



**EQUATION CORP LIMITED**  
**(Co. Reg. No. 197501110N)**

**PURCHASE OF BARGES BY EQUATION RESOURCES PTE. LTD.**

The Board of Directors of Equation Corp Limited ("**Equation**" or the "**Company**") wishes to announce that its 70% owned subsidiary, Equation Resources Pte. Ltd. ("**ERPL**") has entered into a Sales Contract (the "**Contract**") with a third party vendor (the "Vendor") to purchase six (6) barges (the "**Barges**") for a total consideration of USD12.6 million (approximately S\$18.9 million) (the "**Consideration**").

**Details of the Barges**

The Barges are Deck Cargo Barges (Classification: American Bureau of Shipping), each having dimensions of 91.5m x 24.4m x 5.5m. Each barge has deck loading of 5 tons.

**Rationale**

The purchase of the Barges is to facilitate the business of supplying construction materials, which is currently carried out by ERPL. By owning and managing the Barges, the Group is able to better manage and control the logistics arrangements and improve the profit margins of ERPL's business of supplying construction materials. For better utilization of the barges, the Company may consider third party goods which will provide an added revenue stream to the Company.

Based on quotations received from several vendors, ERPL decided to purchase the Barges from the Vendor as the Vendor has quoted the most competitive price and is able to deliver within a shorter schedule. The Consideration was arrived following arm's length negotiations between ERPL and the Vendor, on a "willing buyer, willing seller" basis. The source of funding for payment of the Barges will be from internal sources of funds, the Rights Issue which the Company had completed in February 2008 and through external borrowings.

The Vendor is not related to the Company, directors or substantial shareholders of the Company or any of their associates.

**Relative Figures per Rule 1006(c) of the Rules of Catalist**

Based on the latest announced consolidated accounts of the Group for the quarter ended 30 September 2008, the relative figures computed pursuant to Rule 1006 of the Rules of Catalist are as follows:-

(i) **Rule 1006(a) - Net asset comparison**

Not applicable as the transaction is not a disposal.

(ii) **Rule 1006(b) - Net profit comparison**

As there is no net profit attributable to the Property, the relative figure for Rule 1006(b) of the Rules of Catalist is not applicable.

(iii) **Rule 1006(c) - Consideration comparison**

Company's market capitalisation as at 19/01/09	= S\$37.7 million
Consideration for the Barges (70% thereof)	= S\$13.23 million
Relative figure	= 35.1%

(iv) **Rule 1006(d) - Equities in issue comparison**

Not applicable as no equity securities will be issued by the Company.

As the relative figure pursuant to Rule 1006(c) exceeds 5%, the purchase of the Barges is a discloseable transaction under Rule 1010 of the Rules of Catalist.

**Financial Effects**

The financial effects of the purchase of the Barges are estimated as follows:-

- (a) The effect of the transaction on the net tangible assets per share of the Group for the most recently completed financial year ending 30 June 2008, assuming that the proposed purchase of Barges had been effected at the end of that financial year remains at 3.52 cents.
- (b) The effect of the transaction on the earnings per share of the Group for the most recently completed financial year ending 30 June 2008, assuming that the transaction had been effected at the beginning of that financial year is a decrease of 0.28 cents to loss per share<sup>(1)</sup> of 0.23 cents over the actual earnings per share of 0.05 cents.

<sup>(1)</sup> *The computation of loss per share after the purchase of the Barges does not take into account any potential revenues from the business in supplying of construction materials and leasing of barges.*

**Interest of Directors and Substantial Shareholders**

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction save for their interest (if any) in the share capital of the Company.

By Order of the Board

Chng Weng Wah  
Director  
20 January 2009

This announcement has been reviewed by the Company's Sponsor, KW Capital Pte. Ltd., for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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