
FULL YEAR 2008 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

	2008 S\$'000	2007 S\$'000	Increase/ (Decrease) %
Revenue	122,283	44,726	173.4%
Cost of Sales	(109,186)	(38,152)	186.2%
Gross Profit	<u>13,097</u>	<u>6,574</u>	99.2%
Other Items of Income			
Interest Income	8	87	-90.8%
Other Credits	168	313	-46.3%
Other Items of Expense			
Marketing and Distribution Costs	(3,619)	(2,614)	38.4%
Administrative Expenses	(4,230)	(3,025)	39.8%
Finance Costs	(364)	(89)	309.0%
Other Charges	(1,510)	-	100.0%
Profit Before Tax from Continuing Operations	<u>3,550</u>	<u>1,246</u>	184.9%
Income Tax Expense	(661)	(252)	162.3%
Profit Net of Tax	<u><u>2,889</u></u>	<u><u>994</u></u>	190.6%
Profit Attributable to Equity holders of Parent, Net of Tax	2,661	885	200.7%
Profit Attributable to Minority Interest, Net of Tax	228	109	109.2%
	<u><u>2,889</u></u>	<u><u>994</u></u>	190.6%

Notes to Income Statement

	Group	Group	Increase/ (Decrease)
	2008	2007	%
	S\$'000	S\$'000	
<u>Revenue</u>			
Sale of goods	99,172	41,523	138.8%
Commission income	81	32	153.1%
Other income	177	99	78.8%
Rental income	138	15	820.0%
Amount recognised from long-term contracts	22,715	3,057	643.0%
	<u>122,283</u>	<u>44,726</u>	173.4%
<u>Financial Income</u>			
Interest income from outside parties	8	87	-90.8%
	<u>8</u>	<u>87</u>	-90.8%
<u>Financial expenses</u>			
Interest expense to outside parties	(364)	(89)	309.0%
	<u>(364)</u>	<u>(89)</u>	309.0%
<u>Other credits</u>			
Foreign exchange gain	32	1	3100%
Reversal of impairment of trade debts - outside parties	-	21	-100.0%
Gain on disposal of plant and equipment	136	160	-15.0%
Reversal for impairment of inventories	-	131	-100.0%
	<u>168</u>	<u>313</u>	-46.3%
<u>Other charges</u>			
Provision for impairment of trade debts - outside parties	(635)	-	100.0%
Fixed assets written off	(3)	-	100.0%
Loss on disposal of investment	(13)	-	100.0%
Provision for impairment of inventories	(854)	-	100.0%
Provision for impairment of membership	(5)	-	100.0%
	<u>(1,510)</u>	<u>-</u>	100.0%

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 2008 S\$'000	Group 2007 S\$'000	Company 2008 S\$'000	Company 2007 S\$'000
ASSETS				
Non-Current Assets:				
Property, Plant and Equipment	6,380	8,243	4,215	3,601
Investments in Subsidiaries	-	-	1,574	1,406
Other Assets	71	78	71	78
Total Non-Current Assets	6,451	8,321	5,860	5,085
Current Assets:				
Inventories	8,520	5,973	6,991	2,700
Deferred Tax Assets	440	-	-	-
Trade and Other Receivables	33,391	20,451	29,358	17,618
Other Assets	642	862	443	524
Cash and Cash Equivalents	5,561	3,317	2,890	1,947
Total Current Assets	48,554	30,603	39,682	22,789
Total Assets	55,005	38,924	45,542	27,874
EQUITY AND LIABILITIES				
Equity				
Share Capital	8,947	8,947	8,947	8,947
Other Reserves	(101)	(267)	-	-
Retained Earnings	8,057	5,896	6,831	4,352
Equity, Attributable to Equity Holders of the Parent, Total	16,903	14,576	15,778	13,299
Minority Interest	747	519	-	-
Total Equity	17,650	15,095	15,778	13,299
Non-Current Liabilities:				
Deferred Tax Liabilities	81	220	81	81
Other Financial Liabilities	257	281	-	-
Finance leases	405	585	213	185
Total Non-Current Liabilities	743	1,086	294	266
Current Liabilities:				
Income Tax Payables	1,171	83	528	73
Other Financial Liabilities	9,159	2,920	7,068	1,831
Finance Leases	521	445	92	106
Trade and Other Payables	25,761	19,295	21,782	12,299
Total Current Liabilities	36,612	22,743	29,470	14,309
Total Liabilities	37,355	23,829	29,764	14,575
Total Equity and Liabilities	55,005	38,924	45,542	27,874

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

Amount repayable in one year or less, or on demand

As at 31.12.08		As at 31.12.07	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,680	NIL	3,365	NIL

Amount repayable after one year

As at 31.12.08		As at 31.12.07	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
662	NIL	866	NIL

Details of any collaterals

The group's bank borrowings and debt securities are secured / covered by:

- a) A negative pledge over the company's fixed and floating assets excluding certain inventories acquired under document credit
- b) A mortgage over a subsidiary's leasehold property
- c) Corporate guarantee by the Company

The obligations under finance leases are secured / covered by the lessor's charge over the leased assets and corporate guarantee by the Company.

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 2008 S\$'000	Group 2007 S\$'000
Cash flows from operating activities		
Profit before taxation	3,550	1,246
Adjustments for:		
Depreciation expense	5,963	783
Gain on disposal of plant and equipment	(136)	(160)
Fixed assets written off	3	-
Provision for impairment of membership	5	-
Loss on disposal of investment	13	-
Interest income	(8)	(87)
Interest expense	364	89
Operating profit before working capital changes	<u>9,754</u>	<u>1,871</u>
Trade & other receivables	(12,940)	(11,864)
Other assets	219	(750)
Inventories	(2,547)	(2,968)
Trade & other payables	6,466	13,059
Cash generated from/(used in) operations	<u>952</u>	<u>(652)</u>
Income tax paid	(151)	(140)
Net cash from/(used in) operating activities	<u>801</u>	<u>(792)</u>
Cash flows from investing activities		
Proceeds from disposal of plant and equipment	255	702
Purchase of plant and equipment	(3,528)	(5,818)
Cash outflow from acquisition of subsidiary	-	(231)
Purchase of membership	(39)	-
Proceeds from sale of membership	28	-
Interest received	8	87
Net cash used in investing activities	<u>(3,276)</u>	<u>(5,260)</u>
Cash flows from financing activities		
Interest expenses paid	(364)	(89)
Dividend paid	(500)	(313)
Increase in borrowings	5,741	2,280
Finance lease repayments	(781)	(152)
Net cash from financing activities	<u>4,096</u>	<u>1,726</u>
Net effect of exchange rate changes in consolidating foreign subsidiaries	149	(70)
Net increase /(decrease) in cash and cash equivalents	1,770	(4,396)
Cash and cash equivalents at beginning of year	3,317	7,713
Cash and cash equivalents at end of year	<u>5,087</u>	<u>3,317</u>
Note 1:		
Cash and Cash equivalents, net	5,561	3,317
Bank overdrafts	(474)	-
Cash and Cash equivalents, as per cash flow statement	<u>5,087</u>	<u>3,317</u>

Note 2:

During the year, there were acquisitions of plant & equipment with a total cost of S\$677,000 (2007: S\$840,000) acquired by means of finance leases and in 2007, S\$183,000 were also included in accrued liabilities.

The group acquired 51% of Teacly (S) Pte Ltd on 16 June 2007. The transaction was accounted for by the purchase method of accounting.

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

	2007 \$'000
Cash	(209)
Trade and other receivables	(783)
Property, plant and equipment	(481)
Trade and other payables	268
Finance leases	48
Long term borrowings	307
Minority interest	410

Cash consideration paid	(440)
Less cash taken over	209

Net cash outflow	(231)
	=====

The contribution from the subsidiary for the period between the date of acquisition and 31 December 2007 before inter-company eliminations are as follows:-

	\$'000
Revenue	3,073
Profit before tax	272
	=====

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\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
Balance as at 1 January 2007	8,947	(123)	5,248	14,072	-	14,072
Acquisition of Subsidiary	-	-	-	-	410	410
Exchange Differences on Translating Foreign Subsidiaries	-	(68)	-	(68)	-	(68)
Profit for the Year	-	-	885	885	109	994
Dividends paid	-	-	(313)	(313)	-	(313)
Transfer from other reserves	-	(76)	76	-	-	-
Balance as at 31 December 2007	8,947	(267)	5,896	14,576	519	15,095
Exchange Differences on Translating Foreign Subsidiaries	-	166	-	166	-	166
Profit for the Year	-	-	2,661	2,661	228	2,889
Dividends paid	-	-	(500)	(500)	-	(500)
Balance as at 31 December 2008	8,947	(101)	8,057	16,903	747	17,650

COMPANY

Balance as at 1 January 2007	8,947	76	3,301	-	-	12,324
Profit for the year	-	-	1,288	-	-	1,288
Transfer from other reserves	-	(76)	76	-	-	-
Dividends paid	-	-	(313)	-	-	(313)
Balance as at 31 December 2007	8,947	-	4,352	-	-	13,299
Profit for the year	-	-	2,979	-	-	2,979
Dividends paid	-	-	(500)	-	-	(500)
Balance as at 31 December 2008	8,947	-	6,831	-	-	15,778

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

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 year.

125,000,000 shares (No treasury share)

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 auditing standard or practice.

The figures have not been audited or 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.

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 applied the same accounting policies and methods of computation in the financial statements for the year ended 31 December 2008 as compared with the audited financial statements as at 31 December 2007.

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.

	31.12.08	31.12.07
(i) Based on weighted average number of ordinary share in issue	2.13 cents	0.71 cents
(ii) On a fully diluted basis	2.13 cents	0.71 cents

The basic and dilutive earnings per share is calculated by dividing the group's profit for the full year period attributable to equity holders of the company of \$2,661,000 (2007: \$885,000) by the number of ordinary shares which is 125,000,000.

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	
	31.12.08	31.12.07	31.12.08	31.12.07
Net asset value per ordinary share based on number of shares in issue at end of period	13.52 cents	11.66 cents	12.62cents	10.64cents

Net asset value per ordinary share is calculated based on 125,000,000 ordinary shares at end of year.

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 for the financial year ended 31 December 2008 ("FY2008") rose 173.4%% to S\$122.2 million from S\$44.7 million in FY2007, on account of increased contributions from Vietnam and Singapore, as well as increased contribution from relining & rehabilitation business.

Gross profit

Gross profit increased 99.2% to S\$13 million from S\$6.5 million in FY2007 due to higher reported revenue. Gross profit margin however, was lower at 10.7% compared to 14.7% in FY2007 as the Group faced price pressures to secure larger orders in Vietnam.

Finance costs

Finance costs were higher at S\$364,000 compared to S\$89,000 in FY2007 mainly due to increased revenue.

Marketing and Distribution cost and administrative expenses

Marketing and distribution, and administrative expenses rose 38.4% and 39.8%, respectively. This is mainly due to the increase in revenue.

Other charges

Other charges increased to S\$1.5 million mainly due to write-down of inventories and provisions for doubtful debts of S\$854,000 and S\$635,000 respectively.

Profit before tax from continuing operations

Group's Profit before tax from continuing operations increased 184.9% to S\$3.55 million from S\$1.25 million in FY2007 due mainly to higher reported revenue.

Income tax expense

Income tax expense increased by S\$0.4 million in line with the higher reported profits.

Profit net of tax

The Group's net profit attributable to equity holders rose 200.7% to S\$2.66 million from S\$0.88 million in FY2007.

Balance Sheet Review

Current Assets

Total current assets increased by S\$18 Million to S\$48.5 Million as at 31st December 2008. This is mainly due to an increase in trade receivables which rose by S\$12.9 Million as several major projects were completed close to the financial year-end. Inventories also rose by S\$2.5 Million.

Non-Current Assets

Total non-current assets decreased by S\$1.9 million to S\$6.4 million as at 31st December 2008 as substantial plant and equipment items for relining & rehabilitation business were depreciated upon close completion of the PUB projects.

Current Liabilities

Total current liabilities increased by S\$13.9 Million to S\$36.6 Million as at 31st December 2008. This is substantially due to higher trade payables and other financial liabilities which rose by S\$6.5 Million and S\$6.2 Million respectively on account of higher revenue.

Cash Flow Statement Review

Cash Flow from operating activities

Cash inflows before working capital changes stood at S\$9.7 Million. However, net cash inflow generated was S\$0.8 Million. This was mainly due to the off-set of higher financing of trade & other receivables and inventories.

Cash Flows from investing activities

Net cash outflows was S\$3.3 Million. This was primarily due to the acquisition of plant and equipment for relining & rehabilitation business.

Cash Flows from financing activities

Net cash inflows of S\$4.1 Million were mainly due to increased in borrowings to finance working capital.

As a result, cash and cash equivalents at year-end increased by S\$1.77 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.

Despite the current global economic crisis, investments in water infrastructure development remains one of the key agendas for governments around the region.

In Singapore, the government continues to invest heavily in the water sector to meet the needs of a growing populace and reduce its dependency on neighbouring countries for its water needs. In its bid for self-sufficiency, the government has announced plans to develop its water treatment industry, with specific focus on NEWater development, and beef up the supporting infrastructure. In addition, it is also launching initiatives such as the "Active, Beautiful, Clean Waters - ABC Waters" programme, which will open demand for innovative water solutions.

Given the factors above, the Group expects to remain profitable for FY2009.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	:	First & final
Dividend Type	:	Cash
Dividend Amount per Share (in cents)	:	0.5 cent (tax exempt 1-tier)

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	:	First & final
Dividend Type	:	Cash
Dividend Amount per Share (in \$)	:	0.4 cent (tax exempt 1-tier)

(c) Date payable

This will be announced at a later date.

(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	<u>PW</u>		<u>WW</u>		<u>NW</u>		<u>Others</u>		<u>Consolidated</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenue :-										
External sales	84,585	35,248	25,064	5,814	10,422	1,824	2,212	1,840	122,283	44,726
Results :-										
Segment result	7,392	4,746	2,305	1,159	2,759	255	640	414	13,097	6,574
Interest income									8	87
Finance costs									(364)	(89)
Unallocated corporate expenses									(7,849)	(5,639)
Other charges/(credit)									(1,342)	313
Profit before income tax									3,550	1,246
Income Tax									(661)	(252)
Net profit after tax									2,889	994
Other information :-										
Segment assets: -	25,144	14,104	7,078	3,752	565	1,353	1,454	881	34,241	20,090
Unallocated assets									20,764	18,834
Total assets	-	-	-	-	-	-	-	-	55,005	38,924
Segment liabilities: -										
Unallocated liabilities	-	-	-	-	-	-	-	-	37,355	23,829
Total liabilities	-	-	-	-	-	-	-	-	37,355	23,829
Capital expenditure	-	-	-	-	-	-	-	-	4,205	6,841
Depreciation	-	-	-	-	-	-	-	-	5,963	783

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:-

	<u>Sales revenue</u>	
	<u>2008</u>	<u>2007</u>
	<u>\$'000</u>	<u>\$'000</u>
Singapore	52,792	12,930
Hong Kong	3,397	4,344
Vietnam	54,798	20,563
China	3,141	1,384
Indonesia	603	332
Others	7,552	5,173
	<u>122,283</u>	<u>44,726</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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore	50,656	34,491	4,174	6,828
Hong Kong	1,910	3,094	-	11
China	2,066	852	5	-
Indonesia	373	487	26	2
	<u>55,005</u>	<u>38,924</u>	<u>4,205</u>	<u>6,841</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.

Revenue across all business segments increased with substantial increase in portable water due to more projects secured in Vietnam and waste water due to higher work done for the pipe relining and rehabilitation business.

15. A breakdown of sales.

	Group		% Increase(Decrease)
	2008 S\$'000	2007 S\$'000	
(a) Sales reported for first half year	47,457	19,926	138
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	1,033	616	68
(c) Sales reported for second half year	74,826	24,800	202
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	1,856	378	391

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

	2008 (S\$000)	2007 (\$\$000)
Ordinary	625	500
Preference	-	-
Total:	625	500

17. Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested persons transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$000	Aggregate value of all interested persons transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$000
Purchases from:		
Duvalco International Pte Ltd	-	5,701
Sinzhong Valves & Fittings (Wuxi) Co.,Ltd	-	1,084

BY ORDER OF THE BOARD

Koh Tiam Teng
Managing Director/Chief Executive Officer
23 February 2009