

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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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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 2009 \$'000	Group 2nd Qtr ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2009 \$'000	Group 6 months ended 31 Dec 2008 \$'000
Sales	8,911	8,974	16,471	17,552
Cost of sales	(6,280)	(7,717)	(12,412)	(15,825)
Gross profit	<u>2,631</u>	<u>1,257</u>	<u>4,059</u>	<u>1,727</u>
Other income	1,376	553	1,726	718
Distribution expenses	(3,059)	(2,374)	(5,110)	(4,629)
Administrative expenses	(2,577)	(1,957)	(4,961)	(4,074)
Other expenses	(335)	(162)	(854)	(240)
Results from operating activities	<u>(1,964)</u>	<u>(2,683)</u>	<u>(5,140)</u>	<u>(6,498)</u>
Share of loss of associate, net of tax	(997)	(5,158)	(1,597)	(6,077)
Loss before income tax	<u>(2,961)</u>	<u>(7,841)</u>	<u>(6,737)</u>	<u>(12,575)</u>
Income tax (expense)/credit	-	(5)	(16)	19
Loss for the period	<u>(2,961)</u>	<u>(7,846)</u>	<u>(6,753)</u>	<u>(12,556)</u>
Loss attributable to:				
Equity holders of the Company	(2,400)	(7,016)	(5,224)	(10,698)
Minority interests	(561)	(830)	(1,529)	(1,858)
	<u>(2,961)</u>	<u>(7,846)</u>	<u>(6,753)</u>	<u>(12,556)</u>

NM : percentage not meaningful.

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Statement of Comprehensive Income

	Group 2nd Qtr ended 31 Dec 2009 \$'000	Group 2nd Qtr ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2009 \$'000	Group 6 months ended 31 Dec 2008 \$'000
Net loss for the period ended	(2,961)	(7,846)	(6,753)	(12,556)
Other comprehensive income:				
Translation differences relating to financial statements of foreign subsidiaries	(67)	376	(274)	1,027
Share movement in an associated company's share option reserve	-	-	88	-
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	1	6
Value of employee services received for issue of share options	5	6	10	11
Other comprehensive income for the period, net of tax	<u>(62)</u>	<u>382</u>	<u>(175)</u>	<u>1,044</u>
Total comprehensive income for the period	<u>(3,023)</u>	<u>(7,464)</u>	<u>(6,928)</u>	<u>(11,512)</u>
Total comprehensive income attributable to:				
Equity holders of the Company	(2,465)	(6,609)	(5,420)	(9,621)
Minority interests	(558)	(855)	(1,508)	(1,891)
	<u>(3,023)</u>	<u>(7,464)</u>	<u>(6,928)</u>	<u>(11,512)</u>

NM : percentage not meaningful.

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

	Group 2nd Qtr ended 31 Dec 2009 \$'000	Group 2nd Qtr ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2009 \$'000	Group 6 months ended 31 Dec 2008 \$'000
Loss for the period include the following (charges)/credits:				
Finance expenses:	(218)	(82)	(390)	(154)
- bank borrowings	(206)	(58)	(360)	(104)
- finance lease liabilities	(14)	(24)	(30)	(50)
- others	2	-	-	-
Depreciation of property, plant and equipment	(828)	(569)	(1,651)	(1,083)
Utilisation of prepayment for granite and rights of use of plant and equipment	(231)	-	(300)	-
Property, plant and equipment written off	-	(9)	-	(9)
Employee compensation	(1,329)	(816)	(2,607)	(2,033)
Impairment of plant and equipment	(90)	-	(90)	-
Impairment of stock values	32	(613)	254	(1,605)
Provision for warranty	(551)	(606)	(804)	(1,150)
Allowance for impairment of trade and other receivables	(29)	-	(342)	-
Rental expense - operating leases	(466)	(508)	(974)	(920)
Exchange (loss)/gain - net	(170)	(183)	34	(394)
Impairment of goodwill	-	(57)	-	(57)
Interest income	2	54	4	130
Amount due to a former minority shareholder of a subsidiary written back	-	321	-	321
Amount due to a minority shareholder of a subsidiary written back	1,050	-	1,050	-
Gain on disposal of property, plant and equipment	-	8	-	8
Income tax (expense)/credit:	-	(5)	(16)	19
Current income tax	-	-	-	-
Deferred income tax	-	-	-	24
(Under)/over provision in preceding financial years for:				
- current income tax	-	(5)	(16)	(5)
- deferred income tax	-	-	-	-

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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 31 Dec 2009 \$'000	Group As at 30 Jun 2009 \$'000	Company As at 31 Dec 2009 \$'000	Company As at 30 Jun 2009 \$'000
ASSETS				
Non-current assets				
Property, plant and equipment	26,986	26,566	408	571
Subsidiaries	-	-	7,935	6,661
Associates	5,296	4,212	17,448	14,827
Other non-current assets	13,196	9,996	50	50
Deferred tax assets	265	268	-	-
	<u>45,743</u>	<u>41,042</u>	<u>25,841</u>	<u>22,109</u>
Current assets				
Inventories	3,445	3,491	-	-
Properties held for sale	85	225	-	-
Trade and other receivables	3,164	7,208	29,683	26,915
Other current assets	2,571	4,191	324	318
Cash and cash equivalents	7,578	14,638	1,497	9,607
	<u>16,843</u>	<u>29,753</u>	<u>31,504</u>	<u>36,840</u>
Total assets	<u>62,586</u>	<u>70,795</u>	<u>57,345</u>	<u>58,949</u>
EQUITY				
Equity attributable to equity holders of the Company				
Share capital	94,154	94,154	94,154	94,154
Reserves	146	342	100	90
Accumulated losses	(61,434)	(56,210)	(42,637)	(41,352)
	<u>32,866</u>	<u>38,286</u>	<u>51,617</u>	<u>52,892</u>
Minority interests	1,506	1,543	-	-
Total equity	<u>34,372</u>	<u>39,829</u>	<u>51,617</u>	<u>52,892</u>
LIABILITIES				
Non-current liabilities				
Financial liabilities	9,756	11,789	165	-
Deferred tax liabilities	-	-	-	-
	<u>9,756</u>	<u>11,789</u>	<u>165</u>	<u>-</u>
Current Liabilities				
Trade and other payables	9,595	10,089	5,512	5,795
Financial liabilities	7,676	7,943	37	250
Current tax payable	73	2	2	-
Provision for other liabilities and charges	1,114	1,143	12	12
	<u>18,458</u>	<u>19,177</u>	<u>5,563</u>	<u>6,057</u>
Total liabilities	<u>28,214</u>	<u>30,966</u>	<u>5,728</u>	<u>6,057</u>
Total equity and liabilities	<u>62,586</u>	<u>70,795</u>	<u>57,345</u>	<u>58,949</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 December 2009 (\$'000)		As at 30 Jun 2009 (\$'000)	
Secured	Unsecured	Secured	Unsecured
7,676	-	7,692	250

Amount repayable after one year

As at 31 December 2009 (\$'000)		As at 30 Jun 2009 (\$'000)	
Secured	Unsecured	Secured	Unsecured
9,756	-	11,789	-

Details of collateral

As at balance sheet date, the total borrowings included secured liabilities of \$17,432,000 (30 June 2009: \$19,481,000) for the Group. Secured bank loans and lease liabilities amounted to \$17,015,000 (30 June 2009: \$19,291,000) are secured by security charges and debentures deeds which provide for first floating charge on certain assets of the subsidiaries, including a leasehold building, plant and building, plant and equipment and corporate guarantees given by the Company. Other finance lease liabilities of the Group amounting to \$417,000 (30 June 2009: \$190,000) 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 2nd Qtr ended <u>31 Dec 2009</u> \$'000	Group 2nd Qtr ended <u>31 Dec 2008</u> \$'000	Group 6 months ended <u>31 Dec 2009</u> \$'000	Group 6 months ended <u>31 Dec 2008</u> \$'000
Operating activities				
Loss for the period	(2,961)	(7,846)	(6,753)	(12,556)
Adjustments for:				
- Income tax expense/(credit)	-	5	16	(19)
- Share option expenses	5	6	10	11
- Depreciation of property, plant and equipment	828	569	1,651	1,083
- Utilisation of prepayment for granite and rights of use of plant and equipment	231	-	300	-
- Gain on disposal of property, plant and equipment	-	(8)	-	(8)
- Property, plant and equipment written off	-	9	-	9
- Interest expenses	218	82	390	154
- Interest income	(2)	(54)	(4)	(130)
- Impairment of plant and equipment	90	-	90	-
- (Write back)/Impairment of stock values	(32)	613	(254)	1,605
- Allowance for impairment of trade and other receivables	29	-	342	-
- Amount due to a former minority shareholder of a subsidiary written back	-	(321)	-	(321)
- Amount due to a minority shareholder of a subsidiary written back	(1,050)	-	(1,050)	-
- Provision for other liabilities and charges made	551	606	804	1,150
- Impairment of goodwill	-	57	-	57
- Share of loss of an associate, net of tax	997	5,158	1,597	6,077
Operating cash flow before working capital changes	<u>(1,096)</u>	<u>(1,124)</u>	<u>(2,861)</u>	<u>(2,888)</u>

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

	Group 2nd Qtr ended 31 Dec 2009 \$'000	Group 2nd Qtr ended 31 Dec 2008 \$'000	Group 6 months ended 31 Dec 2009 \$'000	Group 6 months ended 31 Dec 2008 \$'000
Changes in working capital:				
- Properties held for sale	1	33	140	97
- Inventories	(354)	404	299	348
- Trade and other receivables	1,226	(2,000)	3,356	865
- Other current assets	2,156	(2,381)	1,467	(2,429)
- Trade and other payables	1,492	919	764	(77)
- Provision for other liabilities and charges	(489)	(449)	(830)	(959)
Cash utilised in operations	2,936	(4,598)	2,335	(5,043)
Income tax paid	2	(139)	(14)	(434)
Cash flows from(used in) operating activities	2,938	(4,737)	2,321	(5,477)
Investing activities				
Interest received	2	52	4	127
Purchase of property, plant and equipment	(19)	(24)	(2,028)	(156)
Prepayment for granite, and rights of use of plant and equipment	(3,500)	-	(3,500)	-
Investment in associates (Note B)	(688)	-	(2,214)	-
Acquisition of remaining interests in a subsidiary from its minority shareholder	-	(753)	-	(753)
Cash flows used in investing activities	(4,205)	(725)	(7,738)	(782)
Financing activities				
Proceeds from issuance of share capital to minority shareholder by a subsidiary	39	150	1,471	165
Interest paid	(228)	(89)	(371)	(152)
Changes in amount due to directors	(2)	(4)	(23)	(1)
Proceeds of finance lease	-	-	215	-
Payments of finance lease	(149)	(225)	(337)	(286)
Withdrawal of deposits placed with banks as security	172	-	181	-
Changes in amount due to minority shareholders of subsidiaries	(50)	(40)	(127)	(5)
Repayments of bank borrowings	(997)	(405)	(2,247)	(800)
Cash flows used in financing activities	(1,215)	(613)	(1,238)	(1,079)
Net decrease in cash and cash equivalents	(2,482)	(6,075)	(6,655)	(7,338)
Cash and cash equivalents at beginning of the period	9,877	19,678	14,183	20,781
Effects of exchange rate changes on cash and cash equivalents	(91)	(16)	(224)	144
Cash and cash equivalents at end of the period (Note A)	7,304	13,587	7,304	13,587

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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 31 Dec 2009 \$'000	Group 6 months ended 31 Dec 2008 \$'000
Cash at bank and on hand	6,411	10,853
Short-term bank deposits	1,167	3,126
Cash and cash equivalents per Group balance sheet	<u>7,578</u>	<u>13,979</u>
Less: Deposits placed with a bank as security	(274)	(392)
Cash and cash equivalents per consolidated cash flow statement	<u>7,304</u>	<u>13,587</u>

Note B:

During the financial period, advances to Centillion Environment & Recycling Limited ("**Centillion**") amounting to \$2.0 million was subsequently utilised as partial payment for the subscription of Centillion's rights issue shares.

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	Accumulated <u>losses</u> \$'000	Total attributable to equity holders of the Company \$'000	Minority <u>Interests</u> \$'000	Total equity \$'000
HY 2010						
At 1 July 2009	94,154	342	(56,210)	38,286	1,543	39,829
Total comprehensive income for the financial period	-	(196)	(5,224)	(5,420)	(1,508)	(6,928)
Issue of share capital to minority shareholder by a subsidiary	-	-	-	-	1,471	1,471
At 31 December 2009	<u>94,154</u>	<u>146</u>	<u>(61,434)</u>	<u>32,866</u>	<u>1,506</u>	<u>34,372</u>

HY 2009

At 1 July 2008	80,054	8	(38,636)	41,426	2,839	44,265
Total comprehensive income for the financial period	-	1,077	(10,698)	(9,621)	(1,891)	(11,512)
Acquisition of remaining interests in a subsidiary from its minority shareholder	-	(595)	-	(595)	(158)	(753)
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>

Company

	<u>Share capital</u> \$'000	<u>Other reserves</u> \$'000	Accumulated <u>losses</u> \$'000	Total \$'000
HY 2010				
At 1 July 2009	94,154	90	(41,352)	52,892
Total comprehensive income for the financial period	-	10	(1,285)	(1,275)
At 31 December 2009	<u>94,154</u>	<u>100</u>	<u>(42,637)</u>	<u>51,617</u>

HY 2009

At 1 July 2008	80,054	117	(35,440)	44,731
Total comprehensive income for the financial period	-	11	(2,136)	(2,125)
At 31 December 2008	<u>80,054</u>	<u>128</u>	<u>(37,576)</u>	<u>42,606</u>

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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 of the Company during the financial period. The issued share capital of the Company, as at 31 December 2009, comprises 1,806,716,131 (30 September 2009 : 1,806,716,131) ordinary shares.

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

As at 31 December 2009, there were ESOS outstanding for the subscription of 3,350,000 (31 December 2008: 3,900,000) 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 2009 and 31 December 2008.

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 2009 is 1,806,716,131 (30 June 2009: 1,806,716,131) 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.

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 2009.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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 31 December 2009 but are not yet effective:

- FRS 1 Presentation of Financial Statements
- Amendments to FRS 39 - Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- 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
- FRS 103 (revised) Business Combinations and FRS 27 (revised) Consolidated and Separate Financial Statements
- FRS 107 Financial Instrument: Disclosure- Improving Disclosures about Financial Instruments
- FRS 108 Operating Segments
- INT FRS 117 Distributions of Non-cash Assets to Owners
- Improvements to FRSs 2009

The adoption of the above new/revised FRS and INT FRS is not expected to result in any substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the disclosure of a statement of comprehensive income in accordance with FRS 1 (Revised) Presentation to Financial Statements. The adoption of FRS 1 has changed the presentation of the statement of changes in equity and includes the consolidated statement of comprehensive income.

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 2009	2nd Qtr ended 31 Dec 2008	6 months ended 31 Dec 2009	6 months ended 31 Dec 2008
Earning per share				
(a) Basic earnings per share (cents per share)	(0.13)	(0.56)	(0.29)	(0.85)
- Weighted average number of ordinary shares in issue for basic earnings per share	1,806,716,131	1,256,351,254	1,806,716,131	1,256,351,254
(b) Diluted earnings per share (cents per share)	(0.13)	(0.56)	(0.29)	(0.85)
- Adjusted weighted average number of ordinary shares in issue for diluted earnings per share	1,809,816,131	1,256,351,254	1,809,816,131	1,256,351,254

**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	Group	Company	Company
	As at 31 Dec 2009	As at 30 Jun 2009	As at 31 Dec 2009	As at 30 Jun 2009
Net asset value per ordinary share based on issued share capital (cents)	1.90	2.20	2.86	2.93

The net asset value per ordinary share is computed based on 1,806,716,131 (30 June 2009: 1,806,716,131) ordinary shares.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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 (Q2FY2010 versus Q2FY2009)

i) Revenue

The Group's revenue recorded marginally the same at \$8.9 million for Q2FY2009 and Q2FY2010 and decreased by \$1.1 million (6.2%) from \$17.6 million for the six months ended 31 December 2008 (HY2009) to \$16.5 million for the six months ended 31 December 2009 (HY2010). The breakdown of revenue are represented below:

Consumer electronic products and E-waste/recycling segments remained at a slow recovery stage under a poor market sentiment and volatile commodity prices, which resulted in a significant drop in revenue of approximately \$2.5 million (21.2%) and \$2.7 million (70.9%) respectively as compared to HY2009. Supply of construction material segment commenced in late Q2FY09, hence resulted in an increase of revenue of approximately \$3.8 million (212.6%).

	Group				Group			
	2nd Qtr ended	% to	2nd Qtr ended	% to	6 months ended	% to	6 months ended	% to
	<u>31 Dec 2009</u>	total revenue	<u>31 Dec 2008</u>	total revenue	<u>31 Dec 2009</u>	total revenue	<u>31 Dec 2008</u>	total revenue
	\$'000		\$'000		\$'000		\$'000	
Consumer electronic products	5,914	66.4%	6,731	75.0%	9,228	56.0%	11,707	66.7%
E-waste/recycling	555	6.2%	358	4.0%	1,117	6.8%	3,837	21.9%
Supply of construction materials	2,230	25.0%	1,783	19.9%	5,573	33.8%	1,783	10.2%
Property investment and development	-	0.0%	49	0.5%	162	1.0%	150	0.9%
Others	212	2.4%	53	0.6%	391	2.4%	75	0.4%
	8,911	100.0%	8,974	100.0%	16,471	100.0%	17,552	100.0%

ii) Cost of sales and gross profits

Cost of sales decreased 18.6% from \$7.7 million (Q2FY2009) to \$6.3 million (Q2FY2010) and by 21.6% from \$15.8 million (HY2009) to \$12.4 million (HY2010), primarily due to lower trading volume as mentioned in the above revenue segment.

Gross profits increased \$1.4 million (109.3%) quarter-to-quarter (QoQ) and \$2.3 million (135.0%) for the year-to-date (YoY) comparison mainly due to better gross margins as a result of change in product mix in the Consumer electronics products segment. Gross profits are affected in the E-waste/recycling segment as a result of continued deterioration in the commodity prices.

iii) Other income

Other income increased \$0.8 million (148.8%) QoQ and \$1.0 million (140.4%) YoY, mainly due to waiver of amount due to a minority shareholder of approximately \$1.0 million.

iv) Distribution expenses

Distribution expenses increased \$0.7 million (29.7%) QoQ and \$0.5 million (10.8%) YoY, mainly due to higher marketing costs as a result of launching "My Disa" in the Consumer electronic products segment.

v) Administration expenses

Administrative expenses increased \$0.7 million (34.8%) QoQ and \$0.9 million (23.3%) YoY, mainly due to higher depreciation (\$0.6 million), professional fees (\$0.1 million) and repair costs (\$0.2 million).

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009**vi) Other expenses**

Other expenses increased \$0.1 million (106.8%) QoQ and \$0.6 million (255.8%) YoY, mainly due to impairment of plant and equipment (\$0.1million) and impairment of trade and other receivables (\$0.3 million) in the E-waste/recycling segment; as well as higher interest expense (\$0.2 million) as a result of higher borrowings.

vii) Share of loss of associate

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

(B) Balance Sheet

Total assets of the Group decreased \$7.9 million from \$70.8 million as at 30 June 2009 (FY2009) to \$62.9 million as at 31 December 2009 (HY2010), mainly due to the following:

i) Property, plant and equipment increased \$0.4 million from \$26.6 million in FY2009 to \$27.0 million in HY2010, mainly due to purchase of a crane barge amounting to \$2.0 million offset by depreciation charge of \$1.6 million for the 6 months ended HY2010;

ii) Investment in associate increased \$1.1 million from \$4.2 million in FY2009 to \$5.6 million in HY2010, mainly due to subscription to the rights issue shares in Centillion and a new investment in a Thailand joint venture by our subsidiary amounting to \$2.7 million; offset by share of losses in Centillion of \$1.6 million;

iii) Other non-current assets mainly comprised prepayment make for (1) the rights on use of plant and machinery and (2) the rights, interest in and ownership of granite in Indonesia. Non-current assets increased \$3.2 million to \$13.2 million in HY2010, mainly due to additional investment of \$3.5 million offset by utilisation of prepayment for granite and rights of use of plant and machinery of approximately \$0.3 million;

iv) Inventories decreased \$0.1 million from \$3.5 million in FY2009 to \$3.4 million in HY2010, mainly due to lower stock kept for the e-waste/recycling segment and consumer electronic products segment;

v) Properties held for sales decreased by \$0.1 million from FY2009 to HY2010, due to sales of carparks;

vi) Trade and other receivables decreased \$4.0 million from \$7.2 million in FY2009 to \$3.2 million in HY2010, mainly due to the following:

- Lower trade receivables across all segments as a result of lower trading volume; and
- Repayment of loan by Centillion of \$0.5 million, which in turn used as payments for Centillion rights issues;

vii) Other current assets decreased \$1.6 million from \$4.2 million in FY2009 to \$2.6 million in HY2010, mainly due to the following:

- Refund of deposits of \$1.5 million pertaining to a potential investment plan which was subsequently withdrawn;
- Decrease in prepayments of \$0.2 million relating to operating expenses; and
- Decrease in other receivable of \$0.2 million, pertaining for reimbursement of cost incurred in a recovery effort for barge accidents from the insurance company;

viii) Decrease in cash and cash equivalents of \$6.9 million (refer to explanation on "Cashflow" below).

Total liabilities of the Group decreased \$2.8 million from \$31.0 million in FY2009 to \$28.2 million in HY2010, mainly due to the following:

i) Trade and other payables decreased \$0.5 million during the period, as a result of :

- Lower purchases from suppliers, in line with the decrease in business volume; and
- Decrease in accruals of \$0.2 million mainly as a result of repayment of cost previously accrued for the recovery effort for the barge accidents.

ii) Borrowings decreased \$2.3 million from \$19.7 million in FY2009 to \$17.4 million in HY2010, as a result of repayments made during the period.

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009**(C) Cash Flow**

Cash and cash equivalents (net of deposits placed with a bank as security) decreased by approximately \$6.9 million from \$14.2 million in FY2009 to \$7.3 million in HY2010, mainly due to funds generated/utilised as follows:

- i) Repayment of bank borrowings and lease liabilities of \$2.6 million;
- ii) New capital expenditure of \$2.0 million comprised of a crane barge and office equipments;
- iii) Additional investments of \$3.5 million for the rights, interest in and ownership of granite and machinery;
- iv) Investments in Centillion and a Thailand joint venture of \$2.2 million;
- v) Repayment of amount due to minority shareholders of \$0.1 million;
- vi) Proceeds from issuance of share capital to minority shareholders by a subsidiary of \$1.5 million; and
- vii) Receivables from operational and general working capital purposes of \$1.8 million.

Use of Right Issue Proceeds

On 18 June 2009, the Company issued 89,463,221 new ordinary shares at \$0.0503 per share in the issued and paid-up share capital of the Company pursuant to a Subscription Agreement entered between the Company and the Subscribers ("Jun 09 Private Placement"). Net proceeds of \$4.5 million were raised. Since the completion of the Jun 09 Private Placement until 31 December 2009, the Company has fully utilised the Jun 09 Private Placement for general working capital, business expansion and other investments in accordance to the intended use as disclosed.

	31 Dec 2009
	Jun 09 Private
	Placement
	\$'000
Purchase of rights, interest in and ownership of granite and use of plant and machinery	1,985
Subscription of rights issue shares to Centillion	621
Loan to a subsidiary relating to an investment in Thailand JV	300
Working capital	1,594
	<u>4,500</u>

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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.

The outlook of the global economy appears to demonstrate a modest recovery from the recent economic crisis. However, the Group remain cautious and focus on strengthening its business plans across all the business segments it operates in.

Despite the challenges, the Group will continue its strategic expansion in several key business segments such as Construction Material, E-waste/recycling and Technologies sectors which the Group had separately on:-

(a) 14 November 2009, acquired additional 49% for the Right, Interest in and Ownership of Granite, as part of its effort to streamline the Group's risk involvement;

(b) 18 November 2009, subscribed to Right Issue Call by Centillion Environment & Recycling Limited, in view of potential recovery from their operating market; and

(c) 14 January 2010, completed the acquisition of Ternary Technologies Pte Ltd and its subsidiaries, in order to venture into global market with revolutionary Anti-Theft system.

In addition to the above, as part of the Group's continued effort in cost control management, it had on 6 October 2009, executed an option to dispose one of its subsidiary's leasehold property for \$4.8 million. Subject to terms and conditions, the Group may recognise a potential one-off disposal gain up to \$2.8 million and reduce gearing by \$2.9 million upon completion.

The Group believes over the next 12 months, the continuing economic recovery is expected to open up better market opportunities for the various business segments it operated in. The Group will continue to focus on improving operational efficiency, cost control management while continuing its business expansion plans prudently.

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

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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 2009

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

BY ORDER OF THE BOARD

CHNG WENG WAH

Director

12 February 2010

Unaudited Financial Statement and Dividend Announcement for the Second Quarter ended 31 December 2009

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 2009 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 2010