

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Group's Income Statements

	2006 S\$'000	2005 S\$'000	Increase/ (Decrease) %
Revenue	34,541	39,117	-11.7%
Cost of sales	(29,060)	(31,825)	-8.7%
Gross profit	5,481	7,292	-24.8%
Financial Income	120	243	-50.6%
Financial expense	(138)	(109)	26.6%
Selling and distribution expenses	(2,390)	(2,506)	-4.6%
Administrative expenses	(2,500)	(2,483)	0.7%
Other credits/(charges)	143	(34)	NM
Profit before income tax	716	2,403	-70.2%
Income tax expenses	(268)	(397)	-32.5%
Profit for the year	448	2,006	-77.7%
Attributable to:			
Equity holders of the company	556	2,011	-72.4%
Minority interest	(108)	(5)	NM
	448	2,006	-77.7%

NM - Not meaningful

	2006 S\$'000	2005 S\$'000	(Decrease) %
<u>Revenue</u>			
Sales	34,182	38,340	-10.8%
Contract revenue	232	649	-64.3%
Commission income	26	36	-27.8%
Sundry income	87	81	7.4%
Rental income	14	11	27.3%
	<u>34,541</u>	<u>39,117</u>	-11.7%
<u>Financial Income</u>			
Interest income	120	69	73.9%
Foreign exchange gain	-	174	NM
	<u>120</u>	<u>243</u>	-50.6%
<u>Financial expenses</u>			
Provision for impairment on trade debts - outside parties	(19)	(13)	46.2%
Foreign exchange loss	(54)	-	NM
Interest expense	(65)	(96)	-32.3%
	<u>(138)</u>	<u>(109)</u>	26.6%
<u>Other credits/(charges)</u>			
Gain on disposal of plant and equipment	10	27	-63.0%
Net (reversal)/provision for impairment for inventories	109	(61)	-278.7%
Gain on disposal of investment in subsidiary	24	-	NM
	<u>143</u>	<u>(34)</u>	-520.6%

NM - 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 2006 S\$'000	Group 2005 S\$'000	Company 2006 S\$'000	Company 2005 S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	7,713	8,974	6,203	5,603
Asset held for sale	542	-	542	-
Trade and other receivables	7,899	7,956	6,463	5,398
Inventories	3,005	3,348	2,256	2,575
Total current assets	19,159	20,278	15,464	13,576
Non-current assets:				
Investments in subsidiaries	-	-	1,025	2,016
Other assets	78	78	78	78
Property, plant and equipment	1,702	2,057	1,654	1,040
Total non-current assets	1,780	2,135	2,757	3,134
Total assets	20,939	22,413	18,221	16,710
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	614	-	438	-
Trade and other payables	5,875	5,826	5,165	3,866
Current tax payable	209	604	-	287
Current portion of long-term borrowing	-	65	-	-
Current portion of finance leases	82	72	82	72
Total current liabilities	6,780	6,567	5,685	4,225
Non-current liabilities:				
Long-term borrowings	-	594	-	-
Finance leases	212	269	212	269
Total non-current liabilities	212	863	212	269
Total liabilities	6,992	7,430	5,897	4,494
Equity attributable to equity holders of the parent:				
Share capital	8,947	8,947	8,947	8,947
Other reserves	(123)	49	76	76
Retained earnings	5,123	5,192	3,301	3,193
	13,947	14,188	12,324	12,216
Minority Interest		795	-	-
Total equity	13,947	14,983	12,324	12,216
Total liabilities and equity	20,939	22,413	18,221	16,710

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

Amount repayable in one year or less, or on demand

As at 31.12.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
696	NIL	137	NIL

Amount repayable after one year

As at 31.12.06		As at 31.12.05	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
212	NIL	863	NIL

1(b)(ii) Cont'd**Details of any collaterals**

The Group's bank loan is secured by :

- (i) A mortgage over the company's new leasehold land and building at 2 Tractor Road which is under construction currently; and
- (ii) A negative pledge over the company's fixed and floating assets excluding certain inventories acquired under document credit.
- (iii) Corporate guarantee by the company for certain subsidiaries

The obligations under finance leases are secured by the lessor's charge over the leased assets and a personal guarantee by a director.

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

	Group 2006 S\$'000	Group 2005 S\$'000
Cash flows from operating activities		
Profit for the year	448	2,006
Adjustments for:		
Income tax expenses	268	397
Depreciation expense	314	300
Gain on disposal of investment in subsidiary	(24)	-
Net gain on disposal of plant and equipment	(10)	(27)
Interest income	(120)	(69)
Interest expense	65	96
Operating profit before working capital changes	<u>941</u>	<u>2,703</u>
Trade & other receivables	(271)	(238)
Inventories	331	605
Trade & other payables	<u>507</u>	<u>200</u>
Cash generated from operations	1,508	3,270
Income tax paid	(612)	(307)
Net cash from operating activities	<u>896</u>	<u>2,963</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	10	30
Purchase of property, plant and equipment (note b)	(1,435)	(44)
(Disposal)/acquisition of subsidiary net of cash (note a)	(509)	1,431
Interest received	120	69
Net cash (used in) / from investing activities	<u>(1,814)</u>	<u>1,486</u>
Cash flows from financing activities		
Interest paid	(65)	(96)
Dividend paid	(625)	(500)
Increase in borrowings	594	(14)
Decrease in finance lease	(75)	(72)
Net cash (used in) financing activities	<u>(171)</u>	<u>(682)</u>
Net effect of exchange rate changes in consolidating foreign subsidiaries		
	(172)	13
Net (decrease)/increase in cash and cash equivalents	(1,261)	3,780
Cash and cash equivalents at beginning of period	8,974	5,194
Cash and cash equivalents at end of year	<u>7,713</u>	<u>8,974</u>

- (a) The group divested 51% of Tricaftan Environmental Engineering Pte Ltd (formerly name as Tricaftan Enterprise Pte Ltd) on 25 May 2006 based on the management accounts as at 30 April 2006. The transaction was accounted for by the purchase method of accounting.

The fair value of assets and liabilities divested are as follows:-

	\$'000
Cash	1,254
Trade and other receivables	328
Construction work in progress	12
Property, plant and equipment	962
Trade and other payables	(458)
Borrowings	(639)
Current tax payable	(51)
Minority interest	(687)
Gain on disposal of subsidiary	24

Cash consideration	745
Less cash disposed	(1,254)

Net cash outflow on disposal	(509)
	=====

The loss incurred from the subsidiary for the period between 1 January 2006 to 30 April 2006 were as follows:-

	\$'000
Revenue	246
Loss before tax	(220)

- (b) Non cash consideration

During the year, there was an acquisition of vehicle with a total cost of \$28,000 acquired by means of finance lease.

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

<u>GROUP</u>	Share Capital S\$'000	Capital Reserve S\$'000	Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
Balance as at 1 January 2005	8,947	76	(40)	3,578	12,561	-	12,561
FRS 39 adjustment	-	-	-	103	103	-	103
Balance as at 1 January 2005 - re-stated	8,947	76	(40)	3,681	12,664	-	12,664
Minority contribution to capital	-	-	-	-	-	800	800
Profit/(loss) for the year	-	-	-	2,011	2,011	(5)	2,006
Dividend paid	-	-	-	(500)	(500)	-	(500)
Foreign currency translation reserve	-	-	13	-	13	-	13
Balance as at 31 December 2005	8,947	76	(27)	5,192	14,188	795	14,983
Disposal of subsidiary	-	-	-	-	-	(687)	(687)
Profit/(loss) for the year	-	-	-	556	556	(108)	448
Dividend paid	-	-	-	(625)	(625)	-	(625)
Foreign currency translation reserve	-	-	(172)	-	(172)	-	(172)
Balance as at 31 December 2006	8,947	76	(199)	5,123	13,947	-	13,947
		(a)	(a)				
<u>COMPANY</u>							
Balance as at 1 January 2005	8,947	76	-	2,066	11,089	-	11,089
FRS 39 adjustment	-	-	-	103	103	-	103
Balance as at 1 January 2005 - re-stated	8,947	76	-	2,169	11,192	-	11,192
Profit for the year	-	-	-	1,524	1,524	-	1,524
Dividend paid	-	-	-	(500)	(500)	-	(500)
Balance as at 31 December 2005	8,947	76	-	3,193	12,216	-	12,216
Profit for the year	-	-	-	733	733	-	733
Dividend paid	-	-	-	(625)	(625)	-	(625)
Balance as at 31 December 2006	8,947	76	-	3,301	12,324	-	12,324
		(a)					

(a) Unrealized and not available for distribution of cash dividend

(b) With the changes of the Companies Act, Cap 50, effective from 30 January 2006, there is the removal of the concept of par value and authorized capital and there is no share premium account. The group and the company had a share premium account balance of \$2,697,000 as at 31 December 2005. This amount was transferred to share capital as required by the changes to the Companies Act.

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 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.

Not applicable

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

The figures have not been audited and reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The same accounting policies and methods of computation have been applied except as disclosed in note 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 Singapore Financial Reporting Standard ("FRS") that are mandatory for financial years beginning on or after 1 January 2006. The group has revised the depreciation rates for computers and plant and machinery from 100% and 20% to 33.33% and 10% respectively in FY2006 as the new rates are more reflective of their useful lives. This change in estimates has no significant impact on the profit for the year and earnings per share.

6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	31.12.06	31.12.05
(i) Based on weighted average number of ordinary share in issue	0.44 cents	1.61 cents
(ii) On a fully diluted basis	0.44 cents	1.61 cents

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	
	31.12.06	31.12.05	31.12.06	31.12.05
Net asset value per ordinary share based on number of shares in issue at end of year	11.16 cents	11.35 cents	9.86cents	9.77 cents

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

Group Revenue decreased by 11.7% from \$39.1 million in 2005 to \$34.5 million in 2006.

The decrease was due to the twin effects of 2006 projects being deferred to 2007 and to the absence of high value projects such as the US\$7.6 million Da Den Dam project in FY2005.

Gross profit

Gross profit decreased by 24.8% to \$5.5 million while overall gross margin declined by 2.8%. This was due to the lower revenue and further exacerbated by the low yield from projects in Vietnam (which was the highest contributor to revenue).

Financial income

The decrease in financial income was mainly due to absence of foreign exchange gain in FY2006.

Financial expense

The increase in financial expense was mainly due to foreign exchange loss in FY2006.

Other credit/(charges)

The increase in other credit was mainly due to the write back of provision of inventory and gain on disposal of investment in subsidiary.

Profit before tax

Group's profit before tax decreased by 70% from \$2.4 million to \$0.7 million in 2006 in line with the decrease in gross profit.

Income tax expense

Income tax expense decreased as a consequence of lower profit. However the effective income tax rate is higher than the statutory rate of 20% due to losses attributable to foreign subsidiaries which were not available for Group offset.

Review of financial position

Group's net tangible assets decreased by 1.7% from \$14.2 million to \$ 13.9 million.

Decrease in cash and cash equivalent amount of \$1.3 million was due mainly to the payment for the construction of a new building at 2 Tractor Road and disposal of a subsidiary.

Trade and other receivables decreased by \$0.06 million and inventory decreased by \$0.3 million in line with the decrease in revenue.

Total current liabilities decreased by 3.2%.

Total non-current liabilities decreased of \$0.6 million due to disposal of the mortgage loan from subsidiary company.

Review of cash flow

The Group's cash and cash equivalents decreased S\$1.3 million from S\$9.0 million as at 31.12.2005 to S\$7.7 million as at 31.12.2006. The decrease in cash and cash equivalents was due mainly to the payment for the construction of a new building at 2 Tractor Road and disposal of a subsidiary.

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

The result was in line with the previous statement made on 14 August 2006.

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.

Group expects the business environment to remain challenging in the next 12 months. Notwithstanding, the Group is cautiously optimistic of better growth for the full year of 2007.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Proposed dividend

Name of Dividend	:	Final
Dividend Type	:	Cash
Dividend Amount per Share (in cents)	:	0.25 cents (net)
Tax Rate	:	18%

The proposed final dividend, if approved at the forthcoming Annual General meeting, will be paid at a later date to be announced later.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	:	Final
Dividend Type	:	Cash
Dividend Amount per Share (in \$)	:	0.5 cents (net)
Tax Rate	:	20%

(c) Date payable

On 30 May 2006, the final dividend of 0.5 cents net of tax of 20% per ordinary shares of the Company, totaling \$625,000 was paid to shareholders.

(d) Books closure date

Notice will be given at a later date on the closure of Share Transfer Books and Register of Members to determine shareholders' entitlement to the proposed final dividend.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

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.

<u>Business segments</u> S\$'000	PW		WW		NW		Others		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue :-										
External sales	26,444	28,328	4,288	8,785	2,075	812	1,734	1,192	34,541	39,117
Results :-										
Segment result	3,372	3,574	1,093	3,136	372	93	644	489	5,481	7,292
Financial income									120	317
Financial expense									(138)	(183)
Unallocated corporate expenses									(4,890)	(4,989)
Other charges/(credit)									143	(34)
Profit before income tax									716	2,403
Income tax expense									(268)	(397)
Profit for the year									448	2,006
Other information :-										
Segment assets: -	5,325	3,382	1,290	3,446	736	132	548	996	7,899	7,956
Unallocated assets									13,040	14,457
Total assets	-	-	-	-	-	-	-	-	20,939	22,413
Segment liabilities: -										
Unallocated liabilities	-	-	-	-	-	-	-	-	6,992	7,430
Total liabilities	-	-	-	-	-	-	-	-	6,992	7,430
Capital expenditure	-	-	-	-	-	-	-	-	1,463	1,066
Depreciation	-	-	-	-	-	-	-	-	314	300

Geographical segments

The following table provides an analysis of the Group revenue by geographical market which is analysed based on the country of domicile of the customers:-

	Sales revenue	
	2006 \$'000	2005 \$'000
Singapore	8,039	10,768
Hong Kong	4,943	4,908
Vietnam	14,743	20,549
Others	6,816	2,892
	<u>34,541</u>	<u>39,117</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:-

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Singapore	18,355	19,280	1,449	1,051
Hong Kong	2,041	2,721	6	9
China	338	264	8	4
Indonesia	205	148	-	2
	<u>20,939</u>	<u>22,413</u>	<u>1,463</u>	<u>1,066</u>

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.

Potable Water

The decrease revenue in potable water mainly came from one off Da Dem Dam project of US\$7.6 million in 2005.

Wastewater

The decrease in wastewater was due to fewer projects available and keener competition.

NEWater

The increase in Newater was due to supply to Ulu Pandan Newater plant in 2006.

15. A breakdown of sales.

	Group		% Increase(Decrease)
	2006 S\$'000	2005 S\$'000	
(a) Sales reported for first half year	12,625	24,678	(48.8)
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	(218)	1,322	(116.5)
(c) Sales reported for second half year	21,916	14,439	51.8
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	666	684	(2.6)

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

	2006(S\$000)	2005(\$\$000)
Ordinary	312.5	625
Preference	-	-
Total:	312.5	625

BY ORDER OF THE BOARD

Koh Tiam Teng
Managing Director/Chief Executive Officer
22/02/07