

## METAX ENGINEERING CORPORATION LIMITED

## HALF YEAR FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2009

## PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 &amp; 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.

	6 months ended 31 Dec 2009 S\$	6 months ended 31 Dec 2008 S\$	Increase/ (Decrease) %
<b>REVENUE</b>	20,318,436	3,305,909	514.6
Cost of sales	<u>(18,203,942)</u>	<u>(2,317,107)</u>	685.6
<b>Gross profit</b>	2,114,494	988,802	113.8
Other income	96,690	369,190	(73.8)
Selling and distribution expenses	(587,611)	(53,405)	1000.3
Administrative expenses	(2,855,190)	(1,660,001)	72.0
Finance costs	(157,497)	(81,908)	92.3
Share of profit of associate (net of tax)	<u>121,730</u>	<u>431,743</u>	(71.8)
<b>Loss before taxation</b>	<b>(1,267,384)</b>	<b>(5,579)</b>	22617.0
Taxation	<u>-</u>	<u>(82,980)</u>	(100.0)
<b>Net loss for the half year</b>	<b>(1,267,384)</b>	<b>(88,559)</b>	1331.1
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations	(10,241)	(76,275)	(86.6)
<b>Total comprehensive income for the period</b>	<b><u>(1,277,625)</u></b>	<b><u>(164,834)</u></b>	675.1

**Net loss for the half year is attributable to:**

Owners of the company	(1,252,491)	(227,077)
Non-controlling interests	<u>(14,893)</u>	<u>138,518</u>
	<b><u>(1,267,384)</u></b>	<b><u>(88,559)</u></b>

**Total comprehensive income for the half year is attributable to:**

Owners of the company	(1,262,732)	(303,352)
Non-controlling interests	<u>(14,893)</u>	<u>138,518</u>
	<b><u>(1,277,625)</u></b>	<b><u>(164,834)</u></b>

**1(a)(i) Profit before taxation is arrived at after charging / (crediting):-**

	6 months ended 31 Dec 2009 S\$	6 months ended 31 Dec 2008 S\$	Increase/ (Decrease) %
Interest in fixed / current account deposits	(6,706)	(152)	4311.6
Interest on borrowings	157,497	81,908	92.3
Depreciation of property, plant and equipment	118,285	46,023	157.0
Loss/ (Gain) on foreign exchange	57,156	(40,902)	(239.7)
Loss/ (Gain) on disposal of property, plant and equipment	414	(276,980)	n.m.

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 31 Dec 2009 S\$	As at 30 Jun 2009 S\$	As at 31 Dec 2009 S\$	As at 30 Jun 2009 S\$
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4,033,910	4,140,634	2,201,695	2,241,870
Investment in associate	1,054,667	932,937	800,000	800,000
Investment in subsidiary	-	-	12,903,685	12,848,685
Goodwill	11,272,964	11,272,964	-	-
	<u>16,361,541</u>	<u>16,346,535</u>	<u>15,905,380</u>	<u>15,890,555</u>
<b>Current Assets</b>				
Contract work-in-progress	8,559,341	7,923,140	2,181,360	2,958,964
Trade and other receivables	9,094,050	8,822,943	3,707,496	3,043,036
Inventories	706,296	614,412	-	-
Cash and bank balances	5,801,383	6,885,960	44,173	86,648
	<u>24,161,070</u>	<u>24,246,455</u>	<u>5,933,029</u>	<u>6,088,648</u>
<b>TOTAL ASSETS</b>	<b><u>40,522,611</u></b>	<b><u>40,592,990</u></b>	<b><u>21,838,409</u></b>	<b><u>21,979,203</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves attributable to equity holder of the Company</b>				
Share capital	17,664,966	16,120,139	17,664,966	16,120,139
Reserves	(7,540,982)	(6,278,250)	(9,250,637)	(8,050,589)
	<u>10,123,984</u>	<u>9,841,889</u>	<u>8,414,329</u>	<u>8,069,550</u>
Non-controlling interests	3,990,657	3,960,550	-	-
<b>Total Equity</b>	<b><u>14,114,641</u></b>	<b><u>13,802,439</u></b>	<b><u>8,414,329</u></b>	<b><u>8,069,550</u></b>
<b>Non-current liabilities</b>				
Obligations under finance leases	109,678	97,957	-	-
Deferred tax liabilities	82,867	82,629	-	-
Amount owing to a director	-	1,192,379	-	1,192,379
Amount owing to shareholders	24,156	-	-	-
Amount owing to financial institutions	3,141,959	3,801,479	3,141,959	3,801,479
	<u>3,358,660</u>	<u>5,174,444</u>	<u>3,141,959</u>	<u>4,993,858</u>
<b>Current liabilities</b>				
Excess of progress billings over work-in-progress	3,434,605	1,428,288	-	12,681
Trade and other payables	13,524,804	16,473,009	3,367,078	6,128,020
Amount owing to directors	2,221,152	-	1,877,954	-
Amount owing to shareholders	353,600	731,395	1,520,000	-
Amount owing to financial institutions	3,513,840	2,769,178	3,513,840	2,769,178
Obligations under finance leases	1,309	33,887	1,309	3,976
Provision for income tax	-	180,350	1,940	1,940
	<u>23,049,310</u>	<u>21,616,107</u>	<u>10,282,121</u>	<u>8,915,795</u>
<b>Total liabilities</b>	<b><u>26,407,970</u></b>	<b><u>26,790,551</u></b>	<b><u>13,424,080</u></b>	<b><u>13,909,653</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>40,522,611</u></b>	<b><u>40,592,990</u></b>	<b><u>21,838,409</u></b>	<b><u>21,979,203</u></b>

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

**Amount repayable within one year or less, or on demand**

Descriptions	As at 31 Dec 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to financial institutions	2,090	NIL
Bank overdraft	1,424	NIL
Obligation under finance leases	1	NIL
Total	3,515	NIL

Descriptions	As at 30 Jun 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to financial institutions	1,750	NIL
Bank overdraft	1,019	NIL
Obligation under finance leases	34	NIL
Total	2,803	NIL

**Amount repayable after one year**

Descriptions	As at 31 Dec 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to financial institutions	3,251	NIL
Bank overdraft	NIL	NIL
Obligation under finance leases	-	NIL
Total	3,251	NIL

Descriptions	As at 30 Jun 2009	
	Secured S\$'000	Unsecured S\$'000
Amount owing to financial institutions	3,801	NIL
Bank overdraft	NIL	NIL
Obligation under finance leases	98	NIL
Total	3,899	NIL

**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\$ 2,159,216 (2008 : S\$ 2,227,763)
- (b) The personal guarantees of a director and a mortgage of a property owned by a director; and
- (c) A pledge of leasehold properties for banking facilities granted to a subsidiary.  
The net book value of the leasehold properties pledged for banking facilities as at 31 December 2009 was S\$ 1,385,617 (31 December 2008: S\$ 1,417,263)

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

	<b>6 months ended 31 Dec 2009 S\$</b>	<b>6 months ended 31 Dec 2008 S\$</b>
<b>Cash flows from operating activities:-</b>		
(Loss)/Profit before taxation	(1,267,384)	(5,579)
Adjustments for:-		
Depreciation of property, plant and equipment	118,285	46,023
Exchange realignment	37,029	(27,024)
(Gain)/Loss on disposal of property, plant and equipment	-	(276,980)
Share of profit of associate	(121,730)	(431,743)
Interest income	(6,706)	(152)
Interest expense	157,497	81,908
<b>Operating profit before working capital changes</b>	<b>(1,083,009)</b>	<b>(613,547)</b>
Changes in working capital:-		
Contract work-in-progress/Excess of progress billings over work-in-progress	1,370,115	1,033,727
Inventories	(91,884)	-
Trade and other receivables	(180,200)	(1,093,645)
Trade and other payables	(2,594,603)	(3,736,014)
Amount owing to directors	297,378	633,725
<b>Cash flows from operations</b>	<b>(2,282,203)</b>	<b>(3,775,754)</b>
Income taxes paid	(247,018)	(80)
<b>Net cash outflow from operating activities</b>	<b>(2,529,221)</b>	<b>(3,775,834)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of plant and equipment	-	462,267
Net cash acquired on acquisition of subsidiary (Note 1)	-	4,730,369
Purchase of property, plant and equipment	(13,830)	(48,939)
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(13,830)</b>	<b>5,143,697</b>
<b>Cash flows from financing activities</b>		
Interest received	6,706	152
Interest paid	(157,497)	(81,908)
Payment of finance lease liabilities	(20,858)	(2,666)
Amount owing to shareholders of subsidiary	24,156	-
Issue of shares - net	1,544,827	-
Proceeds from financial institutions	471,986	1,172,595
Repayment of amount owing to financial institutions	(792,436)	-
<b>Net cash inflow from financing activities</b>	<b>1,076,884</b>	<b>1,088,173</b>
Net (decrease)/increase in cash and cash equivalents	(1,466,167)	2,456,036
Effect of exchange rate on cash and cash equivalents	(24,001)	-
Cash and cash equivalents at beginning of year	5,867,337	(374,534)
<b>Cash and cash equivalents at end of period</b>	<b>4,377,169</b>	<b>2,081,502</b>

**(Note)**

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

	<b>31 Dec 2009 S\$</b>	<b>31 Dec 2008 S\$</b>
Cash and bank balances	5,801,383	3,964,727
Bank overdraft	(1,424,215)	(1,883,225)
	4,377,168	2,081,502
Less: Fixed deposits pledged	-	-
	<b>4,377,168</b>	<b>2,081,502</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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**GROUP**

	Share Capital S\$	Translation Reserve S\$	Retained Profits S\$	Other Reserves* S\$	Total S\$	Non-controlling Interests S\$	Total Equity S\$
<b>Balance as at 1 July 2008</b>	7,257,417	269,594	(1,438,218)	-	6,088,793	-	6,088,793
Issuance of shares as partial consideration for the purchase of 40% interest in associate	3,280,000	-	-	-	3,280,000	-	3,280,000
Share consideration for acquisition of subsidiary	-	-	-	2,464,000	2,464,000	-	2,464,000
Total comprehensive income for the period	-	(76,275)	(227,077)	-	(303,352)	138,518	(164,834)
Non-controlling interests arising from the acquisition of a subsidiary**	-	-	-	-	-	4,566,732	4,566,732
<b>Balance as at 31 December 2008</b>	<b>10,537,417</b>	<b>193,319</b>	<b>(1,665,295)</b>	<b>2,464,000</b>	<b>11,529,441</b>	<b>4,705,250</b>	<b>16,234,691</b>
<b>Balance as at 1 July 2009</b>	16,120,139	213,728	(6,491,978)	-	9,841,889	3,960,550	13,802,439
Issued shares (net of expenses)	1,544,827	-	-	-	1,544,827	-	1,544,827
Total comprehensive income for the period	-	(10,241)	(1,252,491)	-	(1,262,732)	(14,893)	(1,277,625)
Non-controlling interests arising from the incorporation of a subsidiary***	-	-	-	-	-	45,000	45,000
<b>Balance as at 31 December 2009</b>	<b>17,664,966</b>	<b>203,487</b>	<b>(7,744,469)</b>	<b>-</b>	<b>10,123,984</b>	<b>3,990,657</b>	<b>14,114,641</b>

**COMPANY**

	Share Capital S\$	Retained Profits S\$	Other Reserves* S\$	Total S\$
Balance as 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 associate	3,280,000	-	-	3,280,000
Share consideration for acquisition of subsidiary	-	-	2,464,000	2,464,000
Total comprehensive income for the period	-	(937,605)	-	(937,605)
<b>Balance as at 31 December 2008</b>	<b>10,537,417</b>	<b>(3,086,217)</b>	<b>2,464,000</b>	<b>9,915,200</b>
<b>Balance as at 1 July 2009</b>	16,120,139	(8,050,589)	-	8,069,550
Issued shares (net of expenses)	1,544,827	-	-	1,544,827
Total comprehensive income for the period	-	(1,200,048)	-	(1,200,048)
<b>Balance as at 31 December 2009</b>	<b>17,664,966</b>	<b>(9,250,637)</b>	<b>-</b>	<b>8,414,329</b>

\* The Other Reserves of the Group and Company as at 31 Dec 2008 represent the amount of ordinary shares to be issued as part of the consideration payable for the acquisition of the 39.2% equity interest in WS Bioengineering Pte Ltd.

\*\* The non-controlling interest arose from the acquisition of WS Bioengineering Pte Ltd

\*\*\* The non-controlling interest arose from the incorporation of a new subsidiary, Metax Resources Pte Ltd, with a 45% non-controlling interest

**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 15,700,000 new shares at SGD 0.10 per share on 23 October 2009 pursuant to a placement as announced on 22 September 2009.

The Company had no outstanding convertibles and no treasury shares as at 31 December 2008 and 31 December 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 31 December 2009 and 30 June 2009 was 149,208,576 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 information for the half year ended 31 December 2009 as those for the audited financial statements for the financial year ended 30 June 2009 except 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 all the new/revised FRS/INT FRS including FRS 1 - Presentation of Financial Statements, FRS 23 Borrowing Costs and FRS 108 - Operating Segments, all of which became effective for financial periods beginning 1 January 2009 and Amendments to FRS 27 Consolidated and Separate Financial Statements and FRS 103 Business Combination which became effective for financial periods beginning 1 July 2009. The adoption of these FRSs did not have a significant impact on the accounting policies of the Group except for additional disclosures in the financial statements and the adoption of a single comprehensive income statement. In addition, the term minority interest has been replaced by a new terminology as Non-controlling interest.

**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**

	6 months ended 31 Dec 2009 SGD (Cents)	6 months ended 31 Dec 2008 SGD (Cents)
Loss per share	(0.90)	(0.26)
Based on weighted average number of ordinary shares issued		
Weighted average No. of issued shares	139,481,402	86,378,459

The loss per share is calculated by dividing the Group's loss for the 1st Half of FY 2010 of S\$ 1,252,491 by the weighted average number of shares of 139,481,402.

For comparative purpose, loss per share for the 1st Half of FY 2009 is computed by dividing the Group 's loss of approximately S\$ 227,077 by weighted average number of shares of 86,378,459.

No dilutive EPS has been presented as there are no dilutive instruments in use.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding**

	Group		Company	
	31 Dec 2009	30 Jun 2009	31 Dec 2009	30 Jun 2009
Net asset value per ordinary share based on number of shares issued at end of period (cents)	6.79	7.37	5.64	6.04

The net asset value per ordinary share as at 31 Dec 2009 and 30 Jun 2009, shown above, is computed based on the share capital of 149,208,576 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 result**

#### *Revenue*

The Group's revenue increased by 514.6% from S\$3.31 million for FY 2009 ("HY 2009") to S\$20.32 million for 1st Half of FY 2010 ("HY 2010")

The increase in revenue was mainly due to the contribution by WS Bioengineering Pte Ltd, and its subsidiaries which became a subsidiary of the Group with effect from 23 December 2008, of approximately S\$17.55 million and whose engineering projects are in palm oil refining. This was offset by a decrease in the revenue generated by the Water and Wastewater treatment projects of S\$0.95 million due to certain projects nearing their completion phase and other projects being in their starting phase.

#### *Gross Profit*

The Group gross profit increased by 113.8% from S\$0.99 million in HY 2009 compared to S\$2.11 million in HY 2010. The increase was due to the contribution from our subsidiary, WS Bioengineering Pte Ltd and its subsidiaries.

#### *Other Income*

The decrease in other income of S\$0.27 million from S\$0.37 million in HY 2009 to S\$0.10 million in HY 2010 was mainly due to the gain on disposal of property, plant and equipment during HY 2009.

#### *Finance Costs*

The increase in finance costs of approximately S\$0.08 million was mainly due to the interest paid to the banks for the new term loan.

#### *Selling and Distribution*

Selling and distribution expenses increased by 1000.3% from S\$0.05 million for HY 2009 to S\$0.59 million for HY 2010. This was due to the following:

- 1) Increase in commission amounting to S\$0.43 million paid to sales personnel and third parties for sales secured by subsidiary, WS Bioengineering Pte Ltd.;
- 2) Sales promotion and gifts amounting to S\$0.01 million paid by subsidiary, WS Bioengineering Pte Ltd;
- 3) An increase in travelling expenses amounting to S\$0.05 million; and
- 4) An increase in advertisement, entertainment and exhibition expenses by S\$0.04 million to S\$0.06 million.

#### *Administrative Expenses*

Administrative expenses increased by 72.0% from S\$1.66 million in HY 2009 to S\$2.86 million in HY 2010 mainly due to the following:

- 1) An increase in staff salaries, staff training and CPF by S\$0.91 million to S\$1.40 million;
- 2) An increase in directors' remuneration by S\$0.19 million to S\$0.51 million; and
- 3) An increase in the other administrative expenses by S\$0.09 million to S\$0.95 million.

The above increases were mainly due to the acquisition of a subsidiary, WS Bioengineering Pte Ltd.

### Loss Before Taxation

The Group incurred a loss before tax of S\$1.27 million for HY 2010 as compared to a loss before tax of S\$6,000 for HY 2009 mainly due to the following:

- 1) the economic downturn which resulted in very competitive pricing;
- 2) the decrease in gross profit margin;
- 3) the decrease in other income;
- 4) the increase in selling and distribution, administrative expenses and finance costs;
- 5) the increase in cost of goods sold; and
- 6) fewer projects awarded to the Company.

### Income Tax Expense

No provision for income tax expenses was made for HY 2010 due to losses incurred by the Company during this period.

### **Review of financial position**

Group's net asset value increased by 2.9% from S\$9.84 million as at 30 June 2009 to S\$10.12 million as at 31 December 2009. The increase is attributed to the issuance of shares of S\$1.54 million (after deducting of expenses of approximately S\$0.03 million). The increase in net asset value is offset by the loss for the year of approximately S\$1.27 million.

### Assets

Non-current assets increased by 0.1% from S\$16.35 million as at 30 June 2009 to S\$16.36 million as at 31 December 2009. The increase was mainly due to the increase in investments in associates of S\$0.12 million.

Current assets decreased by 0.4% from S\$24.25 million as at 30 June 2009 to S\$24.16 million as at 31 December 2009 mainly due to a decrease in cash and cash equivalent of S\$1.08 million which was offset against the increase in contract work-in-progress of S\$0.63 million and trade and other receivables and inventories of S\$0.36 million.

### Liabilities

Non-current liabilities decreased by 35.1% from S\$5.17 million as at 30 June 2009 to S\$3.36 million as at 31 December 2009. The increase was mainly due to a decrease in amount owing to directors of S\$1.19 million and obligations to financial institutions of S\$0.66 million which was offset by an increase in amount owing to shareholders and obligations under finance lease of S\$0.04 million.

Current liabilities increased by 6.63% from S\$21.62 million as at 30 June 2009 to S\$23.05 million as at 31 December 2009. The increase was mainly due to an increase in amount owing to directors of approximately S\$2.22 million which was reclassified from non-current liabilities to current liabilities, increases in excess of progress billings over work-in-progress of S\$2.01 million and obligations to financial institutions of S\$0.74 million.

The increases were offset against a decrease in trade and other payables of S\$2.95 million from S\$16.47 million as at 30 June 2009 to S\$13.52 million as at 31 December 2009 and the decrease in obligations under finance lease, amount owing to shareholders and provision for tax of approximately of S\$0.59 million.

### **Review of cash flow**

The Group's cash flow for HY 2010 is analysed as follows:

#### Cash flow from operating activities

The Group incurred a cash outflow of S\$2.53 million in HY 2010 as compared to a cash outflow of S\$3.78 million in HY 2009. The Group experienced group cash outflow from trade and payables of S\$2.59 million which was offset against the cash inflow of work-in progress/progress billings of S\$1.37 million. This was mainly due to certain projects nearing their completion phase and start up phase.

#### Cash flow from investing activities

The Group recorded a cash outflow of S\$0.01 million in the HY 2010 due mainly to purchase of property, plant and equipment.

#### Cash flow from financing activities

The cash inflow from financing activities of S\$1.08 million in the HY 2010 was mainly due to the issuance of shares of S\$1.54 million (less expenses of S\$0.03 million) which was offset against the interest paid, payment of finance lease and repayment to financial institutions of approximately S\$0.97 million.

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

The Group's financial results are in line with the profit warning for the HY 2010, which was announced on 5 February 2010.

#### **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 external economic environment is set to remain volatile and the Group shall see both opportunities and challenges for its various business segments.

Overall, the outlook for Metax's palm oil related engineering, and the hydroengineering and water treatment segments continue to be positive. Since the recovery of the global financial markets, the Group saw a gradual resurgence of interest in implementing projects in both the palm oil and water sectors. In particular, the palm oil segment continues to be a key contributor to the Group's revenue and shall be the overall driver of growth for the Group as a whole.

Regional opportunities in palm oil related engineering shall provide a good flow of business opportunities to the Group's subsidiary, WS Bioengineering. With the recovery of the global financial markets, WS Bioengineering's subsidiary Oiltek Sdn Bhd, has secured projects since the second half of 2009. Work in progress for some of these projects are ongoing and the projects are typically delivered within 12 months. These projects are expected to make a positive impact on the revenue performance of the Metax Group as a whole.

The outlook for Metax's hydroengineering and water treatment segment has also been largely positive. The Group's subsidiary, Metax Eco Solutions Pte Ltd, has secured a few projects in the second half of 2009 and these project works have only commenced recently. A substantial portion of the outstanding work-in-progress are expected to be delivered within 24 months. These projects are expected to make a positive impact on the revenue performance of the Group.

## 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 declared for the 6 months ended 31 December 2009.

## 13. Requirement under Rule 705(5) of the Listing Manual Section B: Rules of Catalyst

We, Tan Tze Wen and Ganapathy Neelakantan, being two Directors of the Company, do hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half year ended 31 December 2009 to be false or misleading in any material aspects. A statement signed by us is on record.

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.

The contact person for the Sponsor is Mr Ng Joo Khin:

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**NOTE 1 :**

The group acquired a subsidiary, WS Bioengineering Pte Ltd.  
The fair value of assets acquired and liabilities assumed were as follows :

	<b><u>As at 23 Dec 2008</u></b>
	<b><u>39.2%</u></b>
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	<b><u>(4,730,369)</u></b>