	9,392	5,504	70.6%	12,453	11,170	11.5%
Inventories	9,259	8,855	4.6%	-	-	-
Properties held for sale	676	830	-18.6%	-	-	-
Other current assets	2,748	1,760	56.1%	860	65	1223.1%
	<u>28,207</u>	<u>25,336</u>	<u>11.3%</u>	<u>13,580</u>	<u>12,255</u>	<u>10.8%</u>
Non-current assets						
Investment in an associated company (see Note 1)	14,999	10,650	40.8%	14,827	8,050	84.2%
Investments in subsidiaries	-	-	0.0%	5,590	5,590	0.0%
Property, plant and equipment	11,070	11,946	-7.3%	293	249	17.7%
Other non-current assets	50	50	0.0%	50	50	0.0%
	<u>26,119</u>	<u>22,646</u>	<u>15.3%</u>	<u>20,760</u>	<u>13,939</u>	<u>48.9%</u>
Total assets	<u>54,326</u>	<u>47,982</u>	<u>13.2%</u>	<u>34,340</u>	<u>26,194</u>	<u>31.1%</u>
LIABILITIES						
Current Liabilities						
Trade and other payables	10,176	10,906	-6.7%	703	735	-4.4%
Current income tax liabilities	247	87	183.9%	5	3	66.7%
Borrowings	5,131	4,408	16.4%	1,539	1,250	23.1%
Provision for other liabilities and charges	1,071	630	70.0%	10	51	-80.4%
	<u>16,625</u>	<u>16,031</u>	<u>3.7%</u>	<u>2,257</u>	<u>2,039</u>	<u>10.7%</u>
Non-current liabilities						
Borrowings	2,455	1,959	25.3%	1,028	1,750	-41.3%
Deferred income tax liabilities	125	148	-15.5%	-	-	0.0%
	<u>2,580</u>	<u>2,107</u>	<u>22.4%</u>	<u>1,028</u>	<u>1,750</u>	<u>-41.3%</u>
Total liabilities	<u>19,205</u>	<u>18,138</u>	<u>5.9%</u>	<u>3,285</u>	<u>3,789</u>	<u>-13.3%</u>
NET ASSETS	<u>35,121</u>	<u>29,844</u>	<u>17.7%</u>	<u>31,055</u>	<u>22,405</u>	<u>38.6%</u>
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	65,806	65,806	0.0%	65,806	65,806	0.0%
Other reserves	(111)	(34)	226.5%	110	78	41.0%
Accumulated losses	(33,629)	(39,149)	-14.1%	(34,861)	(43,479)	-19.8%
	<u>32,066</u>	<u>26,623</u>	<u>20.4%</u>	<u>31,055</u>	<u>22,405</u>	<u>38.6%</u>
Minority interests	3,055	3,221	-5.2%	-	-	0.0%
Total equity	<u>35,121</u>	<u>29,844</u>	<u>17.7%</u>	<u>31,055</u>	<u>22,405</u>	<u>38.6%</u>

Note 1: The Company entered into an Amended and Restated Investment Agreement ("Investment Agreement") on 27 March 2006 with Oei Hong Leong Foundation Pte Ltd ("OHL") and Centillion Recycling & Environment Limited ("Centillion") pursuant to which the Company and OHL can each subscribe for 948,724,172 new ordinary shares in the issued and paid-up share capital of Centillion, a listed company incorporated in Singapore, at a cash consideration of \$8.05 million ("Tranche 1 Shares"). Subscription of Tranche 1 Shares was completed on 29 September 2006. Under the Investment Agreement, after the subscription of the Tranche 1 Shares, the Company and OHL were each given an option to subscribe for a further 948,724,172 ordinary shares in the share capital of Centillion at the subscription price of \$0.008485 per share (the "Tranche 2 Shares"), exercisable within one year from the issue of the Tranche 1 Shares. The Tranche 2 Shares were subscribed in full on 16 July 2007. The Group is in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities of Centillion at their fair values as at the date of acquisition of Tranche 2 Shares.

Accordingly, the identifiable assets, liabilities and contingent liabilities have been accounted for at their provisional values and adjustments will be made to these provisional values upon the completion of the purchase price allocation exercise ("PPA"). The Group's share of Centillion's loss during the financial period will also be affected by the completion of the PPA and may be adjusted accordingly.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2007 (\$'000)		As at 30/06/2007 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,631	1,500	3,158	1,250

Amount repayable after one year

As at 31/12/2007 (\$'000)		As at 30/06/2007 (\$'000)	
Secured	Unsecured	Secured	Unsecured
1,455	1,000	209	1,750

Details of collateral

As at balance sheet date, the total borrowings included, secured liabilities of \$5,086,000 (June 2007: \$3,367,000) for the Group. Bank borrowings of one of the subsidiaries amounting to \$3,000,000 (June 2007: \$3,000,000) are secured by debenture deeds which provide for first floating charge on all assets of the subsidiary and a corporate guarantee given by the Company. Finance lease liabilities of the Group amounting to \$2,086,000 (June 2007: \$367,000) are secured by the rights to the leased motor vehicles and plant and equipment and corporate guarantees given by the Company.

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 6 months ended 31 Dec 2007 \$'000	Group 6 months ended 31 Dec 2006 \$'000
Cash flows from operating activities		
Total profit/(loss)	5,322	(2,985)
Adjustments for:		
- Income tax expense/(credit)	196	(102)
- Share option expenses	32	87
- Depreciation of property, plant and equipment	803	720
- Net loss on disposals of property, plant and equipment	-	4
- Interest income	(191)	(158)
- Interest expense	509	169
- Impairment loss on available-for-sale financial assets	-	27
- Allowance for impairment of trade and other receivables	47	17
- Provision for other liabilities and charges made/(written back)	1,349	(93)
- Share of loss of associated company	1,961	945
- Gain on disposal of shares in an associated company	(9,710)	-
Operating cash flow before working capital changes	318	(1,369)
Change in operating assets and liabilities, net of effects from purchase and disposals of subsidiaries		
- Properties held for sale	154	124
- Inventories	(404)	(2,835)
- Trade and other receivables	(3,980)	(1,166)
- Other current assets	(938)	1,852
- Trade and other payables	1,522	126
- Provision for other liabilities and charges	(903)	(83)
Cash used in operations	(4,231)	(3,351)
Interest paid	(451)	(167)
Interest received	186	148
Income tax paid	(58)	-
Net cash used in operating activities	(4,554)	(3,370)

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

	Group 6 months ended 31 Dec.2007 \$'000	Group 6 months ended 31 Dec.2006 \$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(94)	(6,410)
Proceeds from disposal of property, plant and equipment	-	61
Proceeds from disposal of shares in an associated company	11,394	-
Other payables	-	3,646
Acquisition of an associated company	(8,050)	(8,050)
Obligations of a former subsidiary paid	(6)	-
Net cash provided by/(used in) investing activities	3,244	(10,753)
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	-	13,489
Withdrawal of deposits placed for banking facilities	41	120
Changes in amount due to directors	(99)	(16)
Repayments of lease liabilities	(211)	(67)
Changes in amount due to minority shareholders of subsidiaries	(84)	930
Proceeds from bank borrowings	10,000	-
Repayments of bank borrowings	(10,500)	-
Net cash (used in)/provided by financing activities	(853)	14,456
Net (decrease)/increase in cash and cash equivalents	(2,163)	333
Cash and cash equivalents at beginning of the financial year	7,752	8,933
Effects of exchange rate changes on cash and cash equivalents	(51)	(63)
Cash and cash equivalents at end of the financial year (Note A)	5,538	9,203

Note A:

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	Group 6 months ended 31 Dec.2007 \$'000	Group 6 months ended 31 Dec.2006 \$'000
Cash at bank and on hand	4,010	2,847
Short-term bank deposits	2,122	6,987
Less: Deposits placed with a bank as security	(594)	(631)
Cash and cash equivalents per consolidated cash flow statement	5,538	9,203

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

1(d)(i) A statement for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000	Minority Interests \$'000	Total equity \$'000
2007						
Balance at 1 Jul 2007	65,806	(34)	(39,149)	26,623	3,221	29,844
Net (loss)/gain recognised directly in equity - Currency translation differences	-	(109)	-	(109)	32	(77)
Net gain/(loss)	-	-	5,520	5,520	(198)	5,322
Total recognised (losses)/gains	-	(109)	5,520	5,411	(166)	5,245
Employee share option scheme						
- Value of employee services	-	32	-	32	-	32
Balance at 31 Dec 2007	65,806	(111)	(33,629)	32,066	3,055	35,121
2006						
Balance at 1 Jul 2006	52,317	(221)	(39,887)	12,209	3,347	15,556
Net loss recognised directly in equity - Currency translation differences	-	(123)	-	(123)	(13)	(136)
Net loss	-	-	(2,521)	(2,521)	(464)	(2,985)
Total recognised losses	-	(123)	(2,521)	(2,644)	(477)	(3,121)
Employee share option scheme						
- Value of employee services	-	87	-	87	-	87
Issue of shares	13,967	-	-	13,967	-	13,967
Share issue expenses	(478)	-	-	(478)	-	(478)
Balance at 31 Dec 2006	65,806	(257)	(42,408)	23,141	2,870	26,011

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

Company	Share capital \$'000	Other reserves \$'000	Accumulated losses \$'000	Total \$'000
2007				
Balance at 1 Jul 2007	65,806	78	(43,479)	22,405
Net gain	-	-	8,618	8,618
Total recognised losses	-	-	8,618	8,618
Employee share option scheme	-	32	-	32
- Value of employee services	-	110	(34,861)	31,055
Balance at 31 Dec 2007	65,806	110	(34,861)	31,055
2006				
Balance at 1 Jul 2006	52,317	9	(41,741)	10,585
Net loss	-	-	(686)	(686)
Total recognised losses	-	-	(686)	(686)
Employee share option scheme	-	-	-	-
- Value of employee services	-	87	-	87
Issue of shares	13,967	-	-	13,967
Share issue expenses	(478)	-	-	(478)
Balance at 31 Dec 2006	65,806	96	(42,427)	23,475

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issue, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

A) Changes in share capital during the financial period

There were no changes to the share capital during the financial period. The issued share capital of the Company, as at 31 December 2007, comprises 966,165,628 (30 June 2007 : 966,165,628) ordinary shares.

B) Share options - Equation Executives' Share Option Scheme

On 17 April 2006, options on 2,750,000 shares with an exercise price of \$0.08 were granted pursuant to the Equation Executives' Share Option Scheme ("Scheme"). The exercise price for the option granted on 17 April 2006 was fixed at a discount of 20% to the average of the last dealt prices for a share of the Company for three consecutive trading days immediately before the grant. As at 31 December 2007, there were options outstanding for the subscription of 2,400,000 (31 December 2006: 2,750,000) ordinary shares in the share capital of the Company under the Scheme. The options are exercisable from 17 April 2008.

Save for the above, there are no unissued shares of the Company under option as at the end of the financial period.

C) Treasury shares

No treasury shares were held by the Company as at 31 December 2007 and 31 December 2006.

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The number of issued shares as at 31 December 2007 is 966,165,628 (30 June 2007: 966,165,628) ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation for the current financial period compared with the audited financial statements for the financial year ended 30 June 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Continuing operations		Discontinued operations	
	Group	Group	Group	Group
	6 months ended 31 Dec 2007	6 months ended 31 Dec 2006	6 months ended 31 Dec 2007	6 months ended 31 Dec 2006
Earnings/(loss) per share				
(a) Basic earnings/(loss) per share (cents per share)	0.57	(0.26)	0.00	(0.02)
- Weighted average number of ordinary shares in issue for basic earnings/(loss) per share	966,165,628	900,121,702	966,165,628	900,121,702
(b) Diluted earnings/(loss) per share (cents per share)	0.57	(0.26)	0.00	(0.02)
- Adjusted weighted average number of ordinary shares in issue for diluted earnings/(loss) for share	967,471,957	902,871,703	967,471,957	902,871,703

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
 (a) current financial period reported on; and (b) immediately preceding financial year.

	Group As at 31 Dec 2007	Group As at 30 Jun 2007	Company As at 31 Dec 2007	Company As at 30 Jun 2007
Net asset value per ordinary share based on issued share capital (cents)	3.64	3.09	3.21	2.32

The net asset value per ordinary share is computed based on 966,165,628 (30 June 2007: 966,165,628) ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
 (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Income Statement

The Group's revenues increased 219.6% from \$7.8 million in the preceding financial period to \$24.8 million in the current financial period. The increase was mainly contributed by the consumer electronic products business and the recycling and trading of e-waste business.

M3 Electronic GmbH ("M3"), our Germany subsidiary, is the OEM (Original Equipment Manufacturer) and ODM (Original Design Manufacturer) of consumer electronic products such as DVD players, MP3/MP4 and other music players. Through wider customer coverage and broader products range, the consumer electronic products segment registered a 291.3% increase in revenue from \$4.0 million in the preceding financial period to \$15.7 million in the current financial period.

Another subsidiary of the Group, CH E-Recycling Pte. Ltd. ("CHE"), which deals with the recycling and trading of ferrous and non-ferrous metals such as copper, aluminum and electronic waste products, also registered 146.5% increase or \$5.3 million in revenue through more aggressive sale efforts and higher trading activities. CHE's revenue increased from \$3.6 million in the preceding financial period to \$8.9 million in the current financial period.

The breakdown of revenue between the two periods are represented below:

	Group		Group	
	6 months ended 31 Dec 2007	% to total revenue	6 months ended 31 Dec 2006	% to total revenue
	\$'000		\$'000	
Consumer electronic products	15,748	63.4%	4,025	51.8%
Recycling and trading of metals and e-wastes	8,902	35.8%	3,611	46.5%
Property investment and development	142	0.6%	90	1.2%
Others	41	0.2%	44	0.5%
	24,833	100.0%	7,770	100.0%

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

Due to higher revenue, gross profit increased 285.7% from \$1.7 million in the preceding financial period to \$6.4 million in the current period. Gross profit margin improved 4.4% largely due to better gross margins contributed by the consumer electronic products segment. The consumer electronic products segment made its purchases largely in US Dollar which has weakened in recent months compared to the Euro, the denominated currency for its sales.

The increase in other gains from \$0.6 million in the preceding financial period to \$10.3 million in the current financial period is mainly due to a \$9.7 million gain arising from the disposal of 150 million shares in Centillion Recycling & Environment Limited ("Centillion"), an associated company, on 12 July 2007.

Distribution expenses increased by \$2.9 million (or 154.7%) from \$1.9 million to \$4.8 million mainly due to higher sales, marketing and event organising expenses incurred by the consumer electronic products segment, in line with the increase in activities for that segment.

Administrative expenses increased by \$1.6 million (or 76.7%) from \$2.1 million to \$3.7 million largely due to higher costs incurred which is in line with the increased activities.

Finance expenses increased by 201.2% from \$169,000 to \$509,000 due to higher borrowings secured during the financial period as well as prepayment charges incurred.

The discontinued operations referred to the food and beverage business which the Company disposed in June 2007 as this was a non-core business segment that was loss-making.

The Group's effective tax rate for the financial period is lower than the current Singapore corporate tax rate of 18% mainly due to income not subject to tax.

The net gain of the Group during the current financial period was principally attributed by:

- i) Net gain generated by subsidiaries, M3 and CHE, amounting to \$0.2 million;
- ii) Gain arising from disposal of shares in Centillion amounting to \$9.7 million;
- iii) Share of loss in Centillion amounting to \$2.0 million; and
- iv) Corporate and other expenses incurred amounting to \$2.4 million.

In the previous financial period, the Group results were principally affected by the following:

- i) Net loss incurred by subsidiaries, CHE and M3, amounting to \$0.6 million;
- ii) Net loss incurred by food and beverage and property development businesses totalling \$0.2 million;
- iii) Share of loss in Centillion amounting to \$0.9 million; and
- iv) Corporate expenses incurred amounting to \$0.8 million.

Balance Sheet

Total assets of the Group increased by \$6.3 million from \$48.0 million as at 30 June 2007 to \$54.3 million as at 31 December 2007, mainly due to the following:

- i) Increase in inventories by \$0.4 million and trade and other receivables by \$3.9 million, in line with improved sales activities of M3 and CHE;
- ii) Other current assets increased by \$1.0 million mainly due to deposits and prepayment paid in respect of a new leased premise and capital expenditure respectively in the current financial period as well as Goods & Service Tax receivable;
- iii) Increase in the carrying amount of investment in Centillion by \$4.3 million due to additional subscription of 948,724,172 shares in Centillion during the financial period for a cash consideration of \$8.05 million, reduced by \$1.7 million worth of Centillion shares which were disposed during the financial period and the share of losses in Centillion during the current financial period amounting to \$2.0 million;
- iv) Reduction of carrying amounts of property, plant and equipment due to depreciation charge during the financial period of \$0.8 million;
- v) Decrease in cash and cash equivalents of \$2.3 million (refer to explanation on "Cashflow" below).

Total liabilities of the Group increased by \$1.1 million from \$18.1 million as at 30 June 2007 to \$19.2 million as at 31 December 2007, mainly due to the following:

- i) Trade and other payables decreased by \$0.7 million mainly due to repayments for purchase of certain plant and equipment during the current financial period;
- ii) Increase in borrowings of \$1.2 million mainly due to new finance lease facilities secured during the financial period offset by repayment of borrowings; and
- iii) Provision for liabilities and charges increased by \$0.4 million due to higher provision of warranty required as a result of higher sales for the consumer electronic products segment.

Cash Flow

The main source of funds arose from the following during the financial period:

- i) Proceeds of \$11.4 million arising from sale of shares in an associated company, Centillion; and
- ii) Proceeds from new bank borrowings of \$10 million.

The funds have been used mainly for the following purposes:

- i) Subscription of additional shares in Centillion for a cash consideration of \$8.05 million;
- ii) Repayment of bank borrowings and lease liabilities of \$10.7 million; and
- iii) For operational and general working capital purposes of \$4.6 million.

Cash and cash equivalents (net of deposits placed with a bank as security) decreased by approximately \$2.2 million from \$7.7 million as at 30 June 2007 to \$5.5 million as at 31 Dec 2007.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may effect the group in the next reporting period and the next 12 months.

i) Rights issue

On 21 January 2008, the Company issued an Offer Information Statement relating to the renounceable and non-underwritten rights issue of up to 386,466,251 new ordinary shares in the issued share capital of the Company (the "Rights Issue") at an issue price of S\$0.05 for each Rights Share and on the basis of two (2) Rights Shares for every five (5) existing ordinary shares in the issued and paid-up share capital of the Company held by shareholders as at 22 January 2008, the Books Closure Date. The final day for application and acceptance of the Rights Issue was 12 February 2008. Expected date for issuance of Rights Shares will be on 21 February 2008.

ii) Current businesses

The Group will expand its existing businesses in electronic waste recycling and consumer electronic product distribution while continuing to explore possible new business ventures for the Group.

11.

Dividend

(a) Current financial period reported on

No dividend has been declared for the financial period reported.

(b) Corresponding period of the immediately preceding financial year

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12.

If no dividend has been declared (recommended), a statement to that effect.

No dividend will be declared/recommended.

PART 2 - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.
Not applicable
14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.
Not applicable
15. A breakdown of sales as follows:-
Not applicable
16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.
Not applicable
17. Interested Person Transactions for the financial period ended 31 December 2007
There are no discloseable interested person transactions during the financial period.

BY ORDER OF THE BOARD

CHNG WENG WAH
Director
13 February 2008



Equation Corp Limited

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 December 2007

NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(4) OF THE LISTING MANUAL

We, Chng Weng Wah and Heng Lee Seng, being two directors of Equation Corp Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half year ended 31 December 2007 to be false or misleading in any material respect.

For and on behalf of the Board of Directors

CHNG WENG WAH
Executive Director/Chief Executive Officer

HENG LEE SENG
Director

13 February 2008