

Unaudited Half Year Financial Statement And Dividend Announcement for the six month ended 30 June 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT 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

**INCOME STATEMENT**

	Notes	Group		
		01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08	Change
		(S\$'000)	(S\$'000)	%
Revenue		33,349	51,130	(35)
Cost of sales		(26,524)	(40,858)	(35)
<b>Gross profit</b>		<b>6,825</b>	<b>10,272</b>	<b>(34)</b>
Other income	1	11	58	(81)
Financial income	2	31	145	(79)
Financial expenses	2	(775)	(973)	(20)
Distribution costs		(1,793)	(1,829)	(2)
Administrative expenses		(4,902)	(4,639)	6
Other (charges)/credits	3	253	479	(47)
<b>(Loss)/Profit before tax</b>		<b>(350)</b>	<b>3,513</b>	<b>(110)</b>
Income tax expense		(503)	(511)	(2)
<b>(Loss)/Profit for the period</b>	4	<b>(853)</b>	<b>3,002</b>	<b>(128)</b>
<b>Attributable to:</b>				
Equity holders of the Company		(1,194)	2,458	(149)
Minority interests		341	544	(37)
		(853)	3,002	(128)

Notes:

1) Included in other income are:

	Group		
	01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08	Change
	(S\$'000)	(S\$'000)	%
Rental income	2	2	(2)
Miscellaneous income	9	56	(84)
	11	58	(81)

2) Financial income and (expenses) are:

	Group		
	01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08	Change
	(S\$'000)	(S\$'000)	%
Financial income	31	145	(79)
Financial expenses	(775)	(973)	(20)
Financial income and (expenses) - net	(744)	(828)	(10)

3) Other (charges)/credits are:

	Group		
	01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08	Change
	(S\$'000)	(S\$'000)	%
(Loss)/gain on disposal of plant and equipment	(3)	-	nm
Foreign exchange transaction (loss)/gains - net	256	465	(45)
Impairment on trade receivables no longer required	0	14	(100)
	253	479	(47)

4) Included in (loss)/profit after income tax are:

	Group		
	01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08	Change
	(S\$'000)	(S\$'000)	%
Depreciation expense	519	285	82
Amortization expense	437	441	(1)
Directors' remuneration	573	454	26

nm-not meaningful

1(a)(ii) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	01-Jan-09 to 30-Jun-09 (S\$'000)	01-Jan-08 to 30-Jun-08 (S\$'000)
(Loss)/Profit for the period	(853)	3,002
Translation difference relating to financial statements of foreign subsidiaries	567	115
Total comprehensive (expense)/income for the period	(286)	3,117
<b>Attributable to:</b>		
Equity holders of the Company	(717)	2,573
Minority interests	431	544
Total comprehensive (expense)/income for the period	(286)	3,117

#### Additional Information

##### Segmental Results

	Revenue		(Loss)/Profit Before Tax	
	01-Jan-09 to 30-Jun-09 (S\$'000)	01-Jan-08 to 30-Jun-08 (S\$'000)	01-Jan-09 to 30-Jun-09 (S\$'000)	01-Jan-08 to 30-Jun-08 (S\$'000)
<b>By Business Activity</b>				
Engineered Environmental Systems Sales	24,788	46,235	(915)	2,931
WM Services Sales	8,292	4,220	535	517
Trading (Chemicals & Others)	269	675	30	65
	33,349	51,130	(350)	3,513
<b>By Geographical Market</b>				
Singapore	1,673	2,475		
Malaysia	7,078	11,981		
China	11,612	2,736		
Taiwan	8,650	30,238		
Indonesia	3,956	2,358		
Others	380	1,342		
	33,349	51,130		

Engineered Environmental Systems sales comprise sales of Engineered Water Systems, Engineered Air Pollution Control Systems and Engineered Solid Waste Systems.

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

#### STATEMENT OF FINANCIAL POSITION

	Group		Company	
	S\$'000		S\$'000	
	30-Jun-09	31-Dec-08	30-Jun-09	31-Dec-08
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11,391	11,307	-	-
Intangible assets	32,171	26,939	-	-
Investments in subsidiaries	-	-	6,957	6,957
Trade and other receivables	-	-	32,126	32,126
Goodwill	1,266	1,266	-	-
Deferred tax assets	946	1,613	-	-
	45,774	41,125	39,083	39,083
<b>Current assets</b>				
Inventories	2,026	2,453	-	-
Construction contracts receivables	19,347	17,398	46	1,052
Trade receivables	20,133	28,511	1,195	212
Other receivables and prepayments	12,421	12,930	24,233	24,915
Cash and cash equivalents	19,386	17,101	1,578	83
	73,313	78,393	27,052	26,262
<b>Total assets</b>	119,087	119,518	66,135	65,345
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables & accrued liabilities	14,263	19,039	647	971
Construction contracts payables	9,795	4,972	-	-
Other payables	908	2,411	769	852
Current tax payables	618	507	-	30
Short-term borrowings	23,220	21,824	22,745	19,223
Current portion of long-term borrowings	2,820	3,763	2,754	2,770
Current portion of finance leases	159	36	-	-
	51,783	52,552	26,915	23,846
<b>Non-current liabilities</b>				
Deferred tax liabilities	927	780	-	-
Convertible notes	200	900	200	900
Long-term borrowings	15,636	15,291	13,145	14,541
Finance leases	281	149	-	-
	17,044	17,120	13,345	15,441
<b>Total liabilities</b>	68,827	69,672	40,260	39,287
<b>Equity attributable to owners of the parent</b>				
Share capital	36,862	36,162	36,862	36,162
Retained earnings	9,664	10,857	(10,987)	(10,104)
Other components of equity	(731)	(1,207)	-	-
	45,795	45,812	25,875	26,058
Minority interests	4,465	4,034	-	-
<b>Total equity</b>	50,260	49,846	25,875	26,058
<b>Total liabilities and equity</b>	119,087	119,518	66,135	65,345

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

Amount repayable in one year or less, or on demand

As at 30/06/2009	
Secured	Unsecured
26,199,000	-

As at 31/12/2008	
Secured	Unsecured
25,623,000	-

Amount repayable after one year

As at 30/06/2009	
Secured	Unsecured
16,117,000	-

As at 31/12/2008	
Secured	Unsecured
16,340,000	-

**Details of any collateral**

**(a) Short term bank loans**

Borrowings are secured by short-term notes, bill payables and corporate guarantees from various Darco group entities.

**(b) Long term bank loans (secured)**

Borrowings are secured by corporate guarantees from various Darco group entities.

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

**STATEMENTS OF CASH FLOWS**

**Cash flows from operating activities:**

(Loss)/Profit for the period

Adjustments for :-

Income tax expense

Depreciation of property, plant and equipment

Amortization of intangible assets

Loss on disposal of plant and equipment

Interest income

Interest expense

**Operating profit before changes in working capital**

Changes in working capital:-

Decrease/(Increase) in Inventories

(Increase) in Contract Work In Progress

(Increase)/Decrease in trade receivables

Decrease/(Increase) in other receivables and prepayments

Increase/(Decrease) in trade payables and accruals

(Decrease)/Increase in other payables

**Cash generated from operations**

Interest received

Interest paid

Income taxes refund/(paid)

**Net cash (used in)/generated from operating activities**

**Cash flows from investing activities**

Purchase of property, plant and equipment

Purchase of intangible assets

**Net cash used in investing activities**

**Cash flows from financing activities**

Proceeds from issuance of convertible notes

Proceeds/(repayments) of short-term borrowings

Proceeds/(repayments) of long-term borrowings

Dividend paid

Increase/(repayments) of finance leases

Cash restricted in use over 3 months

**Net cash generated from financing activities**

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at beginning of the year

Effect of exchange rate changes in cash and cash equivalents

**Cash and cash equivalent at end of the year**

	Half Year Ended	
	30-Jun-09	30-Jun-08
	S\$'000	S\$'000
(Loss)/Profit for the period	(853)	3,002
Adjustments for :-		
Income tax expense	503	511
Depreciation of property, plant and equipment	519	285
Amortization of intangible assets	437	441
Loss on disposal of plant and equipment	3	-
Interest income	(31)	(145)
Interest expense	775	973
<b>Operating profit before changes in working capital</b>	<b>1,353</b>	<b>5,067</b>
Changes in working capital:-		
Decrease/(Increase) in Inventories	427	162
(Increase) in Contract Work In Progress	2,874	(9,184)
(Increase)/Decrease in trade receivables	8,378	(3,444)
Decrease/(Increase) in other receivables and prepayments	509	1,167
Increase/(Decrease) in trade payables and accruals	(4,776)	(10,258)
(Decrease)/Increase in other payables	(1,503)	70
<b>Cash generated from operations</b>	<b>7,262</b>	<b>(16,420)</b>
Interest received	31	145
Interest paid	(775)	(973)
Income taxes refund/(paid)	422	(15)
<b>Net cash (used in)/generated from operating activities</b>	<b>6,940</b>	<b>(17,263)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(570)	(1,962)
Purchase of intangible assets	(5,534)	-
<b>Net cash used in investing activities</b>	<b>(6,104)</b>	<b>(1,962)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of convertible notes	-	6,000
Proceeds/(repayments) of short-term borrowings	1,396	3,783
Proceeds/(repayments) of long-term borrowings	(598)	9,469
Dividend paid	-	(1,043)
Increase/(repayments) of finance leases	255	6
Cash restricted in use over 3 months	774	2,101
<b>Net cash generated from financing activities</b>	<b>1,827</b>	<b>20,316</b>
Net (decrease)/increase in cash and cash equivalents	2,663	1,091
Cash and cash equivalents at beginning of the year	13,335	18,506
Effect of exchange rate changes in cash and cash equivalents	396	136
<b>Cash and cash equivalent at end of the year</b>	<b>16,394</b>	<b>19,733</b>

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**STATEMENT OF CHANGES IN EQUITY**

Half year ended 30 June 2009

	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Exchange Reserves (S\$'000)	Total (S\$'000)	Minority Interest (S\$'000)	Total Equity (S\$'000)
Balance at 1 January 2009	36,162	10,857	(1,207)	45,812	4,034	49,846
Issue of shares upon conversion of convertible notes	700	-	-	700	-	700
Total comprehensive (expense)/income for the period	-	(1,193)	476	(717)	431	(286)
Balance at 30 June 2009	36,862	9,664	(731)	45,795	4,465	50,260

**At 30 June 2008**

	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Exchange Reserves (S\$'000)	Total (S\$'000)	Minority Interest (S\$'000)	Total Equity (S\$'000)
Balance at 1 January 2008	27,062	16,414	(1,855)	41,621	3,529	45,150
Issue of shares upon conversion of convertible notes	5,300	-	-	5,300	-	5,300
Total comprehensive (expense)/income for the period	-	2,458	115	2,573	544	3,117
Dividends paid	-	(1,043)	-	(1,043)	-	(1,043)
Balance at 30 June 2008	32,362	17,829	(1,740)	48,451	4,073	52,524

**At 30 June 2009**

	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)
Balance at 1 January 2009	36,162	(10,104)	26,058
Issue of shares upon conversion of convertible notes	700	-	700
Total comprehensive (expense)/income for the period	-	(883)	(883)
Balance at 30 June 2009	36,862	(10,987)	25,875

**At 30 June 2008**

	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)
Balance at 1 January 2008	27,062	2,732	29,794
Issue of shares upon conversion of convertible notes	5,300	-	5,300
Total comprehensive (expense)/income for the period	-	(295)	(295)
Dividend paid	-	(1,043)	(1,043)
Balance at 30 June 2008	32,362	1,394	33,756

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 and warrants, conversion of other issues of equity securities, issue of shares or 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 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

Issued Share Capital

As at 30 June 2009, the issued ordinary shares of the Company numbered 276,684,812. During the period, the Company issued 13,197,000 ordinary shares that arose from the conversion of convertible notes.

Group	
30-Jun-09	31-Dec-08
Number of ordinary shares	
276,684,812	263,487,812

Issued and paid up:

There are no outstanding convertible securities as at the end of the current or previous year.

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

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

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 in Section 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 December 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 adopted all the new and revised Financial Reporting Standard ("FRS") and Interpretations to FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2009. Consequential amendments were also made to various standards as a results of these new or revised standards.

**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**

	Group	
	01-Jan-09 to 30-Jun-09	01-Jan-08 to 30-Jun-08
	Cents	Cents
Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year:-		
a) Based on the weighted average number of ordinary shares on issue (cents)	nm	1.15
b) On a fully diluted basis (cents)	nm	1.15
Weighted average number of ordinary shares used to compute basic earnings per share	276,684,812	213,193,562
Effect of dilutive share options	-	-
Weighted average number of ordinary shares used to compute fully diluted earnings per share	276,684,812	213,193,562

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

	Group		Company	
	As at 30/06/2009 Cents	As at 31/12/2008 Cents	As at 30/06/2009 Cents	As at 31/12/2008 Cents
Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the financial period	16.55	17.39	9.35	9.89

**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.

**Revenue**

The Group's revenue decreased significantly by 35% to \$33.3 million in 1H FY2009 as compared to \$51.1 million 1H FY2008.

There was a 43% decrease in revenue of Engineered Environmental Systems ("EE Systems") from \$43.5 million to \$24.8 million. There was a very significant drop in construction activities in the municipal sector, from \$28.2 million or 55.3% in 1H FY2008 compared to only \$9.8 million representing 29.5% of the total group revenue in 1H FY2009. This is due mainly to few projects being offered for public tenders in Taiwan as a result of change of government last 12 months. Most of these infrastructures are currently being re-modeled as BOT projects.

The Water Management Service ("WM Services") segment generated \$8.3 million in revenue; this represents an increase of \$1.4 million or 20%, compared to \$6.9 million in 1H FY2008. This increase was chiefly derived from waste management projects in Taiwan and BOT drinking water project in China.

Trading activities (Chemical, spare parts and others) decreased by \$0.4 million representing a 60% drop as compared to \$0.7 million 1H FY2008. This reflects the impact of financial crisis on our customers.

**Profitability**

The Group's gross profit margin increased marginally by 0.4% to 20.5% in 1H FY2009 from 20.1% in 1H FY2008.

The Group's financial expense decreased by \$0.2 million to \$0.8 million in 1H FY2009 as compared to \$1 million in 1H FY2008, this was due to the lower exchange rate against United State Dollars as compared to 1H FY2008.

Administrative expenses increased by \$0.3 million from \$4.6 million to \$4.9 million as compared to 1H FY2008. This was mainly due to increase in depreciation expense recorded in connection to the acquisition of leasehold building/factory for waste management project in Taiwan.

### Statement of Financial Position

Intangible assets increased by \$5.2 million to \$32.1 million as at 30 June 2009 as compared to those in FY2008. This increase was chiefly attributable to the construction of Qian Yuan water treatment plant in Deqing County, China.

The inventory decreased by \$0.4 million to \$2 million as at 30 June 2009 as compared to \$2.4 million in FY2008. This reflects effort to minimize stock holding level to reduce working capital requirement.

Trade receivables decreased from \$28.5 million in FY2008 to \$20.1 million as at 30 June 2009, this was mainly attributable to cash collections from Chu-Bei and Ker-Ya projects in Taiwan during the period.

Trade payables and accrued liabilities decreased by \$4.7 million to \$14.3 million as at 30 June 2009 as compared to \$19 million in FY2008. This was mainly due to repayments made to suppliers during the period.

Short-term borrowings increased by \$1.4 million to \$23.2 million as at 30 June 2009 as compared to \$21.8 million in FY2008. This was due to drawdown of syndicated loan facilities of US\$24 million which were secured in FY2008.

### Statement of Cash Flow

There was a net cash inflow of \$0.8 million to fund operating and investing activities as a result of the increase in group's business activities in 1H FY2009. Financing activities generated a positive cashflow of \$1.8 million in 1H FY2009 mainly from the drawdown of revolving facilities of US\$24 million which were secured in FY2008.

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

The business activities of the Group remain broad-based and are in line with the statement disclosed in the full year results for FY2008.

**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**

The Group expects a reduction in revenue contribution from the municipal sector in Taiwan in the next twelve months due to lower existing order book from the municipal sector. Although the Group have many contracts under review or negotiation at this point to time, we are unable to predict with any certainty whether our customers may decide to proceed with their plans, given the uncertain global economic condition.

The construction of Qian Yuan water treatment plant in Deqing County, China is to be speeded up as a result of full funding now made available, this will contribute to the Group's revenue in FY2010. The Water Management sector too, is likely to continue to remain positive in the next 12 months.

### **11. Dividend**

a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

b) 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 has been declared by the Company for the financial period 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

Please refer to Additional Information in point 1(a) above.

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

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. Confirmation pursuant to Rule 705(4) of the SGX Listing Manual

The Board has confirmed that to the best of its knowledge, nothing has come to its attention, which may render the unaudited financial statements of the Company, or the unaudited consolidated financial statements of the Group in respect of the half year ended 30 June 2009 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

Singapore, 12 August 2009