



Half Year Financial Statements Announcement

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS

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

	Group 6 Months Ended 31.03.2009 S\$'000	Group 6 Months Ended 31.03.2008 S\$'000	Change + / (-) %
Turnover	15,494	14,178	9
Cost of Sales	(14,223)	(13,761)	3
Gross profit	<u>1,271</u>	<u>417</u>	205
Other operating income	115	151	(24)
Administration expenses	(1,461)	(1,475)	(1)
Other operating expenses	(2,619)	(410)	539
Loss from operating activities	<u>(2,694)</u>	<u>(1,317)</u>	104
Finance costs	-	(37)	NM
Share of losses of an associate (net of tax)	(126)	(114)	11
Share of losses of jointly-controlled entities (net of tax)	(16)	(15)	7
Loss before income tax	<u>(2,836)</u>	<u>(1,483)</u>	91
Income tax credit/(expense)	-	-	NM
Loss for the period	<u>(2,836)</u>	<u>(1,483)</u>	91
Attributable to :			
Equity holders of the parent	(2,787)	(1,483)	88
Minority interests	(49)	-	NM
Loss for the period	<u>(2,836)</u>	<u>(1,483)</u>	91

NM – not meaningful

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

	Group 6 Months Ended 31.03.2009 S\$'000	Group 6 Months Ended 31.03.2008 S\$'000	Change + / (-) %
Interest income	32	108	(70)
Interest on borrowings	-	(37)	NM
Depreciation and amortisation	(71)	(69)	3
Allowance for foreseeable losses	(80)	(443)	(82)
Exchange (loss)/gain (net)	23	(2)	NM
Impairment losses on available-for-sales investments	(2,336)	-	NM
Gain on disposal of property, plant and equipment	-	(43)	NM

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		COMPANY	
	31.03.2009 S\$'000	30.09.2008 S\$'000	31.03.2009 S\$'000	30.09.2008 S\$'000
Non-current assets				
Property, plant and equipment	2,379	2,394	2,360	2,381
Subsidiaries	-	-	997	946
Associate	1,503	1,546	2,067	2,067
Jointly controlled entities	1,343	393	1,426	460
	<u>5,225</u>	<u>4,333</u>	<u>6,850</u>	<u>5,854</u>
Current assets				
Other investment	876	3,212	876	3,212
Contracts work-in-progress	9,005	5,804	8,897	5,804
Trade and other receivables	5,573	8,574	7,707	10,704
Cash and bank balances	9,492	12,012	7,298	10,114
	<u>24,946</u>	<u>29,602</u>	<u>24,778</u>	<u>29,834</u>
Total assets	<u>30,171</u>	<u>33,935</u>	<u>31,628</u>	<u>35,688</u>
Equity attributable to equity holders of the parent				
Share capital	34,577	34,577	34,577	34,577
Capital reserve	10	10	10	10
Currency translation reserve	110	(73)	-	-
Accumulated profits / (losses)	(16,592)	(13,805)	(15,238)	(12,857)
Minority interests	*	-	-	-
Total equity	<u>18,105</u>	<u>20,709</u>	<u>19,349</u>	<u>21,730</u>
Current liabilities				
Bank overdraft (secured)	-	5	-	5
Excess of progress billings over contracts work-in-progress	1,315	1,049	1,305	1,039
Trade and other payables	10,251	12,172	10,974	12,914
Total liabilities	<u>11,566</u>	<u>13,226</u>	<u>12,279</u>	<u>13,958</u>
Non-current liabilities				
Redeemable cumulative convertible preference shares	500	-	-	-
	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity and liabilities	<u>30,171</u>	<u>33,935</u>	<u>31,628</u>	<u>35,688</u>

* As the subsidiary has negative equity as at 31 March 2009, the Minority interests is nil.

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 March 2009		As at 30 September 2008	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
741	-	2,015	-

Amount repayable after one year

As at 31 March 2009		As at 30 September 2008	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

The Group's borrowings are secured by leasehold property with net book value of S\$2,207,121 (30 Sept 08 : S\$2,231,242) and an assignment of proceeds from certain projects.

The banking facilities of the Group including bank overdrafts and trust receipts granted to the Group, are secured by an assignment of proceeds from certain projects, joint and several guarantees given by certain directors and the following assets:

	Net carrying value	
	31.03.2009	30.09.2008
	\$	\$
Leasehold property	2,207,121	2,231,242
Fixed deposits	6,891,196	9,372,796
Bank balances	286,539	496,559
Trade receivables	53,500	585,600
	<u>9,438,356</u>	<u>12,786,207</u>

The effective interest rates of bank trust receipts of the Group at the balance sheet date is 7.5% (2008: 6.01%) per annum. Interest rates are re-priced at intervals of one, three or six months.

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 6 Months Ended 31.03.2009 S\$'000	Group 6 Months Ended 31.03.2008 S\$'000
Operating activities		
(Loss) before income tax	(2,836)	(1,483)
Adjustments for:		
Depreciation of property, plant and equipment	71	62
Amortisation of intangible asset	-	7
Gain on disposal of property, plant and equipment	-	(43)
Interest expenses	-	37
Interest income	(32)	(108)
Share of losses of an associate	126	114
Share of losses of jointly-controlled entities	16	15
Impairment losses on available-for-sales investments	2,336	-
Operating loss before working capital changes	(319)	(1,399)
Changes in working capital:		
Contracts work-in-progress	(2,935)	216
Trade and other receivables	2,064	276
Trade and other payables	(1,921)	713
Cash generated from/(used in) operations	(3,111)	(194)
Income tax paid	-	(19)
Cash flows from operating activities	(3,111)	(213)
Investing activities		
Interest received	32	108
Non-trade amount due from an associate	-	70
Non-trade amounts due from jointly-controlled entities	937	(202)
Purchase of property, plant and equipment	(56)	(34)
Investment in mining rights	-	(1,443)
Proceeds from disposal of property, plant and equipment	1	44
Purchase of quoted equity investments	-	(7,726)
Investments in jointly-controlled entities	(966)	(2,171)
Cash flows from investing activities	(52)	(11,354)
Financing activities		
Interest paid	-	(37)
Fixed deposits and bank balances pledged to bank	2,692	1,499
Issue redeemable cumulative convertible preference shares	500	-
Issue of ordinary shares in subsidiary to minority shareholders	49	-
Issue of ordinary shares	-	8,360
Cash flows from financing activities	3,241	9,822
Net increase/(decrease) in cash and cash equivalents	78	(1,745)
Cash and cash equivalents at beginning of period	2,138	1,248
Effects of exchange rate changes on balances held in foreign currencies	98	15
Cash and cash equivalents at end of the period	2,314	(482)
Notes :		
Cash and banks balances	2,591	2,062
Fixed deposits	6,901	12,163
	9,492	14,225
Bank overdraft	-	(1,665)
Fixed deposits and bank balances pledged	(7,178)	(13,042)
Cash and cash equivalents	2,314	(482)

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

THE GROUP

	Share Capital	Capital Reserve	Currency Translation Reserve	Accumulated Profits / (Losses)	Minority Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2007	19,587	12	(133)	523	-	19,989
Currency translation difference/Net loss recognised directly in equity	-	-	(6)	-	-	(6)
Net loss for the year	-	-	-	(1,483)	-	(1,483)
Total recognised expense for the year	-	-	(6)	(1,483)	-	(1,489)
Issue of shares	8,360	-	-	-	-	8,360
Transfer to share capital upon exercise of warrants	17	(1)	-	-	-	16
At 31 March 2008	27,964	11	(139)	(960)	-	26,876
At 1 October 2008	34,577	10	(73)	(13,805)	-	20,709
Currency translation difference/Net loss recognised directly in equity	-	-	183	-	-	183
Net loss for the year	-	-	-	(2,787)	(49)	(2,836)
Total recognised expense for the year	-	-	183	(2,787)	(49)	(2,653)
Issue of shares of a subsidiary	-	-	-	-	49	49
At 31 March 2009	34,577	10	110	(16,592)	-	18,105

THE COMPANY

	Share Capital	Capital Reserve	Accumulated Profits / (Losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 October 2007	19,587	12	1,484	21,083
Net loss for the period	-	-	(1,319)	(1,319)
Issue of shares	8,360	-	-	8,360
Transfer to share capital upon exercise of warrants	17	(1)	-	16
At 31 March 2008	27,964	11	165	28,140
At 1 October 2008	34,577	10	(12,857)	21,730
Net loss for the period	-	-	(2,381)	(2,381)
At 31 March 2009	34,577	10	(15,238)	19,349

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.

There were no changes in the Company's share capital since 30 September 2008.

For the period ended 31 March 2009, 22,290,000 share options¹ were granted under the Dayen Employee Share Option Scheme (31 March 2008: Nil).

As at 31 March 2009, the number of outstanding and unexercised options granted under the Dayen Employee Share Option Scheme was 22,290,000 (31 March 2008: Nil).

As the share options were granted on 24 March 2009, there is no material impact on the financial statements for the period ended 31 March 2009.

As at 31 March 2009, there were 669,210 outstanding warrants (31 March 2008: 735,210).

There were no outstanding treasury shares as at 31 March 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 year.

The total number of issued shares (excluding treasury shares) as at 31 March 2009 and 30 September 2008 was 204,673,460.

1(d)(iv)A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 31 Mar 2009.

1(e) Confirmation of the Board

Pursuant to Rule 705(4) of the Listing Manual, the Board of Directors confirms that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the period ended 31 March 2009 to be false or misleading in any material respects.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited nor reviewed by our auditor.

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

Not applicable.

¹ As the share options were granted on 24 March 2009, there was no significant financial implications for the period ended 31 March 2009. The financial implications will be duly reported in the subsequent third quarter results.

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

The same accounting policies and the methods of computation as in the Group's most recently audited financial statements for the financial year ended 30 September 2008 have been adopted.

5. If there are any changes in 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

See Section 4 above.

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

		Group	
		6 Months Ended 31.03.2009	6 Months Ended 31.03.2008
Earnings per ordinary share of the Group for the financial year based on net (loss)/profit attributable to shareholders:-			
(i)	Based on the weighted average number of shares	(1.36) cents	(0.83) cents
	- Weighted average number of shares	204,673,460 shares	178,747,386 shares
(ii)	On a fully diluted basis		
	- Adjusted weighted average number of shares	(1.36) cents	(0.83) cents
		204,673,460 shares	179,247,991 shares

7. Nets 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	
	31.03.2009	30.09.2008	31.03.2009	30.09.2008
(Amount in Cents)				
Net asset value per ordinary share based on issued share capital at the end of the year *	8.85	10.12	9.45	10.62

* Based on share capital of 204,673,460 ordinary shares as at the 31 March 2009 (30 September 2008: 204,673,460 ordinary shares)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Income Statement Analysis

Group turnover was \$15.49 million for the period ended 31 March 2009, an increase of 9% over the turnover of \$14.18 million for the corresponding period ended 31 March 2008.

Gross profit increased to \$1.27 million for the period ended 31 March 2009 as compared to \$0.42 million in the corresponding period ended 31 March 2008. The increase in the gross profit margin from 2.9% to 8.2% was mainly due to increased contributions from several new projects with higher margins. Although these new projects accounted for 43% of the turnover, they contributed to 65% of the overall gross profit. The Company has commenced the construction of these new projects from 3rd quarter 2008 and have satisfactorily completed 40% of the project milestones as at 31 March 2009.

The Group registered a loss of \$2.78 million for the period ended 31 March 2009 as compared to a loss of \$1.48 million for the period ended 31 March 2008. This is mainly due to the diminution in value of \$2.34 million for the Group's investment in PT ATPK Resources Tbk shares. The share price used for valuation as at 31 March 2009 was Rupiah 110², compared to the Rupiah 350³ share price used for valuation as at 30 September 2008. Excluding this non cash impairment charge from the results, the Group's net loss for the period ended 31 March 2009 would be \$0.44 million. Compared to the net loss of \$1.48 million for the period ending 31 March 2008, the Group has managed to reduce the operating deficit significantly.

Administration and other operating expenses totalled \$4.08 million as compared to \$1.89 million in the corresponding period ended 31 March 2008. This was mainly due to the diminution of the Company's investment in share of PT ATPK Resources Tbk as mentioned above. Excluding the impairment of investment, the administration and other operating expenses would be \$1.74 million.

The Group is experiencing delays in the execution of BOT contract for the sewage treatment plant in Hutai (Liaoning, PRC). The management is currently in talks with the local authorities on the outstanding issues and a progress update will be made subsequently.

The Group will take all necessary measures to trim its costs in to meet the challenges of the economic slowdown.

Balance Sheet Analysis

The Group's Net Tangible Assets decreased by \$2.60 million mainly due to the diminution in value of the investment in shares of PT ATPK Resources Tbk.

The non-cash impairment of \$2.34 million for the period ending 31 March 2009 has resulted in the investment in shares of PT ATPK Resources Tbk to be \$0.88 million for the period ending 31 March 2009.

The Company is in the midst of negotiating with PT ATPK Resources Tbk to return the US\$1 million being the advance payment made under the Mining Rights Agreement dated 18 December 2007. The Company will seek to recover the entire amount but based on the negotiations till date, PT ATPK is unlikely to be able to make a lump sum payment due to its tight cash flow situation. The Company does not rule out the possibility of an instalment based approach for the outstanding amount. The Company has already made a full provision for the above-mentioned amount for the year ended 30 September 2008.

The Company will continue to monitor the situation closely and endeavours to make timely announcements on the progress of this matter.

² Quoted from Yahoo Finance

³ Quoted from Yahoo Finance

The Group's 51% owned subsidiary, Dayen Oil Water Technologies Pte. Ltd had on 11 March 2009, issued 7,142,857 new redeemable cumulative convertible preference shares to CIC Environmental Services Sdn Bhd at an issue price of S\$0.07 per RCPS.

Cash Flow Statement Analysis

The Group had a deficit in cash from operations as a result of continuing upfront payments made for project expenses required to ensure the prompt execution of projects.

The Group had received a consideration of \$0.50 million from the subscriber for the first tranche of 7,142,857 new redeemable cumulative convertible preference shares.

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

Not applicable.

10. A commentary at the date of the announcement of the 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 business environment for the water and wastewater industry, in which the Group operates in, is expected to remain highly competitive. The global crunch, which impaired the availability of financial credit, has also led to a more challenging and difficult environment for the Group. Despite such a difficult environment, the demand for environmental services is still present for the local markets and overseas markets such as Middle East and China.

The Group will be selective in tendering for profitable local projects and/or international municipal projects with low credit risk. As the Group is relatively debt free and has appropriate cash reserves to complete the existing projects, the Group is confident to ride out the economic downturn.

The Group will continue to develop technological and operational capabilities in water, wastewater and produced water treatment. In addition, the Group will continue to focus on leveraging on strategic partnerships with reputable international partners to seek new synergies in oil water separation, microbiological wastewater and biomass treatment technologies.

As at 31 March 2009, the Group has an order book of about \$29.56 million. It is expected that 50% of the order book will be fulfilled in the second half of the financial year and the remaining 50% to be fulfilled in FY2010 onwards. The order book is expected to contribute positively to the Group's results, barring unforeseen circumstances.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Board of Directors does not recommend any interim dividends to be declared for the period.

**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

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

15. A breakdown of sales

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

Alan Yau Wai Hoo
Executive Director / Chief Executive Officer
15 May 2008