

**METAX ENGINEERING CORPORATION LIMITED**

**FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

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

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

**Consolidated Income Statement**

	Year ended 30 June 2009	Year ended 30 June 2008	Increase/ (Decrease)
	S\$	S\$	%
<b>REVENUE</b>	28,512,095	11,400,110	150.1
Cost of sales	(26,649,647)	(12,690,632)	110.0
<b>Gross results</b>	1,862,448	(1,290,522)	n.m.
Other income	365,007	117,951	209.5
Selling and distribution expenses	(1,152,509)	(127,862)	801.4
Administrative expenses	(6,177,905)	(2,713,825)	127.6
Finance costs	(238,055)	(176,203)	35.1
Share of profit of associates	564,680	1,102,644	(48.8)
<b>Loss from ordinary activities before tax</b>	<b>(4,776,334)</b>	<b>(3,087,817)</b>	54.7
Income tax expense	(179,216)	43,653	(510.5)
<b>Net loss for the year</b>	<b>(4,955,550)</b>	<b>(3,044,164)</b>	n.m.
<b>Attributable to:</b>			
Equity holders of the Company	(5,053,760)	(3,044,164)	
Minority interest	98,210	-	
	<b>(4,955,550)</b>	<b>(3,044,164)</b>	

**1.(a)(ii) Loss before tax is arrived at after charging / (crediting):-**

	Year ended 30 June 2009	Year ended 30 June 2008	Increase/ (Decrease)
	S\$	S\$	%
Interest in fixed / current account deposits	(229)	(17,330)	(98.7)
Interest on borrowings	238,055	176,203	35.1
Depreciation of property, plant and equipment	218,727	116,781	87.3
Gain on disposal of property, plant and equipment	(239,417)	(1,044)	22832.7
Loss on foreign exchange	125,132	47,147	165.4
Impairment loss on foreign withholding tax receivable	-	170,000	n.m.
Bad debts written off	1,168,178	-	n.m.
Allowance for doubtful debts	104,373	-	n.m.
Allowance for doubtful work-in-progress	1,755,755	-	n.m.
Cost of inventories	13,177,299	4,737,722	178.1

n.m. - not meaningful

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		COMPANY	
	As at 30 Jun 2009	As at 30 Jun 2008	As at 30 Jun 2009	As at 30 Jun 2008
	S\$	S\$	S\$	S\$
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	4,140,634	2,296,185	2,241,870	2,331,929
Investment in associate	932,937	7,662,644	800,000	6,560,000
Investment in subsidiary	-	-	12,848,685	288,177
Goodwill	11,272,964	-	-	-
	<u>16,346,535</u>	<u>9,958,829</u>	<u>15,890,555</u>	<u>9,180,106</u>
<b>CURRENT ASSETS</b>				
Contract work-in-progress	7,923,140	7,544,073	2,958,964	7,544,073
Trade and other receivables	8,822,943	733,350	3,043,036	713,211
Inventories	614,412	-	-	-
Cash and bank balances	6,885,960	730,214	86,648	721,526
	<u>24,246,455</u>	<u>9,007,637</u>	<u>6,088,648</u>	<u>8,978,810</u>
Assets classified as held for sale	-	185,287	-	-
	<u>24,246,455</u>	<u>9,192,924</u>	<u>6,088,648</u>	<u>8,978,810</u>
<b>TOTAL ASSETS</b>	<b><u>40,592,990</u></b>	<b><u>19,151,753</u></b>	<b><u>21,979,203</u></b>	<b><u>18,158,916</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>				
Share capital	16,120,139	7,257,417	16,120,139	7,257,417
Reserves	(6,278,250)	(1,168,624)	(8,050,589)	(2,148,612)
	<u>9,841,889</u>	<u>6,088,793</u>	<u>8,069,550</u>	<u>5,108,805</u>
Minority interest	3,960,550	-	-	-
<b>TOTAL EQUITY</b>	<b><u>13,802,439</u></b>	<b><u>6,088,793</u></b>	<b><u>8,069,550</u></b>	<b><u>5,108,805</u></b>
<b>NON-CURRENT LIABILITIES</b>				
Obligations under finance leases	97,957	3,976	-	3,976
Deferred tax	82,629	-	-	-
Amount owing to a director	1,192,379	-	1,192,379	-
Amount owing to financial institutions	3,801,479	1,180,000	3,801,479	1,180,000
	<u>5,174,444</u>	<u>1,183,976</u>	<u>4,993,858</u>	<u>1,183,976</u>
<b>CURRENT LIABILITIES</b>				
Excess of progress billings over work-in-progress	1,428,288	145,672	12,681	145,672
Trade and other payables	16,473,009	8,654,314	6,128,020	8,642,725
Amount owing to a director	-	72,327	-	71,067
Amount owing to shareholders	731,395	-	-	-
Amount owing to financial institutions	2,769,178	2,946,719	2,769,178	2,946,719
Obligations under finance leases	33,887	5,333	3,976	5,333
Provision for taxation	180,350	54,619	1,940	54,619
	<u>21,616,107</u>	<u>11,878,984</u>	<u>8,915,795</u>	<u>11,866,135</u>
<b>TOTAL LIABILITIES</b>	<b><u>26,790,551</u></b>	<b><u>13,062,960</u></b>	<b><u>13,909,653</u></b>	<b><u>13,050,111</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>40,592,990</u></b>	<b><u>19,151,753</u></b>	<b><u>21,979,203</u></b>	<b><u>18,158,916</u></b>
	-	-	-	-

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

**(A) Amount repayable in one year or less, or on demand**

Description	As at 30 Jun 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to Financial Institution	2,769	NIL
Obligation under finance leases	34	NIL
<b>Total</b>	<b>2,803</b>	<b>NIL</b>

Description	As at 30 Jun 2008	
	Secured S\$'000	Unsecured S\$'000
Amount owing to Financial Institution	2,947	NIL
Obligation under finance leases	5	NIL
<b>Total</b>	<b>2,952</b>	<b>NIL</b>

**(B) Amount repayable after one year**

Description	As at 30 Jun 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to Financial Institution	3,801	NIL
Obligation under finance leases	98	NIL
<b>Total</b>	<b>3,899</b>	<b>NIL</b>

Description	As at 30 Jun 2008	
	Secured S\$'000	Unsecured S\$'000
Amount owing to Financial Institution	1,180	NIL
Obligation under finance leases	4	NIL
<b>Total</b>	<b>1,184</b>	<b>NIL</b>

**(C) Details of any collateral**

Bank overdraft, bills payables and bank loans are secured by the following:

- (a) A first legal mortgage on the leasehold property of the Company ;
- (b) The personal guarantees of certain directors and a mortgage of a property owned by a director ;
- (c) Charge over 40% shares of WS Bioengineering Pte Ltd owned by the Company ; and
- (d) Fixed deposit amounting to S\$0.994 million (2008 : Nil) pledged for banking facilities.

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

	Year ended 30 Jun 2009 S\$	Year ended 30 Jun 2008 S\$
<b>Operating activities</b>		
Loss before taxation	(4,776,334)	(3,087,817)
Adjustments for:-		
Depreciation of property, plant and equipment	218,727	114,367
Exchange realignment	(84,490)	31,000
Gain on disposal of property, plant and equipment	(239,417)	(1,044)
Share of profit of associate	(564,680)	(1,102,644)
Interest income	(229)	(17,330)
Interest expense	238,055	176,203
Bad debts written off	1,168,178	-
Allowance for doubtful debts	104,373	-
Allowance for doubtful work-in-progress	1,755,755	-
<b>Operating loss before working capital changes</b>	<b>(2,180,062)</b>	<b>(3,887,265)</b>
Changes in working capital:-		
Contract work-in-progress/Excess of progress billings over work-in-progress	(2,611,415)	6,612,590
Trade and other receivables	453,017	560,549
Trade and other payables	928,718	552,987
Inventories	(285,083)	-
<b>Cash flows from operations</b>	<b>(3,694,825)</b>	<b>3,838,861</b>
Income taxes paid	(756,151)	(256,227)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(4,450,976)</b>	<b>3,582,634</b>
<b>Investing activities</b>		
Interest received	229	17,330
Proceeds from disposal of property, plant and equipment	462,267	-
Purchase of property, plant and equipment	(173,871)	(17,237)
Investment in associate	(347,075)	(2,870,000)
Net cash acquired on acquisition of subsidiary (Note1)	4,730,369	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>4,671,919</b>	<b>(2,869,907)</b>
<b>Financing activities</b>		
Amount owing to shareholders	731,395	-
Amount owing to directors	1,119,695	(127,673)
Interest paid	(238,055)	(176,203)
Dividends paid to equity shareholders	-	(190,625)
Dividends paid to minority shareholders	(769,600)	-
Payment of finance lease liabilities	(18,367)	(11,332)
Proceeds from financial institutions	3,865,282	3,557,206
Repayment of amount owing to financial institutions	(1,335,219)	(2,436,935)
Issue of shares	2,665,797	-
Deposit pledged	(994,133)	-
<b>Net cash inflow from financing activities</b>	<b>5,026,795</b>	<b>614,438</b>
Net increase in cash and cash equivalents	5,247,738	1,327,165
Cash and cash equivalents at beginning of year	(374,534)	(1,701,699)
<b>Cash and cash equivalents at end of period</b>	<b>4,873,204</b>	<b>(374,534)</b>

Cash and cash equivalents included in the cash flow statement comprise the following:

	30 Jun 2009 S\$	30 Jun 2008 S\$
Cash and bank balances	6,885,960	730,214
Less: Bank overdraft	(1,018,623)	(1,104,748)
Less: Deposit pledged	(994,133)	-
<b>Total</b>	<b>4,873,204</b>	<b>(374,534)</b>

NOTE 1 :

The group acquired a subsidiary, WS Bioengineering Pte Ltd.

The fair value of assets acquired and liabilities assumed were as follows :

	<u>As at 23 Dec 2008</u>
	<u>39.2%</u>
Cash and bank balances	2,539,471
Investment in Bioearth Pte Ltd	-
Goodwill	-
Cash and cash equivalents	4,730,369
Property, plant and equipment	1,772,316
Contract work-in-progress	839,122
Inventory	329,329
Progress billing	(2,598,331)
Trade and other payables	(3,961,976)
Provision for taxation	(702,731)
Hire purchase creditors	(140,902)
Amount due to directors	(357)
Minority interest	(3,137,086)
Deferred tax	(71,095)
Net assets acquired	<u>6,873,819</u>
Less: Share in profit of associate prior to becoming a subsidiary	(1,485,028)
Minority interest @20.8%	(1,429,754)
Goodwill	<u>11,272,964</u>
Purchase consideration	15,232,000
Cash payment for acquisition expenses	-
Cash paid prior to 30 June 2008	(2,870,000)
Cash payment during the period ended 31 December 2008	(410,000)
Issuance of shares for the purchase of 40% interest in WS Bioengineering Pte Ltd	(3,280,000)
Issuance of shares for the purchase of 39.2% interest in WS Bioengineering Pte Ltd	(2,464,000)
Cash payable upon completion and reflected in other payables	(6,208,000)
Cash and cash equivalents acquired	<u>(4,730,369)</u>
Cash inflow on acquisition	<u><u>(4,730,369)</u></u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) 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**

	Attributable to Equity Holders of the Company					
	Share Capital	Translation Reserve	Retained Profits	Total	Minority Interest	Total Equity
	SS	SS	SS	SS	SS	SS
At 1 July 2007	7,257,417	264,805	1,796,571	9,318,793	-	9,318,793
Net loss for the year	-	-	(3,044,164)	(3,044,164)	-	(3,044,164)
Currency realignment	-	4,789	-	4,789	-	4,789
Total recognised income and expense during the year	-	4,789	(3,044,164)	(3,039,375)	-	(3,039,375)
Dividends	-	-	(190,625)	(190,625)	-	(190,625)
At 30 June 2008	7,257,417	269,594	(1,438,218)	6,088,793	-	6,088,793
At 1 July 2008	7,257,417	269,594	(1,438,218)	6,088,793	-	6,088,793
Net loss for the year	-	-	(5,053,760)	(5,053,760)	98,210	(4,955,550)
Currency realignment	-	(55,866)	-	(55,866)	-	(55,866)
Total recognised income and expense during the year	-	(55,866)	(5,053,760)	(5,109,626)	98,210	(5,011,416)
Issuance of shares as partial consideration for the purchase of 40% interest in WS Bioengineering Pte Ltd	3,280,000	-	-	3,280,000	-	3,280,000
Shares consideration for acquisition of 39.2% of WS Bioengineering Pte Ltd	2,464,000	-	-	2,464,000	-	2,464,000
Issuance of shares under rights issue (net of expense)	2,665,797	-	-	2,665,797	-	2,665,797
Issuance of shares to acquire 40% of Tricaftan	452,925	-	-	452,925	-	452,925
Acquisition of a subsidiary	-	-	-	-	3,862,340	3,862,340
At 30 June 2009	16,120,139	213,728	(6,491,978)	9,841,889	3,960,550	13,802,439

**COMPANY**

	Share Capital	Retained Profits	Total
	SS	SS	SS
	At 1 July 2007	7,257,417	2,015,548
Dividends	-	(190,625)	(190,625)
Net loss for the year	-	(3,973,535)	(3,973,535)
Total recognised income and expense during the year	-	(3,973,535)	(3,973,535)
At 30 June 2008	7,257,417	(2,148,612)	(2,148,612)
At 1 July 2008	7,257,417	(2,148,612)	5,108,805
Issuance of shares as partial consideration for the purchase of 40% interest in WS Bioengineering Pte Ltd	3,280,000	-	3,280,000
Shares consideration for acquisition of 39.2% of WS Bioengineering Pte Ltd	2,464,000	-	2,464,000
Issuance of shares to acquire 40% of Tricaftan	452,925	-	452,925
Issuance of shares under rights issue (net of expense)	2,665,797	-	2,665,797
Net loss for the year	-	(5,901,977)	(5,901,977)
Total recognised income and expense during the year	-	(5,901,977)	(5,901,977)
At 30 June 2009	16,120,139	(8,050,589)	8,069,550

**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 issuer, 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.**

Since 31 December 2008, the Company had issued :

- 1) 11,733,333 new shares at SGD 0.18 per share on 19 February 2009 as part of the consideration for the acquisition of 39.2% of the capital of WS Bioengineering Pte Ltd ;
- 2) 28,099,902 new shares at SGD 0.11 per share on 26 February 2009 pursuant to the rights issue ; and
- 3) 2,516,250 new shares at SGD 0.18 per share on 25 June 2009 as consideration for the acquisition of 40% of the capital of Tricaftan Environmental Technology Pte. Ltd.

The Company had no outstanding convertibles and no treasury shares as at 30 June 2008 and 30 June 2009.

**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 financial year.**

The total number of issued shares as at 30 June 2009 and 30 June 2008 was 133,508,576 and 76,250,000 respectively. The Company did not hold any treasury 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. The Company did not hold any treasury shares.

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

The figures have not been audited or reviewed by the Company's Auditors.

**3. Whether the figures have been audited or reviewed, the auditor's 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 in the financial information for the current reporting year ended 30 June 2009 as compared with the audited financial statements for the reporting year ended 30 June 2008, except as stated in item (5) below.

**5. If there were 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.**

**FRS issued and are effective**

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 39	Amendment to FRS39 Financial Instruments : Recognition and Measurement and FRS 107 Financial Instruments : Disclosure-Reclassification of Financial Assets	1.7.2008
FRS 107	Amendments to FRS 39 Financial Instruments : and Measurement and FRS 107 Financial Instruments : Disclosure-Reclassification of Financial Assets	1.7.2008
INT FRS 104	Determining whether an Arrangement contains a Lease	1.1.2008

The adoption of the new FRS/INR FRS did not result in any substantial changes to the Group's and Company's accounting policies and had no material impact on the Group's financial statements.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

	12 months ended 30 Jun 2009 SGD (Cents)	12 months ended 30 Jun 2008 SGD (Cents)
(Loss)/Earnings per share	(5.61)	(3.99)
Based on weighted average number of ordinary shares issued		
No. of shares issued	90,041,879	76,250,000

The earnings per share is calculated by dividing the group's loss for the year of S\$ (5,053,760) by 90,041,879 shares (2008: S\$ (3,044,164) by 76,250,000 shares).

No dilutive earnings per share information has been presented as there are no dilutive instrument in use during the periods under review.

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 period reported on and (b) immediately preceding financial year.

	Group		Company	
	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
Net asset value per ordinary share based on number of shares issued at end of year (cents)	7.37	7.99	8.96	6.70

The net asset value per ordinary share as at 30 June 2009 and 30 June 2008, shown above, is computed based on the share capital of 133,508,576 and 76,250,000 shares respectively.

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 period reported on.

#### Review of operating result

##### Revenue

Our Group's revenue increased by 150.1% from approximately S\$ 11.40 million for FY2008 to approximately S\$ 28.51 million for FY2009.

The increase in revenue was due to an increase in revenue generated from Hydro-engineering projects and also due to the acquisition of additional equity interests in WS Bioengineering Pte Ltd, making it a subsidiary of the Group with effect from 23 December 2008, and hence reflecting the post-acquisition revenue of WS Bioengineering's Group of approximately S\$ 22.77 million whose engineering projects are in palm oil refining and nutrient extraction industry.

Revenue from Hydro-engineering segment came in at approximately S\$ 3.59 million in FY2009 compared to approximately S\$ 1.39 million in FY2008. The revenue contribution from our subsidiary of approximately S\$ 22.77 million was offset by the decrease in revenue contribution from Water and Wastewater treatment projects of approximately S\$ 2.15 million in FY2009 compared to approximately S\$ 10.00 million in FY2008. The lower revenue from these projects was due to certain projects nearing their completion phase.

##### Gross Profit

The Group registered a gross profit of approximately S\$ 1.86 million in FY2009 as compared to a gross loss of approximately S\$ 1.29 million in FY2008. The increase was due to:

1. The contribution from our subsidiary, WS Bioengineering Pte Ltd and its subsidiaries of approximately S\$4.75 million ;
2. Hydro-engineering projects of approximately S\$0.44 million, which was offset against a loss of approximately S\$3.33 million from Water and Wastewater treatment projects and offset by the increase in the cost of goods sold for our Indian projects which were due to the additional cost amounting to approximately S\$1.34 million, and provision for approximately S\$ 0.74 million being the claims on bankers guarantees made by the project owner.

The Group has commenced legal proceeding to recover the work-in-progress and the amount claimed under the bankers guarantee.

The gross profit is also affected by an impairment charge of approximately S\$ 1.76 million on the collectability of the working progress related to the Indian projects due to disputes with the project owner.

##### Other Income

The increase in other income of approximately S\$ 247,056 was mainly due to the increase in sundry income and gain on disposal of property, plant and equipment from the subsidiaries.

##### Finance Costs

The increase in finance costs of approximately S\$ 62,000 was mainly due to a higher utilization of bank overdraft, new term loan and the higher prevailing interest rates on borrowing.

### Selling and Distribution Expenses

Selling and distribution expenses increased by 801.4% from approximately S\$ 128,000 for FY2008 to approximately S\$ 1,152,000 for FY2009 mainly due to the post acquisition of selling and distribution expenses of WS Bioengineering Pte Ltd as follows :

1. Commission amounting to approximately S\$ 0.82 million paid to sales personnel and third parties for sales secured by them ;
2. An increase in travelling expenses of approximately S\$ 0.13 million to approximately S\$ 0.14 million ; and
3. An increase in entertainment, exhibition expenses and sales promotion and gifts by approximately S\$ 0.07 million to approximately S\$ 0.11 million.

### Administrative Expenses

Administrative expenses increased by 127.6% from approximately S\$ 2.71 million for FY2008 to approximately S\$ 6.18 million for FY2009 mainly due to the post acquisition of administrative expenses of WS Bioengineering Pte Ltd as follows :

1. Bad debts written off increased to approximately S\$ 1.17 million ;
2. Provision for doubtful debts increased to approximately S\$ 0.10 million ;
3. Staff salaries, staff welfare and training, CPF increased by approximately S\$ 0.87 million to approximately S\$ 2.03 million ;
4. Management fees, professional fees, consultancy fees and technical fees increased by S\$ 0.39 million to approximately S\$ 0.42 million ; and
5. The other administrative expenses increased by approximately S\$ 1.10 million to approximately S\$ 2.62 million.

### Loss Before Tax

The Group incurred a loss before tax of approximately S\$ 4.78 million for FY2009 as compared to a loss before tax of approximately S\$ 3.09 million for FY2008 mainly due to the costs incurred for repair and maintenance works of approximately S\$ 1.34 million and provisions made in connection with the India Projects due to dispute concerning the performance of the contracts.(Please refer to the announcements on 25 May 2009 and 17 July 2009 for further details).

### Income Tax Expense

The income tax expense relates to the tax expense of S\$ 281,000 arising from the WS Bioengineering Pte Ltd and its subsidiaries which is set-off by utilizing the Group Tax Relief of approximately S\$ 102,000 of the losses of the Company.

### Review of financial position

Group's net asset value increased by 61.6% from approximately S\$ 6.09 million as at 30 June 2008 to approximately S\$ 9.84 million as at 30 June 2009. The increase in net asset value of the Group was mainly due to the consolidation of WS Bioengineering Pte Ltd's accounts following the acquisition of the additional 39.2% interest in WS Bioengineering Pte Ltd.

### Assets

Non-current assets increased by 64.1% from approximately S\$ 9.96 million as at 30 June 2008 to approximately S\$ 16.35 million as at 30 June 2009. The increase was mainly due to the Group's acquisition of a subsidiary, WS Bioengineering Pte Ltd and its subsidiaries Following the acquisition of the additional 39.2% interest in WS Bioengineering Pte Ltd, the Group's investment in WS Bioengineering Pte Ltd was no longer recorded as an associate with effect from 23 December 2008. (Note 1).

Current assets increased by 163.8% from approximately S\$ 9.19 million as at 30 June 2008 to approximately S\$ 24.25 million as at 30 June 2009, mainly due to the following:

1. Trade and other receivable increased by approximately S\$ 8.10 million to approximately S\$ 8.82 million ;
2. Cash and bank balances increased by approximately S\$ 6.16 million to approximately S\$ 6.89 million ; and
3. Inventories increased to approximately S\$ 0.61 million.

The above increases were mainly due to the consolidation of WS Bioengineering Pte Ltd.

### Liabilities

Non-current liabilities increased from approximately S\$ 1.18 million as at 30 June 2008 to approximately S\$ 5.17 million as at 30 June 2009. The increase was mainly due to the amount owing to financial institution and amount owing to a director.

Current liabilities increased by 82.0% from approximately S\$ 11.88 million as at 30 June 2008 to approximately S\$ 21.62 million as at 30 June 2009, mainly due to the following:

1. Excess of progress billings over work-in-progress increased by approximately S\$ 1.28 million to approximately S\$ 1.43 million ;
2. Trade and other payables increased by approximately S\$ 7.82 million to approximately S\$ 16.47 million ;
3. Amount owing to shareholders increased to approximately S\$ 0.73 million ; and
4. Provisions for taxation increased by approximately S\$ 0.13 million to approximately S\$ 0.18 million.

The above increases were mainly due to the consolidation of WS Bioengineering Pte Ltd, offset against a decrease in the amount owing to a director and amount owing to financial institution due to partial repayment of loans.

### Net Current Liabilities

The Company registered an excess of current liabilities over its current assets by approximately S\$2.8 million. The Company will be targeting new projects which will generate sufficient working capital for the next 12 months.

### Review of cash flow

The Group's cash flow for FY2009 is analyzed as follows:

#### Cash flow from operating activities

The Group incurred a cash outflow from operating activities of approximately S\$ 4.45 million in FY 2009 as compared to a cash inflow of approximately S\$ 3.58 million in FY 2008. The Group experienced negative cash flows from contract work-in-progress/excess of progress billings over work-in-progress of approximately S\$ 2.61 million due to additional cost incurred, claims on banker guarantees and provisions of an allowance for impairment for the Indian projects. The Group also incurred cash outflows from inventories and income taxes paid of approximately S\$ 1.04 million.

The Group recorded the positive cashflow of approximately S\$ 1.38 million from trade and other receivables and payables.

#### Cash flow from investing activities

The Group incurred a cash inflow from investing activities of approximately S\$ 4.67 million in FY 2009 as compared to a cash outflow of approximately S\$ 2.87 million in FY 2008. This was mainly due to the acquisition of a subsidiary, WS Bioengineering Pte Ltd and proceeds from disposal of plant and equipment.

The cash outflow of approximately S\$ 0.35 million was due to investment in an associate, Tricaftan Environmental Technology Pte Ltd.

#### Cash flow from financing activities

The Group incurred a cash inflow from financing activities of approximately S\$ 5.03 million in FY 2009 as compared to a cash inflow of approximately S\$ 0.61 million in FY 2008.

The cash inflow of approximately S\$ 5.72 million was mainly due to the borrowings from financial institutions, shareholders and a director. The cash inflow of approximately S\$ 2.67 million was due to issue of new shares (net of expenses).

The above cash inflow was offset against the cash outflow of approximately S\$ 3.36 million due to interest paid, payment of finance lease liabilities, repayment of amount owing to financial institution, deposit pledged to financial institution for banking facilities and dividend paid by subsidiary, WS Bioengineering Pte Ltd, to its minority shareholders from pre-acquisition profits.

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

Not Applicable.

**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 affect the group in the next reporting period and the next 12 months.**

Going forward, the Board of Directors (the "Board") believes that the overall global economic environment will continue to impact on funding for infrastructural projects and therefore, present challenges to the Group's existing businesses.

In the water-related business segment, the Group will continue to explore more project opportunities both locally and regionally. Barring unforeseen circumstances, the Group is likely to see progress in securing project works in the next 12 months.

In the palm oil-related business segment, in addition to the existing scope of project works, the Group will continue to work with various strategic partners to explore other expansion opportunities related to the palm-oil industry such as treatment of palm oil effluents.

**11. Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None

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**(b) Corresponding Period of the Immediately Preceding Financial Year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

None.

**(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 has been declared for financial year ended 30 June 2009.

**PART II - 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.

Review of past performance by project type

	Water and Wastewater Treatment		Hydro Engineering		Palm Oil Industry		Total	
	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008	FY2009	FY2008
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Revenue	2,148	10,006	3,590	1,394	22,774	-	28,512	11,400
Results:								
Segment Result *	(6,582)	(4,519)	878	587	719	-	(4,985)	(3,932)
Unallocated other income							365	118
Share of profit in associate							565	1,103
Unallocated expenses							(483)	(200)
Finance cost							(238)	(176)
Taxation							(179)	43
Minority interest							(98)	-
Profit after tax							(5,053)	(3,044)

\* Segment Result is the gross profit for the project type less the allocated expenses. Allocated expenses are apportioned, based on the gross profit of the project type as a percentage of the total gross profit.

Review of past performance by geographical region

Revenue	FY2009		FY2008	
	S\$ '000	%	S\$ '000	%
Asia	23,381	82.0	11,400	100.0
Africa	2,824	9.9	-	-
Central America	2,307	8.1	-	-
	28,512	100	11,400	100.0

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.

#### BY PROJECT TYPE

##### Water & Wastewater Treatment

The decrease of approximately S\$ 7.86 million in revenue of Water and Wastewater treatment was due to certain Water and Wastewater treatment projects nearing their completion phase.

##### Hydro-Engineering

The increase of approximately S\$ 2.20 million in revenue of Hydro-engineering was due to an increase in the completion of milestones of certain Hydro-engineering projects.

##### Palm Oil Industry

The increase of approximately S\$ 22.77 million in revenue of Palm oil industry was due to the acquisition of additional equity interests in WS Bioengineering Pte Ltd, making it a subsidiary of the Group with effect from 23 December 2008, and hence reflecting the post-acquisition revenue of WS Bioengineering's group of approximately S\$ 22.77 million.

#### BY GEOGRAPHICAL REGION

##### Asia

The increase in revenue generated from Asia was due to the increase in revenue generated from Palm oil projects arising from the acquisition of a subsidiary, WS Bioengineering Pte Ltd.

##### Africa

The increase in revenue generated from Africa was due to the increase in revenue generated from Palm oil projects arising from the acquisition of a subsidiary, WS Bioengineering Pte Ltd.

##### Central America

The increase in revenue generated from Central America was due to the increase in revenue generated from Palm oil projects arising from the acquisition of a subsidiary, WS Bioengineering Pte Ltd.

#### 15. A breakdown of sales.

##### Comparison of Sales and Operating profit/loss after tax between the second half of FY2009 and the second half of FY2008

	Group		%
	2H 2009 S\$ '000	2H 2008 S\$ '000	
(a) Sales reported for period	25,206	2,768	810.6
(b) Operating loss after tax before deducting minority interests reported for period	(4,866)	(3,574)	n.m.

##### Comparison of Sales and Operating profit/loss after tax between the first half of FY2009 and the first half of FY2008

	Group		%
	1H2009 S\$ '000	1H2008 S\$ '000	
(a) Sales reported for period	3,306	8,632	(61.7)
(b) Operating profit/loss after tax before deducting minority interests reported for full year	(89)	530	(116.8)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	2009 S\$ '000 (proposed)	2008 S\$ '000
Ordinary	-	-
Preference	-	-
Total:	<u>-</u>	<u>-</u>

**BY ORDER OF THE BOARD**

**Tan Tze Wen**

**Managing Director**

**27 August 2009**