

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2008

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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 2nd Qtr ended 31 Dec 2008 \$'000	Group 2nd Qtr ended 31 Dec 2007 \$'000	Change %	Group 6 months ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2007 \$'000	Change %
Sales	8,974	13,124	-31.6%	17,552	24,833	-29.3%
Cost of sales	(7,717)	(9,115)	-15.3%	(15,825)	(18,426)	-14.1%
Gross profit	<u>1,257</u>	<u>4,009</u>	-68.6%	<u>1,727</u>	<u>6,407</u>	-73.0%
Other income	553	244	126.6%	718	10,259	-93.0%
Distribution expenses	(2,374)	(2,777)	-14.5%	(4,629)	(4,842)	-4.4%
Administrative expenses	(1,957)	(1,555)	25.9%	(4,074)	(3,738)	9.0%
Other expenses	(80)	(87)	-8.0%	(86)	(98)	-12.2%
Results from operating activities	<u>(2,601)</u>	<u>(166)</u>	1466.9%	<u>(6,344)</u>	<u>7,988</u>	
Finance expenses	(82)	(211)	-61.1%	(154)	(509)	-69.7%
Share of loss of associate, net of tax	(5,158)	(1,043)	394.5%	(6,077)	(1,961)	209.9%
(Loss)/profit before income tax	<u>(7,841)</u>	<u>(1,420)</u>	452.2%	<u>(12,575)</u>	<u>5,518</u>	NM
Income tax (expense)/credit	(5)	(168)	-97.0%	19	(196)	NM
(Loss)/profit for the period	<u>(7,846)</u>	<u>(1,588)</u>	394.1%	<u>(12,556)</u>	<u>5,322</u>	NM
Attributable to:						
Equity holders of the Company	(7,016)	(1,570)	346.9%	(10,698)	5,520	NM
Minority interests	(830)	(18)	4511.1%	(1,858)	(198)	838.4%
	<u>(7,846)</u>	<u>(1,588)</u>	394.1%	<u>(12,556)</u>	<u>5,322</u>	NM
(Loss)/earnings per share for loss attributable to equity holders of the Company (expressed in cents per share)						
- Basic	(0.56)	(0.16)	250.0%	(0.85)	0.57	NM
- Diluted	(0.56)	(0.16)	250.0%	(0.85)	0.57	NM

NM : percentage not meaningful.

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1(a)(ii) Notes to the Income Statement for the current financial period reported on and the corresponding period of the immediately preceding financial year

	Group 2nd Qtr ended <u>31 Dec 2008</u> \$'000	Group 2nd Qtr ended <u>31 Dec 2007</u> \$'000	Group 6 months ended <u>31 Dec 2008</u> \$'000	Group 6 months ended <u>31 Dec 2007</u> \$'000
(Loss)/profit for the period include the following (charges)/credits:				
Finance expenses:				
- bank borrowings	(58)	(122)	(104)	(389)
- finance lease liabilities	(24)	(62)	(50)	(67)
- others	-	(27)	-	(53)
	(82)	(211)	(154)	(509)
Depreciation of property, plant and equipment	(569)	(404)	(1,083)	(803)
Property, plant and equipment written off	(9)	-	(9)	-
Employee compensation	(816)	(925)	(2,033)	(2,727)
Impairment of stock values	(613)	-	(1,605)	-
Provision for warranty	(606)	(921)	(1,150)	(1,349)
Allowance for impairment of trade and other receivables	-	(47)	-	(47)
Rental expense - operating leases	(508)	(132)	(920)	(265)
Exchange (loss)/gain - net	(183)	20	(394)	177
Impairment of goodwill	(57)	-	(57)	-
Gain on disposal of shares in an associate	-	-	-	9,563
Interest income	54	-	130	191
Amount due to a former minority shareholder of a subsidiary written back	321	-	321	-
Gain on disposal of property, plant and equipment	8	-	8	-
Income tax (expense)/credit:				
Current income tax	-	(178)	-	(206)
Deferred income tax	-	9	24	23
(Under)/over provision in preceding financial years for:				
- current income tax	(5)	-	(5)	(14)
- deferred income tax	-	1	-	1
	(5)	(168)	19	(196)

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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 <u>31 Dec 2008</u> \$'000	Group As at <u>30 Jun 2008</u> \$'000	<u>Change</u> %	Company As at <u>31 Dec 2008</u> \$'000	Company As at <u>30 Jun 2008</u> \$'000	<u>Change</u> %
ASSETS						
Non-current assets						
Property, plant and equipment	9,626	10,523	-8.5%	477	486	-1.9%
Intangible assets	-	57	-100.0%	-	-	0.0%
Subsidiaries	-	-	0.0%	6,611	5,591	18.2%
Associate	6,144	11,305	-45.7%	14,827	14,827	0.0%
Other non-current assets	50	50	0.0%	50	50	0.0%
	<u>15,820</u>	<u>21,935</u>	<u>-27.9%</u>	<u>21,965</u>	<u>20,954</u>	<u>4.8%</u>
Current assets						
Inventories	5,835	7,788	-25.1%	-	-	0.0%
Properties held for sale	336	433	-22.4%	-	-	0.0%
Trade and other receivables	8,268	9,130	-9.4%	16,160	13,750	17.5%
Other current assets	4,038	1,471	174.5%	325	395	-17.7%
Cash and cash equivalents	13,979	21,355	-34.5%	5,846	12,453	-53.1%
	<u>32,456</u>	<u>40,177</u>	<u>-19.2%</u>	<u>22,331</u>	<u>26,598</u>	<u>-16.0%</u>
Total assets	<u>48,276</u>	<u>62,112</u>	<u>-22.3%</u>	<u>44,296</u>	<u>47,552</u>	<u>-6.8%</u>
EQUITY						
Equity attributable to equity holders of the Company						
Share capital	80,054	80,054	0.0%	80,054	80,054	0.0%
Reserves	490	8	6025.0%	128	117	9.4%
Accumulated losses	(49,334)	(38,636)	27.7%	(37,576)	(35,440)	6.0%
	<u>31,210</u>	<u>41,426</u>	<u>-24.7%</u>	<u>42,606</u>	<u>44,731</u>	<u>-4.8%</u>
Minority interests	955	2,839	-66.4%	-	-	0.0%
Total equity	<u>32,165</u>	<u>44,265</u>	<u>-27.3%</u>	<u>42,606</u>	<u>44,731</u>	<u>-4.8%</u>
LIABILITIES						
Non-current liabilities						
Bank borrowings	2,832	3,317	-14.6%	-	257	-100.0%
Deferred tax liabilities	-	24	-100.0%	-	-	0.0%
	<u>2,832</u>	<u>3,341</u>	<u>-15.2%</u>	<u>-</u>	<u>257</u>	<u>0.0%</u>
Current Liabilities						
Trade and other payables	7,335	7,922	-7.4%	640	1,006	-36.4%
Bank borrowings	4,708	5,248	-10.3%	1,028	1,541	-33.3%
Current tax payable	38	329	-88.4%	10	5	100.0%
Provision for other liabilities and charges	1,198	1,007	19.0%	12	12	0.0%
	<u>13,279</u>	<u>14,506</u>	<u>-8.5%</u>	<u>1,690</u>	<u>2,564</u>	<u>-34.1%</u>
Total liabilities	<u>16,111</u>	<u>17,847</u>	<u>-9.7%</u>	<u>1,690</u>	<u>2,821</u>	<u>-40.1%</u>
Total equity and liabilities	<u>48,276</u>	<u>62,112</u>	<u>-22.3%</u>	<u>44,296</u>	<u>47,552</u>	<u>-6.8%</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/2008 (\$'000)		As at 30/06/2008 (\$'000)	
Secured	Unsecured	Secured	Unsecured
3,708	1,000	3,742	1,500

Amount repayable after one year

As at 31/12/2008 (\$'000)		As at 30/06/2008 (\$'000)	
Secured	Unsecured	Secured	Unsecured
2,832	-	3,067	250

Details of collateral

As at balance sheet date, the total borrowings included secured liabilities of \$6,540,000 (June 2008: \$6,809,000) for the Group. Secured bank loans and lease liabilities for one of the subsidiaries amounting to \$6,210,000 (June 2008: \$6,433,000) are secured by fixed charge over the subsidiary's leasehold building, debenture deeds which provide for first floating charge on all assets of the subsidiary and corporate guarantees given by the Company. Other finance lease liabilities of the Group amounting to \$330,000 (June 2008: \$376,000) are secured by the rights to the leased plant and equipment and corporate guarantees given by the Company.

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	Group	Group	Group
	2nd Qtr ended	2nd Qtr ended	6 months ended	6 months ended
	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>	<u>31 Dec 2008</u>	<u>31 Dec 2007</u>
	\$'000	\$'000	\$'000	\$'000
Operating activities				
(Loss)/profit for the period	(7,846)	(1,588)	(12,556)	5,322
Adjustments for:				
Income tax expense/(credit)	5	168	(19)	196
Share option expenses	6	16	11	32
Depreciation of property, plant and equipment	569	404	1,083	803
Gain on disposal of property, plant and equipment	(8)	-	(8)	-
Property, plant and equipment written off	9	-	9	-
Interest income	(54)	-	(130)	(191)
Finance expenses	82	211	154	509
Impairment of stock values	613	-	1,605	-
Amount due to a former minority shareholder of a subsidiary written back	(321)	-	(321)	-
Allowance for impairment of trade and other receivables	-	47	-	47
Provision for other liabilities and charges made	606	921	1,150	1,349
Impairment of goodwill	57	-	57	-
Share of loss of an associate, net of tax	5,158	1,043	6,077	1,961
Gain on disposal of shares in an associate	-	-	-	(9,563)
Operating cash flow before working capital changes	(1,124)	1,222	(2,888)	465

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	Group 2nd Qtr ended 31 Dec 2008 \$'000	Group 2nd Qtr ended 31 Dec 2007 \$'000	Group 6 months ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2007 \$'000
Changes in working capital:				
Properties held for sale	33	141	97	154
Inventories	404	(434)	348	(404)
Trade and other receivables	(2,000)	(2,278)	865	(4,127)
Other current assets	(2,381)	(1,214)	(2,429)	(938)
Trade and other payables	919	112	(77)	1,563
Provision for other liabilities and charges	(449)	(441)	(959)	(903)
Cash utilised in operations	(4,598)	(2,892)	(5,043)	(4,190)
Income tax paid	(139)	-	(434)	(58)
Cash flows from operating activities	(4,737)	(2,892)	(5,477)	(4,248)
Investing activities				
Interest received	52	43	127	186
Purchase of property, plant and equipment	(24)	2	(156)	(94)
Net proceeds from disposal of shares in an associate	-	147	-	11,394
Acquisition of remaining interests in a subsidiary from its minority shareholder	(753)	-	(753)	-
Acquisition of an associate	-	-	-	(8,050)
Obligations of former subsidiaries paid	-	(2)	-	(6)
Cash flows from investing activities	(725)	190	(782)	3,430
Financing activities				
Proceeds from issuance of share capital to minority shareholder by a subsidiary	150	-	165	-
Interest paid	(89)	(280)	(152)	(451)
Changes in amount due to directors	(4)	(99)	(1)	(99)
Payments of finance lease liabilities	(225)	(117)	(286)	(211)
Changes in amount due to minority shareholders of subsidiaries	(40)	44	(5)	(84)
Proceeds from bank borrowings	-	-	-	10,000
Repayments of bank borrowings	(405)	(5,375)	(800)	(10,500)
Cash flows from financing activities	(613)	(5,827)	(1,079)	(1,345)
Net decrease in cash and cash equivalents	(6,075)	(8,529)	(7,338)	(2,163)
Cash and cash equivalents at beginning of the period	19,678	14,092	20,781	7,752
Effects of exchange rate changes on cash and cash equivalents	(16)	(25)	144	(51)
Cash and cash equivalents at end of the period (Note A)	13,587	5,538	13,587	5,538

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Note A:

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

	Group 6 months ended <u>31 Dec 2008</u> \$'000	Group 6 months ended <u>31 Dec 2007</u> \$'000
Cash at bank and on hand	10,853	4,010
Short-term bank deposits	3,126	2,122
Less: Deposits placed with a bank as security	(392)	(594)
Cash and cash equivalents per consolidated cash flow statement	<u>13,587</u>	<u>5,538</u>

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

	<u>Share capital</u> \$'000	<u>Reserves</u> \$'000	<u>Accumulated losses</u> \$'000	<u>Total attributable to equity holders of the Company</u> \$'000	<u>Minority Interests</u> \$'000	<u>Total equity</u> \$'000
HY 2009						
At 1 July 2008	80,054	8	(38,636)	41,426	2,839	44,265
Translation differences relating to financial statements of foreign entities	-	1,060	-	1,060	(33)	1,027
Acquisition of remaining interests in a subsidiary from its minority shareholder	-	(595)	-	(595)	(158)	(753)
Effective portion of changes in fair value of cash flow hedge, net of tax	-	6	-	6	-	6
Net gains/(losses) recognised directly in equity	-	471	-	471	(191)	280
Net loss for the period	-	-	(10,698)	(10,698)	(1,858)	(12,556)
Total recognised income and expense for the period	-	471	(10,698)	(10,227)	(2,049)	(12,276)
Value of employee services received for issue of share options	-	11	-	11	-	11
Issue of share capital to minority shareholder by a subsidiary	-	-	-	-	165	165
At 31 December 2008	<u>80,054</u>	<u>490</u>	<u>(49,334)</u>	<u>31,210</u>	<u>955</u>	<u>32,165</u>
HY 2008						
At 1 July 2007	65,806	(34)	(39,149)	26,623	3,221	29,844
Translation differences relating to financial statements of foreign entities	-	(109)	-	(109)	32	(77)
Net (losses)/gains recognised directly in equity	-	(109)	-	(109)	32	(77)
Net profit/(loss) for the period	-	-	5,520	5,520	(198)	5,322
Total recognised income and expense for the period	-	(109)	5,520	5,411	(166)	5,245
Value of employee services received for issue of share options	-	32	-	32	-	32
At 31 December 2007	<u>65,806</u>	<u>(111)</u>	<u>(33,629)</u>	<u>32,066</u>	<u>3,055</u>	<u>35,121</u>

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Company	Share capital	Other reserves	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000
HY 2009				
At 1 July 2008	80,054	117	(35,440)	44,731
Net loss for the period	-	-	(2,136)	(2,136)
Total recognised income and expense for the period	-	-	(2,136)	(2,136)
Value of employee services received for issue of share options	-	11	-	11
At 31 December 2008	80,054	128	(37,576)	42,606
HY 2008				
At 1 July 2007	65,806	78	(43,479)	22,405
Net profit for the period	-	-	8,618	8,618
Total recognised income and expense for the period	-	-	8,618	8,618
Value of employee services received for issue of share options	-	32	-	32
At 31 December 2007	65,806	110	(34,861)	31,055

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 2008, comprises 1,256,351,254 (30 September 2008 : 1,256,351,254) ordinary shares.

B) Share options - Equation Executives' Share Option Scheme ("ESOS")

As at 31 December 2008, there were ESOS outstanding for the subscription of 3,900,000 (31 December 2007: 2,400,000) ordinary shares in the share capital of the Company.

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 2008 and 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 2008 is 1,256,351,254 (30 June 2008: 1,256,351,254) 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.

None

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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.

Except as disclosed under paragraph 5 below, 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 2008.

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.

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of 30 June 2008 but are not yet effective:

- FRS 1 (revised 2008) Presentation of Financial Statements
- FRS 23 (revised 2007) Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment - Vesting Conditions and Cancellations
- FRS 108 Operating Segments
- Improvements to FRSs 2008

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.

	Group		Group	
	2nd Qtr ended 31 Dec 2008	2nd Qtr ended 31 Dec 2007	6 months ended 31 Dec 2008	6 months ended 31 Dec 2007
Loss/(earning) per share				
(a) Basic (loss)/earnings per share (cents per share)	(0.56)	(0.16)	(0.85)	0.57
- Weighted average number of ordinary shares in issue for basic (loss)/earnings per share	1,256,351,254	966,165,628	1,256,351,254	966,165,628
(b) Diluted earnings/(loss) per share (cents per share)	(0.56)	(0.16)	(0.85)	0.57
- Adjusted weighted average number of ordinary shares in issue for diluted (loss)/earnings per share	1,256,351,254	967,195,753	1,256,351,254	967,471,957

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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 2008	Group As at 30 Jun 2008	Company As at 31 Dec 2008	Company As at 30 Jun 2008
Net asset value per ordinary share based on issued share capital (cents)	2.56	3.52	3.39	3.56

The net asset value per ordinary share is computed based on 1,256,351,254 (30 June 2008: 1,256,351,254) 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.

(A) Income Statement

i) Revenue

The Group's revenue decreased 31.6% from \$13.1 million in Q2 FY 2008 to \$9.0 million in Q2 FY2009 and by 29.3% from \$24.8 million for the six months ended 31 December 2007 to \$17.6 million for the six months ended 31 December 2008. The breakdown of revenue are represented below:

	Group				Group			
	2nd Qtr ended 31 Dec 2008 \$'000	% to total revenue	2nd Qtr ended 31 Dec 2007 \$'000	% to total revenue	6 months ended 31 Dec 2008 \$'000	% to total revenue	6 months ended 31 Dec 2007 \$'000	% to total revenue
Consumer electronic products	6,731	75.0%	9,005	68.6%	11,707	66.7%	15,748	63.4%
Recycling/Electronic-waste	358	4.0%	3,958	30.2%	3,837	21.9%	8,902	35.8%
Property investment and development	49	0.5%	142	1.1%	150	0.9%	142	0.6%
Supply of construction materials	1,783	19.9%	-	0.0%	1,783	10.1%	-	0.0%
Others	53	0.6%	19	0.1%	75	0.4%	41	0.2%
	8,974	100.0%	13,124	100.0%	17,552	100.0%	24,833	100.0%

The ongoing financial turmoil and economic crisis continue to affect the Group's businesses in this quarter. The deterioration in commodity prices and market conditions have resulted in lower revenue for the e-waste/recycling business whereas sales volume from consumer electronic products segment were affected by the global recession and weakening consumer sentiments and spendings.

In September 2008, the Company's 70% owned subsidiary, Equation Resources Pte. Ltd. ("**ERPL**"), changed its principal activities to the supply and trading of construction materials and started its operations in the current quarter, thus bringing in new revenue stream to the Group.

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ii) Cost of sales and gross profits

Cost of sales decreased 15.3% from \$9.1 million (Q2 FY 2008) to \$7.7 million (Q2 FY 2009) and by 14.1% from \$18.4 million (HY 2008) to \$15.8 million (HY 2009), primarily due to the decrease in revenue.

Gross profits decreased \$2.8 million (68.6%) quarter-to-quarter and \$4.7 million (73.0%) for the year-to-date comparison due to drop in revenue. Gross profits are also affected by additional \$0.6 million provision for impairment of stock values in the e-waste/recycling segment made in the current quarter as a result of continued deterioration in the commodity prices. For the six months ended December 2008, the total provision made for impairment of stock values is \$1.6 million.

iii) Other income

Other income increased by \$0.3 million (or 126.6%) this quarter mainly due to write back of amount due to a former minority shareholder of a subsidiary. For the six months ended 31 December 2007, the Group recorded a higher other income of \$10.3 million largely due to a \$9.6 million net gain from the disposal of 150 million shares in our associate, Centillion Recycling & Environment Limited ("**Centillion**").

iv) Distribution expenses

The drop in sales volume of the consumer electronic products segment has resulted in lower sales and aftersales related expenses which caused the drop of \$0.4 million (or 14.5%) quarter-to-quarter and \$0.2 million (or 4.4%) for the year-to-date comparison.

v) Administration expenses

Higher depreciation, rental expenses and exchange losses resulted in the increase of \$0.4 million (or 25.9%) quarter-to-quarter and \$0.3 million (or 9.0%) for the year-to-date comparison.

vi) Finance expenses

Finance expenses decreased due to lower borrowings in the current quarter/period as well as the absence of prepayment charges which were incurred in the previous quarter/period.

vii) Share of loss of associate

This represents the Group's share of loss in Centillion.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2008**(B) Balance Sheet**

Total assets of the Group decreased by \$13.8 million from \$62.1 million as at 30 June 2008 to \$48.3 million as at 31 December 2008, mainly due to the following:

- i) Reduction of \$0.9 million in the carrying amounts of property, plant and equipment due to depreciation charge of \$1.1 million offset by new capital expenditure of \$0.2 million;
- ii) Decrease in the carrying amount of investment in Centillion by \$5.2 million due to share of losses in Centillion of \$6.1 million offset by \$0.9 million increase in share of Centillion's foreign currency translation reserves;
- iii) Inventories decreased \$2.0 million mainly due to provision for impairment of stock values made in e-waste/recycling segment;
- iv) Properties held for sales decreased \$0.1 million due to sales of carparks under property investment and development segment;
- v) Trade and other receivables decreased \$0.8 million from \$9.1 million to \$8.3 million due to:
 - Recovery during the current period of \$1.2 million outstanding as at 30 June 2008 relating to the liquidation of our investment in a deconsolidated subsidiary, Xiamen Xiangyu Presto Trading Ltd;
 - Lower trade receivables from e-waste/recycling segment and electronic consumer products segment, in line with the decrease in the revenue; but offset by
 - New trade receivables from the construction materials businesses started this quarter.
- vi) Other current assets increased by \$2.6 million due to \$2 million deposit paid pursuant to the terms of the Granite MOU (defined below) and \$0.5 million prepaid expenses paid for future shipments of construction materials; and
- vii) Decrease in cash and cash equivalents of \$7.4 million (refer to explanation on "Cashflow" below).

Total liabilities of the Group decreased by \$1.7 million from \$17.8 million as at 30 June 2008 to \$16.1 million as at 31 December 2008, mainly due to the following:

- i) Trade and other payables decreased by \$0.6 million mainly due to lower purchases from suppliers in the e-waste/recycling segment, in line with the decrease in revenue. However the decrease was offset by increase in purchases by the new construction materials business;
- ii) Decrease in borrowings of \$1.0 million mainly due to repayments made;
- iii) Decrease in current tax payable of \$0.3 million due to payment of tax; and
- iv) Higher provision for other liabilities and charges of \$0.2 million due to higher warranty provisions.

(C) Cash Flow

Cash and cash equivalents (net of deposits placed with a bank as security) decreased by approximately \$7.2 million from \$20.8 million as at 30 June 2008 to \$13.6 million as at 31 December 2008.

The funds have been utilised as follows:

- i) Repayment of bank borrowings and lease liabilities of \$1.1 million;
- ii) New capital expenditure of \$0.2 million;
- iii) Acquisition of remaining interests in a subsidiary from its minority shareholder for \$0.8 million;
- iv) Deposit paid pursuant to the terms of the Granite MOU (defined below) of \$2 million; and
- v) For operational and general working capital purposes of \$3.5 million.

On 19 February 2008, the Company issued 290,185,626 new ordinary shares in the issued and paid-up share capital of the Company pursuant to a renounceable and non-underwritten rights issue ("Rights Issue"). Net proceeds of \$14.3 million were raised from the Rights Issue. Since the close of the Rights Issue until 31 December 2008, the Company has utilised an aggregate of S\$8.6 million of the proceeds from the Rights Issue for general working capital and for other acquisitions and/or investments by the Company and announcements on the utilisation/disbursements were made on 27 August 2008, 10 October 2008, 13 November 2008 and 3 December 2008.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2008

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.

With the current unprecedented global financial turmoil and economic crisis, it is expected that the outlook of the global economy will continue to be uncertain and volatile and businesses may be materially and adversely affected by external factors beyond the Group's control.

For instance, our Group's businesses in the electronic waste recycling and recovery and consumer electronic products distribution may continue to be affected by external economic factors such as the weakening consumer demands, decrease in supply source of factory e-wastes due to reduced manufacturing activities, volatile commodity prices and so on.

The Group started a new business in the supply and trading of construction materials in September 2008 through its 70% owned subsidiary, ERPL. Subsequently on 20 January 2009, ERPL entered into a sales contract to purchase 6 barges to facilitate its operations in the business of supplying construction materials.

On 5 February 2009, ERPL expanded its operations further by entering into a Sale and Purchase and Co-operation Agreement ("**Co-operation Agreement**") with PT Kawasan Dinamika Harmonitama ("**KDH**") for the acquisition of 51% rights, interests in and ownership to granite in the mining area located within the land located in the District of Meral, Karimun Regency, Province of Riau Islands, Indonesia owned by KDH. The Co-operation Agreement was entered into pursuant to a memorandum of understanding executed between ERPL and KDH dated 10 October 2008 (the "**Granite MOU**"). It is a condition of the Co-operation Agreement that ERPL will work with and cooperate with KDH to extract granite from the mining area, process the granite and sell the granite. The completion of the Co-operation Agreement is subject to the satisfaction of certain conditions precedent.

The Group will continue to monitor and assess the viability and performance of its businesses and expand where necessary to exploit its optimal business potential while continuing to explore possible new business opportunities which can offer growth potential.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2008

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.

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 2008

There are no discloseable interested person transactions during the financial period.

BY ORDER OF THE BOARD

CHNG WENG WAH

Director

12 February 2009

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2008

NEGATIVE ASSURANCE CONFIRMATION PURSUANT TO RULE 705(5) OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

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 2008 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

12 February 2009