CENTILLION
Environment & Recycling

(Company Registration No. 199206445M)

***UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2010***

## 1(a)(i) *STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2010*

| | GROUP | | |
|---|---|---|---|
| | **Year ended 30.06.10** $'000 | **Year ended 30.06.09** $'000 | **+ / (-)** % |
| **Continuing Operations** | | | |
| **Revenue** | **29,692** | **77,325** | **(61.6)** |
| Cost of sales | (27,515) | (78,233) | (64.8) |
| **Gross profit/(loss)** | **2,177** | **(908)** | **(339.8)** |
| **Gross Margin %** | **7.3%** | **-1.2%** | |
| Other income | 690 | 476 | 45.0 |
| Distribution expenses | (2,188) | (1,410) | 55.2 |
| Administrative expenses | (6,891) | (10,380) | (33.6) |
| Other expenses | (695) | (13,429) | (94.8) |
| Results from operating activities | (6,907) | (25,651) | (73.1) |
| Finance expense | (465) | (908) | (48.8) |
| **Loss before income tax** | **(7,372)** | **(26,559)** | **(72.2)** |
| Tax (expense)/ benefit | (32) | 3,139 | (101.0) |
| **Loss from continuing operations** | **(7,404)** | **(23,420)** | **(68.4)** |
| **Discontinued Operations** | | | |
| Loss from discontinued operations | (11,703) | (2,487) | 370.6 |
| **Loss for the Period** | **(19,107)** | **(25,907)** | (26.2) |

***STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010***

| | | | |
|---|---|---|---|
| **Loss for the Period** | **(19,107)** | **(25,907)** | (26.2) |
| **Other comprehensive income** | | | |
| Currency translation differences | (67) | 2,050 | (103.3) |
| Net fair value change on cash flow hedge | (160) | - | N.M. |
| **Total comprehensive income for the period** | **(19,334)** | **(23,857)** | (19.0) |
| **Attributable to** | | | |
| **Equity holders of the company** | **(19,334)** | **(23,857)** | |
| **Minority interest** | **-** | **-** | |
| | **(19,334)** | **(23,857)** | |

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## 1(a)(ii) ***BREAKDOWN OF TURNOVER AND LOSS AFTER TAXATION***

| | GROUP | | |
|---|---|---|---|
| | **Year ended 30.06.10** | **Year ended 30.06.09** | **+ / (-)** |
| | $'000 | $'000 | % |
| 1st Half Year - Revenue | 15,697 | 47,312 | (66.8) |
| 1st Half Year - Loss after taxation | (5,592) | (19,709) | (71.6) |
| 2nd Half Year - Revenue | 13,995 | 30,013 | (53.4) |
| 2nd Half Year - Loss after taxation | (13,515) | (6,198) | 118.1 |

## 1(a)(iii) ***BREAKDOWN AND EXPLANATORY NOTES TO STATEMENT OF PROFIT AND LOSS***

**1.1** **Loss before income tax** is arrived at after charging/(crediting) the following:

| | | | |
|---|---|---|---|
| Depreciation and amortisation | 819 | 1,526 | (46.3) |
| Operating lease expense | 3,127 | 2,349 | 33.1 |
| Exchange loss | 655 | 556 | 17.8 |
| Impairment loss on goodwill | - | 8,634 | (100.0) |
| Impairment loss on property, plant and equipment | - | 2,494 | (100.0) |
| Impairment loss on assets classified as held for sale | 9,500 | - | N.M. |
| (Reversal of) Impairment loss on inventory | (122) | 40 | (405.0) |
| Plant & equipment written off | - | 125 | (100.0) |
| (Reversal of) Employee Share Option Cost | (210) | 210 | (200.0) |
| Interest expenses on borrowing | 426 | 922 | (53.8) |
| Provision of Restructuring Cost | - | 1,400 | (100.0) |

**1.2** **Other income** comprises principally the following:

| | | | |
|---|---|---|---|
| Gain/(loss) on disposal of non-current assets | 75 | (10) | (850.0) |
| Bad debt recovered/Reversal of impairment on doubtful receivables | 154 | 85 | 81.2 |
| Rental income | 293 | 414 | (29.2) |
| Interest income | 6 | 8 | (25.0) |

Note : N.M. - Not Meaningful

## 1(a)(iii) *BREAKDOWN AND EXPLANATORY NOTES TO STATEMENT OF PROFIT AND LOSS (Cont'd)*

**Discontinued Operations**

**1.3** In Q32010, after considering all aspects relating to the commercial viability of its China Operation and better utilisation of the Group resources, the Group had decided to exit from China. All assets and liabilities relating to its China Operation had been classified as a disposal group held for sale. China Operation was not a discontinued operation or classified as held for sale as of 31 December 2009 and the comparative income statement for the year ended 30 June 2009 had been re-presented to show the discontinued operation separately.

Consequently, the Group had reviewed the relevant assets of the disposal group and recognised a loss of approximately S$9.5 million arising from stating the disposal group at the estimate of fair value less cost to sell. This change in fair value had been included as part of loss from discontinued operation.

**Continuing Operations**

**1.4** The Group's revenue for year ended 30 June 2010 was lower than that of prior year mainly due to phasing out of precious metal recovery in US.

**1.5** The Group's gross margin had improved from (1.2%) to 7.3% for the year ended 30 June 2010. The improvement was principally due to contribution from UK and Singapore market. See further details under paragraph 8 "Review of Group Performance".

**1.6** Increase in distribution cost for FY2010 of S$0.8 million (55.2%) were mainly due to US and Singapore operations. US Operations paid additional business volume based commission of S$0.4 million and incurred additional business promotional expenses of S$0.2 million. Singapore operations also incurred additional distribution costs of S$0.2 million after resuming its recycling activities.

**1.7** Reduction in administrative expenses of S$3.5 million (33.6 %) were mainly due to discontinuance of US precious metal recovery business (S$1.9 million) and substantial savings in Corporate personnel and other costs (S$1.2 million) . This was further reduced by reversal of employees share option expense of S$0.2 million. The employee share option expense arose from the grant of share options in May 2009 and this charge of option expense would have continued over the estimated life of the options until April 2012. Due to the forfeiture of share options resulting from resignations, the fair value of the options has been remeasured and provisions previously charged are now reversed.

**1.8** In the prior year, the Group recognised restructuring costs and revisions to allowance for doubtful debts and impairment loss of fixed assets relating to termination of joint venture agreement in respect of Centeonyx in Singapore and cessation of CRT recycling in UK and impairment of goodwill in US.

**1.9** Significant changes in items included in 1.1 and 1.2 above are explained as follows:

- Lower depreciations was a result of restructuring following the termination of the JV in Singapore.
- Operating lease expense increased by S$0.9 million for the FY2010 was mainly due to additional rental paid on new facilities opened in US.
- Due to weakening GBP against SGD, UK Operations recorded exchange loss of S$0.6million for the FY2010 arising from SGD based loans and liabilities. This accounted for the bulk of Other Operating Expense.
- Lower interest expense was due to repayments of short term borrowings by US operations for PM recovery business subsequent to October 2009.
- Reduction in rental income was due to loss of rental collection from Singapore JV subsequent to March 2009.

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## 1(b)(i) *STATEMENT OF FINANCIAL POSITION*

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30-Jun-10 | 30-Jun-09 | 30-Jun-10 | 30-Jun-09 |
| | $'000 | $'000 | $'000 | $'000 |
| **Current assets** | | | | |
| Inventories | 1,139 | 7,629 | - | - |
| Trade receivables | 2,515 | 2,810 | 146 | 154 |
| Other receivables | 1,899 | 3,267 | 6,773 | 5,393 |
| Restricted cash held in trust | 615 | 636 | - | - |
| Cash and cash equivalents | 316 | 1,236 | 69 | 597 |
| Assets classified as held for sale | 15,362 | - | 12,488 | - |
| | 21,846 | 15,578 | 19,476 | 6,144 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 7,409 | 30,166 | 59 | 82 |
| Subsidiaries | - | - | 17,799 | 41,735 |
| Land use right | - | 2,629 | - | - |
| Goodwill | 10,655 | 10,655 | - | - |
| Deferred tax assets | 1,923 | 3,296 | - | - |
| Restricted cash held in trust | - | 4,590 | - | 4,590 |
| | 19,987 | 51,336 | 17,858 | 46,407 |
| **Total assets** | **41,833** | **66,914** | **37,334** | **52,551** |
| **Current liabilities** | | | | |
| Borrowings | 4,773 | 9,639 | - | - |
| Liabilities classified as held for sale | 4,118 | - | - | - |
| Trade payables | 2,263 | 5,568 | 4 | 5 |
| Other payables | 6,444 | 13,580 | 2,176 | 9,153 |
| Loan from shareholder | - | 500 | - | 500 |
| Income tax payable | - | 306 | - | - |
| | 17,598 | 29,593 | 2,180 | 9,658 |
| **Non-current liabilities** | | | | |
| Borrowings | 20 | 70 | - | - |
| Fund held in trust of Scheme of Arrangement | - | 4,590 | - | 4,590 |
| | 20 | 4,660 | - | 4,590 |
| **Equity attributable to equity holders of the Company** | | | | |
| Share capital | 152,854 | 141,756 | 152,854 | 141,756 |
| Reserves | 3,270 | 3,707 | 1,327 | 1,537 |
| Accumulated losses | (131,909) | (112,802) | (119,027) | (104,990) |
| **Total equity** | 24,215 | 32,661 | 35,154 | 38,303 |
| **Total liabilities and equity** | **41,833** | **66,914** | **37,334** | **52,551** |

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## 1(b)(i) ***STATEMENT OF FINANCIAL POSITION (cont'd)***

Significant changes are discussed below:

**a.** Decrease in inventories and trade payables were due to Metech phasing out of the precious metal recovery business.

**b.** Decrease in deferred tax assets was due to refund of prior years tax paid resulting from carry-backward of FY2009 US tax losses. S$2.4 million had been received during the year and was substantially used to fully pay down a secured loan of S$1.4 million.

**c.** Due to the Group's decision to exit from China, all related assets and liabilities of had been classified as a disposal group held for sale for the Group and the Company respectively. As the Group had committed to a plan to sell the disposal group, and had initiated an active programme to locate a buyer and complete the plan, the assets and liabilities classified as held for sale had been presented as current assets and liabilities respectively.

**d.** Decrease in other payables were mainly due to repayment to vendors (S$3.8 million) for the acquisition of subsidiaries (Metech & GRX) and settlement of NTan professional fees (S$1.7 million). The Company and Group also settled others payable during the year utilising funds raised from rights issue and private share placement.

**e.** During the year, the Group had significantly repaid and reduced its external borrowings in US from S$8.6 million to S$4.8 million. However, this was offset by additional borrowing of S$3.1 million in China . As at balance date, China's external borrowing of $3.1miillion had been included in Liabilities Classified as Held for Sales. (Also see 1(b)(ii) on Group Borrowings.)

**f.** Prior to the Company's commencement of judicial management in November 2005, the Company had paid some S$4.59 million of tax assessed in advance by the Comptroller of Income Tax of Singapore ("CIT") for the year of assessment of 2005 ("YA2005 Tax"). As part of the restructuring of the Company in 2006, under CERL Scheme of Arrangement and Compromise ("the Scheme"), claim in respect of YA2005 Tax had been assigned to the Scheme. During prior financial year, CIT refunded S$4.59 million of the YA2005 Tax. The amount was held in trust by the Company and was transferred to the Scheme administrators in Oct 2009 after the finalisation of YA 2005 Tax.

## 1(b)(ii) ***GROUP BORROWINGS***

| | As at 30-Jun-10 | As at 30-Jun-09 |
|---|---|---|
| **Amount repayable in one year** | $'000 | $'000 |
| Secured | 4,773 | 9,639 |
| Secured and included in liabilities classified as held for sale | 3,102 | - |
| | **7,875** | **9,639** |
| **Amount repayable after one year** | | |
| Secured | 20 | 70 |
| | **20** | **70** |

Bank loans amounting to S$4.8 million as at 30 June 2010 is secured on property, plant and equipment, inventories and receivables of Metech.
Bank loans amounting to S$3.1 million as at 30 June 2010 are included in liabilities classified as held for sale and secured on certain assets classified as held for sale.

Metech had breached a covenant by failing to comply with the debt service coverage ratio during the financial year resulting in borrowings of S$4.74 million (of which the non-current portion of S$4.39 million has been reclassified into current liabilities) could be called for repayment at any time by a lender. Metech had also breached the same covenant during the prior year that resulted in non-current portion of S$4.39 million being similarly classified as current liabilities. The ratio was breached due to decreases in Metech's earnings during the both financial years.

The lender has not confirmed the breach nor demanded for immediate repayment of the loans.

Metech is currently in negotiations and is confident of reaching an agreement with the lender to waive the covenant breach and maintain the original repayment terms. In December 2009, the lender had previously agreed to waive the previous breach. If Metech is successful, it is confident that it will be able to generate sufficient operating net cash flow for the next twelve months to fulfill its loan repayment obligations.

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## 1(c) *STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010*

| | GROUP | |
|---|---|---|
| | **Year ended 30.06.10 $'000** | **Year ended 30.06.09 $'000** |
| **Operating activities** | | |
| Loss for the period | (19,107) | (25,907) |
| *Adjustments:* | | |
| Depreciation and amortisation | 819 | 1,526 |
| Impairment loss on plant and equipment | - | 2,494 |
| (Gain)/ Loss on disposal of non current assets | (75) | 10 |
| Plant and equipment written off | - | 125 |
| (Reversal of) impairment loss on doubtful receivables | (154) | (85) |
| Impairment loss on goodwill | - | 8,634 |
| (Reversal of) Impairment loss on inventory | (122) | 40 |
| Impairment loss on assets classified as held for sale | 9,500 | - |
| Unrealised exchange loss | 774 | - |
| (Reversal of) Employee Share Option Cost | (210) | 210 |
| Provision for restructuring cost | - | 1,400 |
| Interest income | (6) | (8) |
| Interest expense | 426 | 922 |
| Income tax expense/ (benefit) | 32 | (3,175) |
| | (8,123) | (13,814) |
| Changes in working capital | | |
| Trade and other receivables | 409 | 4,720 |
| Inventories | 6,377 | 14,281 |
| Deposit pledged | - | 50 |
| Cash encumbered | (62) | (3,953) |
| Trade and other payables | (3,899) | 3,622 |
| Cash (used in)/ from operations | (5,298) | 4,906 |
| Interest received | 6 | 8 |
| Interest paid | (426) | (963) |
| Income tax refund | 2,343 | 91 |
| **Cash flows (used in)/from operating activities** | **(3,375)** | **4,042** |
| **Investing activities** | | |
| Acquisition of a subsidiary, net of cash acquired (Note 1(c)(i)) | - | (4,181) |
| Payments for accrued acquisition cost | (3,807) | - |
| Purchase of plant and equipment | (2,082) | (5,097) |
| Acquisition of a joint venture, net of cash acquired | - | 231 |
| Proceeds from sale of property, plant and equipment | 91 | 504 |
| **Cash flows used in investing activities** | **(5,798)** | **(8,543)** |

1(c) ***STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)***

| | GROUP | |
|---|---|---|
| | **Year ended 30.06.10 $'000** | **Year ended 30.06.09 $'000** |
| **Financing activities** | | |
| Repayment of borrowings | (8,070) | (10,954) |
| Proceeds from borrowings | 6,058 | 5,901 |
| Payment of finance lease liabilities | - | (328) |
| Proceeds from issuance of shares, net of share issue expenses | 10,307 | (62) |
| **Cash flows from / (used in) financing activities** | **8,295** | **(5,443)** |
| | | |
| Net (decrease) in cash and cash equivalents | (878) | (9,944) |
| Cash and cash equivalents at beginning of period | 1,236 | 11,070 |
| Effect of exchange rate fluctuation on cash held | (14) | 110 |
| Cash and cash equivalents at end of period (see (1(c)(ii)) | 344 | 1,236 |

**1(c)(i)** The effect of acquisition of the subsidiaries on the individual assets and liabilities is set out below:

| | | |
|---|---|---|
| Property, plant & equipment | - | 510 |
| Deferred Tax Assets | - | 1,586 |
| Inventories | - | 1,400 |
| Trade and other receivables | - | 922 |
| Cash and cash equivalents | - | 314 |
| Trade and other payables | - | (1,394) |
| Borrowings | - | (378) |
| Net asset acquired | - | 2,960 |
| Goodwill on acquisition | | 3,257 |
| Purchase consideration | - | 6,217 |

The acquisition of the subsidiaries, net of cash is represented by:

| | | |
|---|---|---|
| Purchase consideration | - | 6,217 |
| Less: Accrual for purchase consideration | | (1,953) |
| Cash paid | - | 4,264 |
| Less: Bank and cash balances acquired | - | (314) |
| Net cash (Inflow)/outflow | - | 3,950 |

**1(c)(ii)** S$28 thousand of above ending cash balance had been included as part of Assets Held For Sale.

## 1(c) *STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010 (cont'd)*

### *Analysis of Cash Flow*

The Group generated a negative cash flow from operation of S$3.4 million for year ended 30 June 2010. The negative cash flows were mainly due to the operation loss for the year.

During the year, the Group paid S$3.8 million in cash out of approximately S$4.647 million owed to the vendors pursuant to Metech and GRX Sale and Purchase Agreements and applicable supplementary agreements. Pursuant to the Settlement Agreement, the Company had also issued 44.253 million shares at issue price of S$0.018 per shares in settlement of 20% of the balance sum owed (being approximately S$0.797 million).

Repayment of borrowings were substantially funded by proceeds from the rights issue during the year.

## 1(d)(i) *STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2010*

| Group | Share Capital $'000 | Currency Translation Reserve $'000 | Hedging Reserve $'000 | Share Option Reserve $'000 | Accumulated Losses $'000 | Total Equity $'000 | |
|---|---|---|---|---|---|---|---|
| **At 30 June 2008** | 131,650 | 120 | - | 1,327 | (86,895) | 46,202 | |
| Total comprehensive income for the period | - | 2,050 | - | - | (25,907) | (23,857) | |
| Issuance of ordinary shares for cash | 10,106 | - | - | - | - | 10,106 | |
| Value of employee services received for issue of share options | - | - | - | 210 | - | 210 | |
| **At 30 June 2009** | 141,756 | 2,170 | - | 1,537 | (112,802) | 32,661 | - |
| Total comprehensive income for the period | - | (67) | (160) | - | (19,107) | (19,334) | |
| Reversal of value of employee services received for issue of share | - | - | - | (210) | - | (210) | |
| Issuance of ordinary shares for settlement of vendor sales & purchase | 791 | - | - | - | - | 791 | |
| Issuance of right shares for cash, net of expenses | 8,982 | - | - | - | - | 8,982 | |
| Placement shares issued | 1,325 | - | - | - | - | 1,325 | |
| **At 30 June 2010** | 152,854 | 2,103 | (160) | 1,327 | (131,909) | 24,215 | - |

| Company | Share Capital $'000 | Currency Translation Reserve $'000 | Hedging Reserve $'000 | Share Option Reserve $'000 | Accumulated Losses $'000 | Total Equity $'000 |
|---|---|---|---|---|---|---|
| **At 30 June 2008** | 131,650 | | | 1,327 | (89,147) | 43,830 |
| Total comprehensive income for the period | - | - | - | - | (15,843) | (15,843) |
| Issuance of ordinary shares for settlement of assertion | 10,106 | - | - | - | - | 10,106 |
| Value of employee services received for issue of share options | | - | - | 210 | - | 210 |
| **At 30 June 2009** | 141,756 | - | - | 1,537 | (104,990) | 38,303 |
| Total comprehensive income for the period | | | | | (14,037) | (14,037) |
| options | | | | (210) | | (210) |
| Issuance of ordinary shares for settlement of vendor sales & purchase agreement | 791 | | | | | 791 |
| Issuance of right shares for cash, net of expenses | 8,982 | | | | | 8,982 |
| Placement shares issued | 1,325 | | | | | 1,325 |
| **At 30 June 2010** | 152,854 | - | - | 1,327 | (119,027) | 35,154 |

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## 1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

During the year, the issued and paid up share capital was increased from 6,181,488,469 to 8,273,463,905 shares by the following:-

- 44,252,997 ordinary shares issued at issued price of $0.018 per share for settlement of vendor sales & purchase agreement.
- 1,867,722,439 rights shares issued at $0.005 per share.
- 180,000,000 placement shares issued at $0.008 per share.

The shares issued ranked pari passu in all respect with the existing issued ordinary shares in the capital of the Company.

As at 30 June 2010, there were unexercised options for 13,795,000 and 180,000,000 (30 June 2009: 313,795,000 and Nil ) unissued ordinary shares under the employee share option plan and pursuant to a share placement agreement dated 8 April 2010, respectively. Reduction in outstanding options under the employee share option plan was due to forfeitures arising from resignations from employments with the Group.

## 1(d)(iii) TOTAL NUMBER OF ISSUED SHARES

As at 30 June 2010, the number of ordinary shares issued were 8,273,463,905 (30 June 2009: 6,181,488,469).

## 1(d)(iv) MOVEMENT IN TREASURY SHARES

There are no treasury shares during the quarter and as at 30 June 2010.

## 2 AUDIT

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

## 3 AUDITORS' REPORT

Not applicable.

## 4 ACCOUNTING POLICIES

The same accounting policies and methods of computation as in the most recently audited financial statements have been applied except as disclosed in Section 5.

## 5 CHANGES IN ACCOUNTING POLICIES

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of balance sheet date but are not yet effective:

- Amendments to FRS 39: Amendments relating to eligible hedged items
- Amendments to FRS 103 (revised Jul 2009) and FRS 27(revised Jul 2009): Business Combinations and Separate Consolidated Financial Statements
- Improvements to FRSs 2009

## 6 NET ASSET VALUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **30-Jun-10** | **30-Jun-09** | **30-Jun-10** | **30-Jun-09** |
| **Net asset value per ordinary share based on issued share capital as at the end of the period** | Cents | Cents | Cents | Cents |
| | 0.29 | 0.53 | 0.42 | 0.62 |

7 ***EARNING PER ORDINARY SHARE ("EPS")***

| | GROUP | |
|---|---|---|
| **Loss per share for results from the Group attributable to equity holders of the Company<br>- Basic and Diluted (Note A)** | **Year ended 30.06.10** | **Year ended 30.06.09** |
| | Cents | Cents |
| - Continuing operations | (0.10) | (0.40) |
| - Discontinuing operations | (0.16) | (0.05) |
| Total | (0.26) | (0.45) |

The Group's basic and fully diluted earnings per ordinary share for the year ended 30 June 2010 are calculated based on the weighted average number of ordinary shares in issue during the year: 7,406,012,488 shares (2009: 5,803,910,000).

Note A: For the year ended 30 June 2010 and 2009, the diluted loss per share was shown as the same amount as the basic loss per share as the share options were anti-dilutive and disregarded in the computation of diluted loss per share.

8 ***REVIEW OF GROUP PERFORMANCE***

| a. **Yearly Revenue and Gross Margin (Continuing operations)** | **Year ended 30.06.2010** | **Year ended 30.06.2009** | **+ / (-)** |
|---|---|---|---|
| **Revenue by Segment** | $'000 | $'000 | % |
| US | 22,830 | 72,712 | (68.6) |
| Singapore | 3,658 | 2,127 | 72.0 |
| UK | 3,204 | 2,486 | 28.9 |
| **Total** | 29,692 | 77,325 | (61.6) |
| **Revenue by Services** | | | |
| End of Life ("EOL") | 21,658 | 14,908 | 45.3 |
| Precious Metal Recovery (“PM”) | 8,034 | 62,417 | (87.1) |
| **Total** | **29,692** | **77,325** | (61.6) |
| **Gross Margin by Segment** | **%** | **%** | |
| US | 0.2 % | (1.2)% | 116.7 |
| Singapore | 12.6 % | (28.9)% | 143.6 |
| UK | 35.5 % | 23.2 % | 53.0 |
| **Total** | **7.3 %** | **(1.2)%** | 724.4 |

Revenue reduced significantly due to curtailment of US PM business but offset partially by strong growth in EOL businesses from US and UK. Gross margin improved and reflected the change in revenue mix.

**US Operations** – Revenue decreased by 68.6% due to the phasing out of PM business but offset by strong growth in EOL business. With this change in business mix, gross margin improved compared to FY2009. However, due to curtailment of PM business and distraction arising thereof, it had failed to optimally utilise its processing capacity, particularly during the 1st half of the year. Consequently, it continued to incur a gross loss in FY2010.

**Singapore Operations** – Increased its revenue by 28.9%. Since re-activation of this operation at a much smaller scale that commensurate with its market size in late June 2009, Singapore Operation had performed well to achieve positive margin and progressively building up its customers base.

**UK Operations** - Despite exiting from recycling of CRT, revenue increased by 28.9% as revenue from recycling and resale of other electronics had more than offset the lost of CRT revenue. Gross margin had further improved to 35.5% due to higher return from resales and elimination of high inward freight cost associated with CRT recycling.

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## 8 *REVIEW OF GROUP PERFORMANCE (Con'td)*

**b. Quarterly Revenue and Gross Margin (Continuing operations)**

| | 4Q2010 | 3Q2010 | + / (-) | 4Q2010 | 4Q2009 | + / (-) |
|---|---|---|---|---|---|---|
| **Revenue by Segment** | $'000 | $'000 | % | $'000 | $'000 | % |
| US | 5,379 | 4,464 | 20.5 | 5,379 | 11,945 | (55.0) |
| Singapore | 997 | 1,444 | (31.0) | 997 | 199 | 401.0 |
| UK | 1,082 | 708 | 52.8 | 1,082 | 567 | 90.8 |
| **Total** | 7,458 | 6,616 | 12.7 | 7,458 | 12,711 | (41.3) |
| **Revenue by Services** | | | | | | |
| End of Life ("EOL") | 6,690 | 5,172 | 29.4 | 6,690 | 2,152 | 210.9 |
| Precious Metal Recovery | 768 | 1,444 | (46.8) | 768 | 10,559 | (92.7) |
| **Total** | **7,458** | **6,616** | 12.7 | **7,458** | **12,711** | (41.3) |
| **Gross Margin by Segment** | % | % | | % | % | |
| US | 4.9 % | (3.6)% | | 4.9 % | (22.6)% | |
| Singapore | 6.4 % | 15.6 % | | 6.4 % | 15.6 % | |
| UK | 26.5 % | 37.6 % | | 26.5 % | 34.7 % | |
| **Total** | **9.0 %** | **12.5 %** | | **9.0 %** | **(19.4)%** | |

Except for the impact of curtailment of US PM business, all segments particularly EOL businesses had registered strong and sustained growth over the preceding quarter or same quarter in previous year.

**US Operations** – Due to curtailment of PM business and distraction arising thereof, revenue from US EOL was also significantly affected. With a new senior management team installed since beginning of 3Q2010, improved processing through put and higher sale deliveries had led to higher revenue recorded over the preceding quarter and the same quarter in previous financial year. With a comparatively higher level of utilization in plant capacity, gross margin had improved accordingly.

**Singapore Operations –** Building from a very low level of activities subsequent to re-activation, significant growth in revenue and improvement in gross margin had been recorded. Lower revenue in 4Q2010 than the preceding quarter was due to a 1½ month delay in supply of materials from a major customer as the supply contract was being renegotiated. The supply contract had been successfully concluded and re-instated since mid Jun 2010.

**UK Operations –** Quarterly **r**evenue increased from preceding and comparative quarters mainly due to higher volume of resale and recycling of the other electronics. However, current quarter gross margin had decreased due to higher profit sharing returned to customers.

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8 ***REVIEW OF GROUP PERFORMANCE (Con'td)***

| | Year ended 30.06.2010 | Year ended 30.06.2009 | + / (-) |
|---|---|---|---|
| **c. Loss Before Income Tax (Continuing operations)** | $'000 | $'000 | % |
| US | (5,113) | (16,641) | (69.3) |
| Singapore | 265 | (4,395) | (106.0) |
| UK | (615) | (1,100) | (44.1) |
| Corporate and other unallocated items | (1,909) | (4,423) | (56.8) |
| **Total** | (7,372) | (26,559) | (72.2) |

**US Operation**

In the prior year, US had recorded a loss of S$7.7 million before total impairments of S$8.9 million in goodwill and certain fixed assets following the curtailment of its PM business. In the current year, US achieved a small gross profit which is insufficient to absorb its operating overheads leading to an overall operating losses of S$5.1 million.

**Singapore Operation**

Operationally, Singapore had recorded a near break even at a marginal loss of S$0.08 million. However, it had benefited by a S$0.35 million bad debt recovery and thus resulting an overall profit. Prior year loss was mainly S$3.1 million operating losses incurred as a result of the failed JV operations, restructuring cost of S$0.2 million and related impairment write down of S$1.1million.

**UK Operation**

Before effect of exchange losses and restructuring costs, UK Operation in FY2010 had achieved a marginal profit of S$0.04 million as compared to a loss of S$0.2 million in prior year on equivalent basis. Due to continuous weakening of GBP against SGD, UK Operation recorded exchange loss of S$0.6 million in current year. In the prior year, it also recorded an exchange loss of S$0.9 million and a net gain of S$0.3 million on transferring its CRT processing line to US (after deducting related restructuring costs).

**Corporate and other unallocated items**

In the prior year, Corporate function incurred some S$2.9 million cost before items totaling S$1.5 million relating to unallocated consolidated adjustments and provision charged for onerous contract. Over the last two years, the Company undertook several headcount reviews resulting in substantial reduction in personnel and related cost, amounted to more than $0.62 million further reduction in FY2010 over that in FY2009. Additionally, the Company also incurred less litigation expenses (by S$0.27 million) as outstanding suits against the Company had been progressively settled.

9 ***SEGMENTED REVENUE AND RESULTS FOR GEOGRAPHICAL SEGMENTS***

See item 8.

10 ***VARIANCE FROM PROSPECT STATEMENT***

No variance from previous prospect statement made.

11 ***PROSPECT***

Barring any unforeseen circumstances, the Group expect further improvements in gross margins especially in the US. As part of its exit plan from China, the Group is currently in active negotiations with a prospective buyer. The Group will announce updates as appropriate.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a results of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale / distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.*

12 ***DIVIDENDS***

No dividend is recommended.

**BY ORDER OF THE BOARD**

**Tan San-Ju**
**Company Secretary**
**Date : 25 Aug 2010**

***CONFIRMATION BY THE BOARD***

We, Chng Weng Wah and Richard Basil Jacob, being two Directors of Centillion Environment & Recycling Limited (the "Company") do hereby confirm on behalf of the Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the year ended 30 June 2010 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**CHNG WENG WAH**
**Chairman**

**RICHARD BASIL JACOB**
**Executive Director &**
**Chief Executive Officer**

**Date : 25 Aug 2010**