

**METAX ENGINEERING CORPORATION LIMITED**

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Website: <http://www.metax.com>**MEDIA RELEASE
(FOR IMMEDIATE RELEASE)****Metax Engineering Returns to Profitability with Full Year Net Profit Attributable to Equity holders of S\$1.1 million**

- *Improved financial results for FY2010 can be attributed also to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, compared to the consolidated result of approximately 6 months from 23 December 2008 when the group had first obtained control over WS Bioengineering Pte Ltd and its subsidiaries.*
- *Stronger revenue recognition due to more milestones completed for palm oil related engineering projects and for wastewater treatment projects.*
- *Higher gross profit for these projects coupled with lower selling and distribution as well as administrative expenses resulted in a Group net profit for the year of S\$2.0 million.*

| Financial Highlights | 12 months ended 30 June | | |
|---|-------------------------|--------|----------|
| | FY2010 | FY2009 | % Change |
| (S\$ 'm) | | | |
| Revenue* | 47.3 | 28.5 | 65.7 |
| Gross Profit* | 9.2 | 1.9 | 392.9 |
| Net Profit For the Year* | 2.0 | (5.0) | N.M |
| Net Profit For the Year attributable to equity holders* | 1.1 | (5.1) | N.M |

*All figures in the table are rounded to one decimal place.

SINGAPORE, 26 August 2010 – Metax Engineering Corporation Limited (“Metax Engineering”, and together with its subsidiaries “the Group”), a home-grown environmental engineering SGX-Catalist listed company today announced its full year financial results for the full year ended 30 June 2010 (“FY2010”).

Key Financial Highlights

The improved financial results for FY2010 can be attributed to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, compared to the consolidated result of approximately 6 months from 23 December 2008 when the group had first obtained control over WS Bioengineering Pte Ltd and its subsidiaries.

The Group's revenue rose by 65.8%, from approximately S\$28.51 million for FY2009 to approximately S\$47.27 million for FY2010.

Higher revenue was generated from projects in the palm oil refining and nutrients extraction industry from approximately S\$22.77 million in FY2009 to S\$37.93 million in FY2010. At the same time, revenue generated by Water and Wastewater Treatment projects also increased from approximately S\$2.15 million in FY2009 to S\$6.99 million in FY2010.

The Group's gross profit increased by 391.7% from approximately S\$1.86 million in FY2009 to approximately S\$9.16 million in FY2010.

Projects from the palm oil refining and nutrients extraction industry contributed approximately S\$6.43 million, whilst Water and Wastewater Treatment projects and Hydro-engineering projects contributed approximately S\$2.26 million and S\$0.47 million, respectively.

In terms of operating expenses, selling and distribution expenses declined by 9.7% from approximately S\$1.15 million for FY2009 to approximately S\$1.04 million for FY2010, mainly due to a decrease in commission paid to sales personnel and third parties.

Administrative expenses were also lower by 6.0% from approximately S\$6.18 million in FY2009 to approximately S\$5.81 million in FY2010 mainly due to decrease in the amount of bad debts written off, the amount of provision for doubtful debts, the decrease in management fee and other operating expenses.

The Group registered a profit before tax of approximately S\$2.70 million in FY2010, reversing a loss before tax of approximately S\$4.78 million in FY2009. Consequently, the Group registered net profit attributable to equity holders of approximately S\$1.1 million.

In terms of financial position, the Group's net asset value increased by 105.2% from approximately S\$9.84 million as at 30 June 2009 to approximately S\$20.20 million as at 30 June 2010. The increase was due to the issuance of new shares for S\$8.86 million and warrants for S\$0.20 million.

Overall, total assets have increased while total liabilities have been reduced during the 12 months leading up to 30 June 2010. Non-current assets rose by 0.4% from approximately S\$16.35 million as at 30 June 2009 to approximately S\$16.29 million as at 30 June 2010 due to the decrease in property, plant and equipment of S\$0.15 million which was offset against the increase in investments in associates of S\$0.09 million. Current assets increased by 13.7% from approximately S\$24.25 million as at 30 June 2009 to approximately S\$27.57 million as at 30 June 2010 due mainly to more contract work-in-progress and higher levels of inventory.

Non-current liabilities decreased by 48.7% to approximately S\$2.66 million as at 30 June 2010, whilst current liabilities declined by 26.8% to approximately S\$15.82 million as at 30 June 2010. In general, the Group was able to reduce its amounts owing to financial institutions, directors and other trade creditors.

Overall, the Group's cash and bank balances stood at approximately S\$5.2 million as at 30 June 2010.

Outlook

The Board of Directors believes that in the coming 12 months, the Group shall continue to see opportunities for its two key business segments, namely in the palm oil and water sectors.

Palm Oil Sector

Globally, although prices of palm oil had declined in recent months, consumption for palm oil remained strong and demand for engineering work on value-added processing of palm oil continues unabated. The Group believes that regional opportunities in palm oil related engineering will provide a good flow of business opportunities in the coming year. With the recovery of the global financial markets, the Group has continued to secure projects. Engineering work for some of these projects is ongoing and milestone completion shall be gradually recognized over the next 12 months, barring unforeseen circumstances.

Via its newly formed joint venture company, Oiltek-Nova Bioenergy Sdn Bhd, Metax has begun to market its engineering services for the design, development and supply of biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia.

Water Sector

In the water sector, the outlook for Metax's Hydro-engineering and Water Treatment segments are also largely positive. Upgrading and enhancement of Singapore's public water infrastructure continues to generate opportunities for which the Group has been actively participating in various bidding exercises. Beyond Singapore, the Group has also submitted bids in Indonesia and in Saudi Arabia. Within its portfolio of current projects, a substantial portion of the outstanding work-in-progress is expected to be delivered within 12 months. These projects are also expected to make a positive impact on the revenue performance of the Group, barring unforeseen circumstances

- End -

Issued on behalf of Metax Engineering Corporation Limited by Cogent Communications Pte Ltd

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About Metax Engineering Corporation Limited

Incorporated in Singapore in 1975, SGX-listed Metax Engineering is an established environmental engineering company with over 35 years of experience in providing engineering, procurement and construction services for (i) **water and wastewater treatment and hydro-engineering projects** and (ii) **palm oil sector specialising in refining palm oil, extracting valuable nutrients and treating palm oil mill effluent.**

In the water sector, we have consciously internationalised our engagement across the South East Asia and South Asia since 1985. Today, our projects in the water sector come from both the public and private sector in Singapore, Indonesia, Malaysia, Thailand, the Philippines and India. Metax Engineering was awarded the ISO 9001:2000 certification since 2001 as a testimony of our ability to deliver quality services and products. We also attained ME11 L6 and SY08 grading by the Singapore Building and Construction Authority which allows us to tender for Singapore government contracts of unlimited value.

In the palm oil sector, we have a track record of project delivery in more than 40 countries in South East Asia, Africa and Central America, via Oiltek Sdn Bhd, one of our associate companies. The latter specialises in the engineering and construction of palm oil processing and refining facilities. And this includes biofuel and other downstream refining facilities. Recently, Oiltek entered into a joint venture with Novaviro Technologies Sdn Bhd to establish Oiltek-Nova Bioenergy Sdn Bhd whose principal business is the design, construction and supply of biogas recovery and utilisation systems to palm oil mill effluent plants in Malaysia and Indonesia. Novaviro has been a consultant to a dozen CDM projects in recent years and has also developed its own methane recovery system called the Novavrio-KS Anaerobic Digester System.

For more information, please visit Metax Engineering's website <http://www.metax.com>

METAX ENGINEERING CORPORATION LIMITED

FULL YEAR FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

PART1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

| | Year ended 30 June 2010 S\$ | Year ended 30 June 2009 S\$ | Increase/ (Decrease) % |
|--|-----------------------------------|-----------------------------------|------------------------------|
| REVENUE | 47,270,720 | 28,512,095 | 65.8 |
| Cost of sales | (38,112,392) | (26,649,647) | 43.0 |
| Gross profit | 9,158,328 | 1,862,448 | 391.7 |
| Other operating income | 413,545 | 365,007 | 13.3 |
| Selling and distribution expenses | (1,040,361) | (1,152,509) | (9.7) |
| Administrative expenses | (5,808,542) | (6,177,905) | (6.0) |
| Finance expenses | (274,542) | (238,055) | 15.3 |
| Share of profit of associate (net of tax) | 251,650 | 564,680 | (55.4) |
| Profit/(loss) before income tax | 2,700,078 | (4,776,334) | 156.5 |
| Income tax expense | (659,229) | (179,216) | 267.8 |
| Net profit/(loss) for the year | 2,040,849 | (4,955,550) | 141.2 |
| Other comprehensive income/(loss) | | | |
| Exchange differences on translating foreign operations | 485,379 | (83,785) | 679.3 |
| Total comprehensive income/(loss) for the year | 2,526,228 | (5,039,335) | 150.1 |
| Net profit/(loss) for the year attributable to: | | | |
| Equity holders of the Company | 1,080,446 | (5,053,760) | |
| Non-controlling interests | 960,403 | 98,210 | |
| Net profit/(loss) for the year | 2,040,849 | (4,955,550) | |
| Total comprehensive income/(loss) for the year attributable to: | | | |
| Equity holders of the Company | 1,297,680 | (5,109,626) | |
| Non-controlling interests | 1,228,548 | 70,291 | |
| Total comprehensive income/(loss) for the year | 2,526,228 | (5,039,335) | |

1(a)(ii) Profit/(Loss) before income tax is arrived at after charging/(crediting) the following: -

| | Year ended 30 June 2010 S\$ | Year ended 30 June 2009 S\$ |
|---|--|--|
| Interest income in fixed / current account deposits | (1,460) | (229) |
| Interest on borrowings | 274,542 | 238,055 |
| Depreciation of property, plant and equipment | 237,572 | 218,727 |
| Loss on foreign exchange | 116,908 | 125,132 |
| Gain on disposal of property, plant and equipment | (9,195) | (239,417) |
| Bad debts written (back)/off | (16,678) | 1,168,178 |
| Allowance for doubtful receivables | - | 104,373 |
| Allowance for doubtful work-in-progress | - | 1,755,755 |
| Cost of inventories recognized in cost of sales | 28,608,890 | 13,177,299 |
| Gain on disposal of a subsidiary | 1,072 | - |
| Property, plant and equipment written off | | - |

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.

| | GROUP | | COMPANY | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at 30 Jun 2010 S\$ | As at 30 Jun 2009 S\$ | As at 30 Jun 2010 S\$ | As at 30 Jun 2009 S\$ |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 3,989,861 | 4,140,634 | 2,178,898 | 2,241,870 |
| Investment in associate | 1,024,587 | 932,937 | 640,000 | 800,000 |
| Investment in subsidiaries | - | - | 12,987,240 | 12,848,685 |
| Goodwill | 11,272,964 | 11,272,964 | - | - |
| | 16,287,412 | 16,346,535 | 15,806,138 | 15,890,555 |
| Current Assets | | | | |
| Contract work-in-progress | 13,866,626 | 7,923,140 | 1,681,723 | 2,958,964 |
| Trade and other receivables | 7,771,831 | 8,822,943 | 7,102,480 | 3,043,036 |
| Inventories | 694,516 | 614,412 | - | - |
| Cash and bank balances | 5,239,487 | 6,885,960 | 123,386 | 86,648 |
| | 27,572,460 | 24,246,455 | 8,907,589 | 6,088,648 |
| TOTAL ASSETS | 43,859,872 | 40,592,990 | 24,713,727 | 21,979,203 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 24,980,479 | 16,120,139 | 24,980,479 | 16,120,139 |
| Warrants reserve | 200,000 | - | 200,000 | - |
| Reserves | (4,980,570) | (6,278,250) | (9,406,475) | (8,050,589) |
| | 20,199,909 | 9,841,889 | 15,774,004 | 8,069,550 |
| Non-controlling interests | 5,189,098 | 3,960,550 | - | - |
| Total Equity | 25,389,007 | 13,802,439 | 15,774,004 | 8,069,550 |
| Non-current liabilities | | | | |
| Obligations under finance leases | 69,686 | 97,957 | - | - |
| Deferred tax liabilities | 49,589 | 82,629 | - | - |
| Amount owing to a director | - | 1,192,379 | - | 1,192,379 |
| Amount owing to financial institutions | 2,536,363 | 3,801,479 | 2,536,363 | 3,801,479 |
| | 2,655,638 | 5,174,444 | 2,536,363 | 4,993,858 |
| Current liabilities | | | | |
| Excess of progress billings over work-in-progress | 1,741,678 | 1,428,288 | 8,461 | 12,681 |
| Trade and other payables | 9,031,673 | 16,473,009 | 2,111,507 | 6,128,020 |
| Amount owing to minority shareholders | 368,070 | 731,395 | - | - |
| Amount owing to financial institutions | 4,345,672 | 2,769,178 | 4,283,392 | 2,769,178 |
| Obligations under finance leases | 29,789 | 33,887 | - | 3,976 |
| Income tax payable | 298,345 | 180,350 | - | 1,940 |
| | 15,815,227 | 21,616,107 | 6,403,360 | 8,915,795 |
| Total Liabilities | 18,470,865 | 26,790,551 | 8,939,723 | 13,909,653 |
| TOTAL EQUITY AND LIABILITIES | 43,859,872 | 40,592,990 | 24,713,727 | 21,979,203 |

1(b)(ii) Aggregate amount of group's borrowings and debt securities**(A) Amount repayable within one year or less, or on demand**

| Descriptions | As at 30 June 2010 | | As at 30 June 2009 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount owing to financial institutions | 4,022 | NIL | 1,750 | NIL |
| Bank overdraft | 324 | NIL | 1,019 | NIL |
| Obligation under finance leases | 30 | NIL | 34 | NIL |
| Total | 4,376 | NIL | 2,803 | NIL |

(B) Amount repayable after one year

| Descriptions | As at 30 June 2010 | | As at 30 June 2009 | |
|--|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount owing to financial institutions | 2,536 | NIL | 3,801 | NIL |
| Bank overdraft | NIL | NIL | NIL | NIL |
| Obligation under finance leases | 70 | NIL | 98 | NIL |
| Total | 2,606 | NIL | 3,899 | NIL |

(C) Details of any collateral

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

- (a) A first legal mortgage on a leasehold property of the Company with a net book value of S\$ 2,124,942 (2009 : S\$ 2,193,490)
- (b) The personal guarantees of a director of the Company and a mortgage of a property owned by the director.
- (c) A mortgage on a leasehold property of a subsidiary with a net book value of S\$1,419,140 (2009:S\$1,400,120) is pledged for banking facilities.
- (d) Fixed deposit of a subsidiary amounting to S\$1,656,528 (2009:S\$994,133) pledged for banking facilities.

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

| | Year ended 30 June 2010 S\$ | Year ended 30 June 2009 S\$ |
|---|-----------------------------------|-----------------------------------|
| Cash flows from operating activities:- | | |
| Profit/ (Loss) before income tax | 2,700,078 | (4,776,334) |
| Adjustments for:- | | |
| Depreciation of property, plant and equipment | 237,572 | 218,727 |
| Exchange realignment | 397,580 | 71,013 |
| Gain on disposal of property, plant and equipment | (9,195) | (239,417) |
| Gain on disposal of a subsidiary (Note1) | (51,968) | - |
| Share of profit of associates | (251,650) | (564,680) |
| Interest income | (1,460) | (229) |
| Interest expense | 274,542 | 238,055 |
| Property, plant and equipment written off | 1,072 | - |
| Bad debts written (back)/off | (16,678) | 1,168,178 |
| Allowance for doubtful receivables | - | 104,373 |
| Allowance for doubtful work-in-progress | - | 1,755,755 |
| Operating profit/(loss) before working capital changes | 3,279,893 | (2,024,559) |
| Changes in working capital:- | | |
| Contract work-in-progress/Excess of progress billings over work-in-progress | (5,630,097) | (2,611,415) |
| Inventories | (80,103) | - |
| Trade and other receivables | 1,136,147 | 453,017 |
| Trade and other payables | (7,441,337) | 575,118 |
| Amount owing to directors | - | (285,083) |
| Cash used in operations | (8,735,497) | (3,892,922) |
| Income taxes paid | (574,273) | (756,151) |
| Net cash used in operating activities | (9,309,770) | (4,649,073) |
| Cash flows from investing activities | | |
| Interest received | 1,460 | 229 |
| Sale proceeds from disposal of plant and equipment | 18,648 | 462,267 |
| Sale proceeds from disposal of a subsidiary (Note1) | 54,940 | - |
| Net cash acquired on acquisition of subsidiary (Note4) | - | 4,730,369 |
| Investment in associate | - | (347,075) |
| Purchase of property, plant and equipment | (46,114) | (281,514) |
| Net cash generated from investing activities | 28,934 | 4,564,276 |

| | | |
|--|------------------|------------------|
| Cash flows from financing activities | | |
| Interest paid | (274,542) | (238,055) |
| Dividend paid by subsidiary to minority shareholders | - | (416,000) |
| Payment of finance lease liabilities | (32,370) | (18,367) |
| Proceeds from financial institutions | 4,858,034 | 3,865,282 |
| Amount owing to minority shareholders | (363,324) | 731,395 |
| Amount owing to directors | (1,192,379) | 1,119,695 |
| Issuance of shares under right issue | - | 2,665,797 |
| Issuance of shares(Note2) | 8,860,340 | - |
| Issuance of warrants (Note3) | 200,000 | - |
| Repayment of amount owing to financial institutions | (3,851,976) | (1,335,219) |
| Deposit pledged | (662,395) | (994,133) |
| Net cash generated from financing activities | 7,541,388 | 5,380,395 |
| Net (decrease)/increase in cash and cash equivalents | (1,739,448) | 5,295,598 |
| Effect of exchange rate fluctuations | 125,261 | (47,860) |
| Cash and cash equivalents at beginning of year | 4,873,204 | (374,534) |
| Cash and cash equivalents at end of year | 3,259,017 | 4,873,204 |

Cash and cash equivalents included in the statement of cash flows comprise the following:

| | 30 June 2010 | 30 June 2009 |
|------------------------------|---------------------|---------------------|
| | S\$ | S\$ |
| Cash and bank balances | 5,239,487 | 6,885,960 |
| Bank overdraft | (323,942) | (1,018,623) |
| Less: Fixed deposits pledged | (1,656,528) | (994,133) |
| | 3,259,017 | 4,873,204 |

Note1: Sale proceeds from disposal of a subsidiary

| | Group Year ended 30 June 2010 S\$ |
|--|--|
| Cash and bank balances | 60 |
| Trade and other receivables | 10,730 |
| Trade and other payables | (5,278) |
| | ----- |
| Identifiable net assets | 5,512 |
| Less: Non-controlling interest | (2,480) |
| | ----- |
| Identifiable net assets disposed off | 3,032 |
| Gain on disposal of a subsidiary | 51,968 |
| | ----- |
| Cash proceeds from disposal | 55,000 |
| Less: Cash and bank balances disposed off | (60) |
| | ----- |
| Net cash inflow on disposal of a subsidiary | 54,940 |
| | ===== |

The Company invested 55% in Metax Resources Pte Ltd pursuant to its plans to diversify into new resources-related businesses in the procurement of sea sand and the supply thereof to the Company, as well as other resources-related businesses.

After deliberating on the Group's development objectives, the conclusion reached was that it is not in the commercial interest of the Group to retain an interest in Metax Resources Pte Ltd and therefore the Company decided to dispose its investment in Metax Resources Pte Ltd.

Note2: Issuance of shares

During the year ended 30 June 2010, the net cash proceeds from the issue of 89,900,000 new ordinary shares at S\$0.10 amounted to S\$8,860,340 (net of issuance cost of S\$129,660).

Note3: Issuance of warrants

During the year ended 30 June 2010, the net cash proceeds from the issue of 40,000,000 non-transferable and non-listed warrants at S\$0.005 amounted to S\$200,000.

Note4: Net cash acquired on acquisition of subsidiary

During the year ended 30 June 2009, the Group acquired a subsidiary, and the fair value of assets acquired and liabilities at acquisition date is set out below:

| | <u>30 June 2009</u> |
|---|----------------------------|
| | S\$ |
| <u>Fair value of assets and liabilities</u> | |
| Cash and cash equivalents | 4,730,369 |
| Trade and other receivables | 9,815,161 |
| Property, plant and equipment | 1,772,316 |
| Contract work-in-progress | 839,122 |
| Inventory | 329,329 |
| Excess of progress billings over contract work-in-progress | (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) |
| Deferred tax | (71,095) |
| | ----- |
| Net assets acquired | 10,010,905 |
| Less: Share in profit of associate prior to becoming a subsidiary | (1,485,028) |
| Less: Minority interest @ 20.8% | (4,566,841) |
| Goodwill on acquisition | 11,272,964 |
| | ----- |
| Purchase consideration | 15,232,000 |
| Less: | |
| Cash paid prior to 30 June 2008 | (2,870,000) |
| Cash payment during the year | (5,098,000) |
| Issuance of shares | (5,744,000) |
| Remaining cash payable reflected in other payables | (1,520,000) |
| Cash and cash equivalent acquired | (4,730,369) |
| | ----- |
| Net cash inflow on acquisition of a subsidiary | (4,730,369) |
| | ===== |

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

| | <u>Share Capital</u> | <u>Warrants Reserve</u> | <u>Translation Reserve</u> | <u>Accumulated Losses</u> | <u>Total Attributable to Equity Holders of the Company</u> | <u>Non- Controlling Interests</u> | <u>Total Equity</u> |
|--|--------------------------|-----------------------------|--------------------------------|-------------------------------|--|---|---------------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Balance as at 1 July 2008 | 7,257,417 | - | 269,594 | (1,438,218) | 6,088,793 | - | 6,088,793 |
| Total comprehensive loss for the year | - | - | (55,866) | (5,053,760) | (5,109,626) | 70,291 | (5,039,335) |
| Issuance of shares for the purchase of a subsidiary | 5,744,000 | - | - | - | 5,744,000 | - | 5,744,000 |
| Issuance of share under rights issue (net of expenses) | 2,665,797 | - | - | - | 2,665,797 | - | 2,665,797 |
| Issuance of shares to acquire an associated company | 452,925 | - | - | - | 452,925 | - | 452,925 |
| Effect of acquisition of a subsidiary | - | - | - | - | - | 4,566,841 | 4,566,841 |
| Non-controlling interest arising from the incorporation of a subsidiary that is not wholly-owned by the Company | - | - | - | - | - | 93,018 | 93,018 |
| Dividends paid by a subsidiary to minority shareholders | - | - | - | - | - | (769,600) | (769,600) |
| Balance as at 30 June 2009 | 16,120,139 | - | 213,728 | (6,491,978) | 9,841,889 | 3,960,550 | 13,802,439 |
| Balance as at 1 July 2009 | 16,120,139 | - | 213,728 | (6,491,978) | 9,841,889 | 3,960,550 | 13,802,439 |
| Total comprehensive income for the year | - | - | 217,234 | 1,080,446 | 1,297,680 | 1,228,548 | 2,526,228 |
| Issue of new shares (net of expenses) | 8,860,340 | - | - | - | 8,860,340 | - | 8,860,340 |
| Issue of warrants | - | 200,000 | - | - | 200,000 | - | 200,000 |
| Balance as at 30 June 2010 | 24,980,479 | 200,000 | 430,962 | (5,411,532) | 20,199,909 | 5,189,098 | 25,389,007 |

COMPANY

| | <u>Share Capital</u> | <u>Warrants Reserve</u> | <u>Accumulated Losses</u> | <u>Total</u> |
|---|--------------------------|-----------------------------|-------------------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ |
| Balance as at 1 July 2008 | 7,257,417 | - | (2,148,612) | 5,108,805 |
| Total comprehensive loss for the year | - | - | (5,901,977) | (5,901,977) |
| Issuance of shares for the purchase of a subsidiary | 5,744,000 | - | - | 5,744,000 |
| Issuance of shares under rights issue (net of expenses) | 2,665,797 | - | - | 2,665,797 |
| Issuance of shares to acquire an associated company | 452,925 | - | - | 452,925 |
| Balance as at 30 June 2009 | 16,120,139 | - | (8,050,589) | 8,069,550 |
| Balance as at 1 July 2009 | 16,120,139 | - | (8,050,589) | 8,069,550 |
| Total comprehensive loss for the year | - | - | (1,355,886) | (1,355,886) |
| Issue shares (net of expenses) | 8,860,340 | - | - | 8,860,340 |
| Issue of warrants | - | 200,000 | - | 200,000 |
| Balance as at 30 June 2010 | 24,980,479 | 200,000 | (9,406,475) | 15,774,004 |

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.

The Company had issued:

- 1) 15,700,000 new shares at S\$0.10 per share on 23 October 2009 pursuant to a placement as announced on 22 September 2009.
- 2) 74,200,000 new shares at S\$0.10 per share on 11 January 2010 pursuant to a share subscription as announced on 11 January 2010.
- 3) 40,000,000 non-transferable and non-listed warrants at S\$0.005 per warrant, on 11 January 2010, with each warrant entitling its holder to subscribe for one (1) new ordinary share at an exercise price of S\$0.105 for each new share during the three years commencing on and including the date of issue of the warrants (the "Exercise Period"), provided that the holder may only exercise up to 33.3% of the warrants during the first year of the Exercise Period, up to 66.6% of the warrants during the second year of the Exercise Period, and the remaining warrants during the third and final year of the Exercise Period. As at 30 June 2010, none of the warrants had been exercised.

Save as disclosed above, the Company had no outstanding convertibles and no treasury shares as at 30 June 2010 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 2010 and 30 June 2009 was 223,408,576 and 133,508,576 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.

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 statements for the current financial year as those in the audited annual financial statements for the financial year ended 30 June 2009 except for the new Financial Reporting Standards (FRS) as stated in Section 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.

The Group has adopted the following relevant new FRS which became effective for financial periods beginning or after 1 July 2009.

| | |
|-------------------|--|
| FRS 27 (Revised) | Consolidated and Separate Financial Statements |
| FRS 103 (Revised) | Business Combinations |

The implementation of the above standards has no significant impact to the Group.

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

| | Year ended 30 June 2010 S\$(Cents) | Year ended 30 June 2009 S\$(Cents) |
|--|--|--|
| Basic earnings/(loss) per share | 0.60 | (5.61) |
| Based on weighted average number of ordinary shares issued | | |
| Weighted average No. of issued shares | 178,820,905 | 90,041,879 |

The basic earnings per share is calculated by dividing the Group's profit for the year of S\$1,080,446 by weighted average number of shares of 178,820,905. (2009: S\$(5,053,760) by 90,041,879 shares).

| | Year ended 30 June 2010 S\$(Cents) | Year ended 30 June 2009 S\$(Cents) |
|--|--|--|
| Diluted earnings per share | 0.56 | - |
| Based on weighted average number of ordinary shares issued | | |
| Weighted average No. of issued shares | 192,733,948 | - |

The diluted earnings per share is calculated by dividing the Group's profit for the year of S\$1,080,446 by weighted average number of shares of 192,733,948 (including 13,913,043 weighted average number of shares issued under warrants issue).

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 June 2010 | 30 June 2009 | 30 June 2010 | 30 June 2009 |
| Net asset value per ordinary share based on number of shares issued at end of year (cents) | 9.04 | 7.37 | 7.06 | 6.04 |

The net asset value per ordinary share as at 30 June 2010 and 30 June 2009, shown above, is computed based on the share capital of 223,408,576 shares and 133,508,576 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 results

The following operating results for FY2010 is mainly due to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, whose engineering projects are in the palm oil refining and nutrients extraction industry as compared to the consolidated result for 6 months and 9 days from 23 December 2008 when the Group had obtained control over WS Bioengineering Pte Ltd and its subsidiaries.

Revenue

The Group's revenue increased by 65.8% from approximately S\$28.51 million in FY2009 to approximately S\$47.27 million in FY2010.

The increase in revenue was mainly due to –

- 1) increase in revenue generated from palm oil refining and nutrients extraction industry from S\$22.77 million in FY2009 to S\$37.93 million in FY2010.
- 2) increase in revenue generated by Water and Wastewater Treatment projects from S\$2.15 million in FY2009 to S\$6.99 million in FY2010. The higher revenue generated by these projects was due mainly to more milestones for the completion of work being reached. The above increase in revenue was offset by the decrease in revenue generated by the Hydro-engineering projects of S\$1.24 million due to certain projects nearing their completion phase and other projects being in their starting phases.

Cost of sales

The Group's cost of sales sold increased by 43.0% from approximately S\$26.65 million in FY2009 to approximately S\$38.11 million in FY2010.

The increase in cost of sales was mainly due to the milestones for the completion of work being reached for palm oil refining and nutrients extraction industry which was in line with the increase in revenue generated.

Gross Profit

The Group gross profit increased by 391.7% from approximately S\$1.86 million in FY2009 to approximately S\$9.16 million in FY2010. The increase was due to –

- 1) the contribution from palm oil refining and nutrients extraction industry of approximately S\$6.43 million;
- 2) the contribution from Water and Wastewater Treatment projects of approximately S\$2.26 million; and
- 3) the contribution from Hydro-engineering projects of approximately S\$0.47 million.

Other Operating Income

The increase in other income of S\$0.05 million from approximately S\$0.36 million in FY2009 to approximately S\$0.41 million in FY2010 was mainly due to the increase in sundry income, gain on disposal of subsidiary, bad debts written back and job credits from the government.

These were offset against the decrease in gain on disposal of property, plant and equipment and rental income.

Finance Expenses

The increase in finance expenses of approximately S\$0.04 million was mainly due to the interest paid to the banks for term loan which was offset against the decrease in bank overdraft interest.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 9.7% from approximately S\$1.15 million in FY2009 to approximately S\$1.04 million in FY2010 mainly due to a decrease in commission amounting to S\$0.11 million paid to sales personnel and third parties for sales secured.

Administrative Expenses

Administrative expenses decreased by 6.0% from approximately S\$6.18 million in FY2009 to approximately S\$5.81 million in FY2010 mainly due to –

- 1) the decrease in bad debts written off;
- 2) the decrease in allowance for doubtful receivables;
- 3) the decrease in management fees; and
- 4) the decrease in other operating expenses.

The decreases were offset against the increases in CPF and SDL, directors' remuneration and staff salaries.

Profit Before Income Tax

The Group recorded a profit before income tax of approximately S\$2.70 million in FY2010 as compared to a loss before income tax of approximately S\$4.78 million in FY2009. The improvement was mainly due to –

- 1) the higher revenue generated;
- 2) the higher profit margins achieved;
- 3) the decrease in allowance for doubtful work-in-progress; and
- 4) the decrease in bad debts written off..

Income Tax Expense

The income tax expense relates to the tax expense of S\$659,229 arising from the subsidiaries..

Review of financial position

Group's net asset value increased by 105.2% from approximately S\$9.84 million as at 30 June 2009 to approximately S\$20.20 million as at 30 June 2010. The increase was mainly due to -

- 1) the issuance of new shares for S\$8.86 million (after deducting expenses of approximately S\$0.13 million); and
- 2) the issuance of warrants for S\$0.20 million.

Assets

Non-current assets decreased by 0.4% from approximately S\$16.35 million as at 30 June 2009 to approximately S\$16.29 million as at 30 June 2010. The decrease was mainly due to the decrease in property, plant and equipment of S\$0.15 million which was offset against the increase in investments in associates of S\$0.09 million.

Current assets increased by 13.7% from approximately S\$24.25 million as at 30 June 2009 to approximately S\$27.57 million as at 30 June 2010 mainly due to an increase in contract work-in-progress of S\$5.94 million and inventories of S\$0.08 million. These were offset against the decreases in cash and cash equivalents of S\$1.65 million and trade and other receivables of S\$1.05 million.

Liabilities

Non-current liabilities decreased by 48.7% from approximately S\$5.17 million as at 30 June 2009 to approximately S\$2.66 million as at 30 June 2010. The decrease was mainly due to the repayment of amount owing to a director of S\$1.19 million and decrease in non-current portion of amount owing to financial institutions of S\$1.27 million

Current liabilities decreased by 26.8% from approximately S\$21.62 million as at 30 June 2009 to approximately S\$15.82 million as at 30 June 2010. The decrease was mainly due to the decreases in trade and other payables of S\$7.44 million, and obligation under finance lease and amount owing to minority shareholders of S\$0.37 million. These were offset against the increases in obligations under financial institutions of S\$1.58 million, excess of progress billings over work-in-progress and income tax payable of S\$0.43 million.

Review of cash flows

The Group's cash flow for FY2010 is analysed as follows:

Cash flows from operating activities

The Group has a net cash used in operating activities of approximately S\$9.30 million in FY2010 as compared to approximately S\$4.65 million in FY2009 mainly due to the decrease in trade and other payables of S\$7.44 million, work-in progress/progress billings of S\$5.63 million, income tax paid of S\$0.57 million and inventories of S\$ 0.08 million.

These were partially offset against the increase in trade and other receivables of S\$1.14 million and operating profit before working capital changes of approximately S\$3.28 million.

Cash flows from investing activities

Net cash generated from investing activities was approximately S\$0.03 million in FY2010 due mainly to the proceeds from disposal of a subsidiary, proceeds from disposal of property, plant and equipment and interest received of approximately S\$0.08 million.

These were offset against the purchase of property, plant and equipment of approximately 0.05 million.

Cash flows from financing activities

Net cash generated from financing activities of approximately S\$7.54 million in FY2010 was mainly due to the proceeds from issuance of new shares for S\$8.86 million (net of expenses of S\$0.13 million), warrants for S\$0.20 million and proceeds from financial institutions of S\$4.86 million.

These were offset against the interest paid, payment of finance lease of approximately S\$0.32 million, repayment to financial institutions of S\$3.85 million, amount owing to a director of S\$1.19 million, amount owing to minority shareholders of subsidiary of S\$0.36 million and deposit pledged of S\$0.66 million.

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

The Board of Directors believes that in the coming 12 months, the Group shall continue to see opportunities for its two key business segments, namely in the palm oil and water sectors.

Palm Oil Sector

Globally, prices of palm oil had declined in recent months as volume of production had increased as a result of more palm oil acreage reaching productive age. Nonetheless, consumption for palm oil remained strong and demand for engineering work on value-added processing of palm oil continues unabated.

In this respect, the Group believes that regional opportunities in palm oil related engineering will provide a good flow of business opportunities to the Group's subsidiary, WS Bioengineering, in the coming year. With the recovery of the global financial markets, WS Bioengineering's subsidiary, Oiltek Sdn Bhd, has continued to secure projects. Engineering work for some of these projects is ongoing and milestone completion shall be gradually recognized over the next 12 months. These completions are expected to make a positive impact on the revenue performance of the Group as a whole, barring unforeseen circumstances.

Via its newly formed joint venture company, Oiltek-Nova Bioenergy Sdn Bhd, the Group has begun to market its engineering services for the design, development and supply of biogas recovery systems to palm oil mill effluent plants in Malaysia and Indonesia. The Group foresees opportunities in this emerging technology and shall also actively explore potential projects opportunities in this area.

Water Sector

In the water sector, the outlook for the Group's Hydro-engineering and Water Treatment segment is also largely positive. Upgrading and enhancement of Singapore's public water infrastructure continues to generate opportunities for which the Group has been actively participating in various bidding exercises. Beyond Singapore, the Group has also submitted bids in Indonesia (Bintan Island) and in Saudi Arabia.

Aside from active bidding exercises, within its portfolio of current projects, particularly those in Singapore, a substantial portion of the outstanding work-in-progress is expected to be delivered within the next 12 months. These projects are also expected to make a positive impact on the revenue performance of the Group, barring unforeseen circumstances.

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

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 recommended for the year ended 30 June 2010.

**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 financial statements, with comparative information for the immediately preceding year.

The following operating results for FY2010 is mainly due to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, whose engineering projects are in the palm oil refining and nutrients extraction industry as compared to the consolidated result for 6 months and 9 days from 23 December 2008 when the Group had obtained control over WS Bioengineering Pte Ltd and its subsidiaries.

Review of past performance by project type

| | Water and Wastewater Treatment | | Hydro Engineering | | Palm Oil Industry | | Total | |
|------------------------------|--------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| | FY2010 S\$' 000 | FY2009 S\$'000 | FY2010 S\$' 000 | FY2009 S\$'000 | FY2010 S\$' 000 | FY2009 S\$'000 | FY2010 S\$' 000 | FY2009 S\$'000 |
| Revenue | 6,987 | 2,148 | 2,349 | 3,590 | 37,935 | 22,774 | 47,271 | 28,512 |
| Results: | | | | | | | | |
| Segment Result* | 102 | (6,582) | 21 | 878 | 2,659 | 719 | 2,782 | (4,985) |
| Unallocated other income | | | | | | | 413 | 365 |
| Share of profit in associate | | | | | | | 252 | 565 |
| Unallocated expenses | | | | | | | (473) | (483) |
| Finance expenses | | | | | | | (275) | (238) |
| Income tax expense | | | | | | | (659) | (179) |
| Non-controlling interest | | | | | | | (960) | (98) |
| Profit after income tax | | | | | | | 1,080 | (5,053) |

*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

| | FY2010 | | FY2009 | |
|-------------|----------|-------|----------|-------|
| | S\$' 000 | % | S\$' 000 | % |
| Malaysia | 17,438 | 36.9 | 9,755 | 34.2 |
| Singapore | 7,952 | 16.8 | 5,379 | 18.9 |
| Africa | 3,239 | 6.9 | 2,824 | 9.9 |
| America | 5,916 | 12.5 | 2,307 | 8.1 |
| Middle East | 3,670 | 7.7 | - | - |
| Others | 9,056 | 19.2 | 8,247 | 28.9 |
| | 47,271 | 100.0 | 28,512 | 100.0 |

*Others comprise of Thailand, Bangladesh, China, India, Pakistan, Myanmar, Vietnam and Indonesia.

One customer from Malaysia contributed more than 10% of the total revenue.

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.

The following operating results for FY2010 is mainly due to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, whose engineering projects are in the palm oil refining and nutrients extraction industry as compared to the consolidated result for 6 months and 9 days from 23 December 2008 when the Group had obtained control over WS Bioengineering Pte Ltd and its subsidiaries.

BY PROJECT TYPE

Water & Wastewater Treatment

The increase of approximately S\$4.84 million in revenue for Water and Wastewater Treatment was mainly due to more milestones for the completion of work being reached.

Hydro-Engineering

The decrease of approximately S\$1.24 million in revenue from Hydro-engineering was due to certain Hydro-engineering projects nearing their completion phase.

Palm Oil Industry

The increase of approximately S\$15.16 million in revenue of palm oil industry was due to more milestones for the completion of work being reached.

BY GEOGRAPHICAL REGION

Malaysia

The increase in revenue generated from Malaysia was mainly due to the increase in revenue generated from palm oil refining and nutrients extraction industry.

Singapore

The increase in revenue generated from Singapore was mainly due to the increase in revenue generated from Water and Wastewater Treatment.

Africa

The increase in revenue generated from Africa was mainly due to the increase in revenue generated from palm oil refining and nutrients extraction industry

America

The increase in revenue generated from America was mainly due to the increase in revenue generated from palm oil refining and nutrients extraction industry

Middle East

The increase in revenue generated from Middle East was mainly due to the increase in revenue generated from projects from palm oil refining and nutrients extraction industry secured during the year.

Others

The increase in revenue generated from India was mainly due to the increase in revenue generated from Water and Wastewater Treatment.

The increase in revenue generated from Thailand, Bangladesh and China were mainly due to the increase in revenue generated from palm oil refining and nutrients extraction industry.

The increase in revenue generated from Myanmar was mainly due to the increase in revenue generated from projects from palm oil refining and nutrients extraction industry secured during the year.

These were offset against the decrease in revenue generated from Pakistan, Vietnam and Indonesia were mainly due to the decrease in revenue generated from palm oil refining and nutrients extraction industry and certain projects were being near their completion phase or being in their start up phase.

15. A breakdown of sales

The following operating results for FY2010 is mainly due to the consolidation of full year's contribution by WS Bioengineering and its subsidiaries, whose engineering projects are in the palm oil refining and nutrients extraction industry as compared to the consolidated result for 6 months and 9 days from 23 December 2008 when the Group had obtained control over WS Bioengineering Pte Ltd and its subsidiaries.

Comparison of Sales and Operating profit/loss after tax between the second half of FY2010 and the second half of FY2009

| | Group | | |
|--|---------------------|---------------------|------------------------|
| | 2H 2010 S\$' 000 | 2H 2009 S\$' 000 | % Increase/ (Decrease) |
| (a) Sales reported for period | 26,953 | 25,206 | 6.9 |
| (b) Operating profit/(loss) after tax before deducting non-controlling interests reporting for the period | 3,308 | (4,866) | 168.0 |

Comparison of Sales and Operating profit/loss after tax between the first half of FY2010 and the first half of FY2009

| | Group | | |
|--|---------------------|---------------------|------------------------|
| | 1H 2010 S\$' 000 | 1H 2009 S\$' 000 | % Increase/ (Decrease) |
| (a) Sales reported for period | 20,318 | 3,306 | 514.6 |
| (b) Operating loss after tax before deducting non-controlling interests reporting for the period | (1,267) | (89) | (1,323.6) |

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.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (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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