CENTILLION
Environment & Recycling

**CENTILLION ENVIRONMENT & RECYCLING LIMITED**
**(Company Registration No. 199206445M)**

## UNAUDITED RESULTS FOR THE YEAR ENDED 30 JUNE 2009

### 1(a)(i) STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 30 JUNE 2009

| | GROUP | | |
|---|---|---|---|
| | 12 MONTHS ENDED 30/6/09 $'000 | 18 MONTHS ENDED 30/6/08 $'000 | + / (-) % |
| **Revenue** | **77,432** | **83,778** | **(7.6)** |
| Cost of sales | (77,832) | (73,472) | 5.9 |
| **Gross profit** | **(400)** | **10,306** | **(103.9)** |
| Other income | 583 | 10,701 | (94.6) |
| Distribution expenses | (1,894) | (2,082) | (9.0) |
| Administrative expenses | (12,261) | (17,410) | (29.6) |
| Other expenses | (14,188) | (13,860) | 2.4 |
| Results from operating activities | (28,160) | (12,345) | 128.1 |
| Finance expense | (922) | (1,076) | (14.3) |
| **Loss before income tax** | **(29,082)** | **(13,421)** | **116.7** |
| Tax benefit/(expense) | 3,175 | (1,098) | (389.2) |
| **Loss for the period** | **(25,907)** | **(14,519)** | **78.4** |

**Note:** The Company changed its financial year end from 31 December to 30 June on 16 November 2007.
Unaudited results are announced for the financial year ended 30 June 2009 covering period from 1 July 2008 to 30 June 2009.
For comparative purpose, the results for the corresponding period from 1 January 2007 to 30 June 2008 is disclosed.

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

| | GROUP | | |
|---|---|---|---|
| | 12 MONTHS ENDED 30/6/09 $'000 | 18 MONTHS ENDED 30/6/08 $'000 | + / (-) % |
| Six months ended 30 June 2007 - Revenue | | 3,620 | N.A. |
| Six months ended 30 June 2007 - Profit after taxation | | 2,225 | N.A. |
| Six months ended 31 December 2008 (2007) - Revenue | 47,312 | 23,251 | 103.5 |
| Six months ended 31 December 2008 (2007) - Loss after taxation | (19,709) | (15,547) | 26.8 |
| Six months ended 30 June 2009 (2008) - Revenue | 30,120 | 56,907 | (47.1) |
| Six months ended 30 June 2009 (2008) - Loss after taxation | (6,198) | (1,197) | 417.8 |

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

| | | GROUP | | |
|---|---|---|---|---|
| | | 12 MONTHS ENDED 30/6/09 $'000 | 18 MONTHS ENDED 30/6/08 $'000 | + / (-) % |
| **1.1** | **Loss before income tax** is arrived at after charging the following: | | | |
| | Depreciation and amortisation | 1,524 | 2,152 | (29.2) |
| | Operating lease expense | 2,351 | 1,813 | 29.7 |
| | Exchange loss/(gain) | 607 | 396 | 53.3 |
| | Impairment loss on goodwill | 8,634 | - | N.M. |
| | Impairment loss on property, plant and equipment | 2,274 | - | N.M. |
| | Allowance for doubtful debts | 579 | - | N.M. |
| | Inventories written off | - | 48 | (100.0) |
| | Provision for settlement of assertion from a professional service firm | - | 12,030 | (100.0) |
| | Plant & machinery written off | 238 | 893 | (73.3) |
| | Employee Share Option Cost | 210 | - | N.M. |
| | Interest expenses on borrowing | 923 | 1,013 | (8.9) |
| | Finance charges payable under finance lease | 53 | 63 | (15.9) |
| | Reversal of allowance for inventories | (344) | (876) | (60.7) |
| | Restructuring Cost | 1,360 | - | N.M. |
| **1.2** | **Other income** comprises principally the following: | | | |
| | Reversal of impairment loss on property, plant and equipment | - | 3,096 | (100.0) |
| | Reversal of allowance for doubtful receivables | 85 | 388 | (78.1) |
| | Gain/(Loss) on disposal of property, plant and equipment | (10) | 2,881 | (100.3) |
| | Gain arising from settlement of s dispute over ownership of materials | - | 1,390 | (100.0) |
| | Bad debt recovered | - | 311 | (100.0) |
| | Rental income | 425 | 638 | (33.4) |
| | Interest income | 7 | 261 | (97.3) |

**1.3** Comparatively, the Group's revenue and expenses for current 12 month-period was lower than that of the comparative period principally due to additional 6 months in the comparative period and timings of inclusion of Metech's and GRX's revenues subsequent to their acquisitions in October 2007 and August 2008 respectively.

Deterioration in global economy and commodity prices in general had adversely affected the Group's revenue, particularly since September 2008.

**1.4** The Group recorded a gross loss margin of approximately 0.5% as compared to gross profit margin of 12.3% of comparative period. Comparatively, these gross profit margins were lower principally due to excesses in US precious metal recovery and UK CRT recycling capacities and steep deterioration of precious metal prices.

**1.5** Arising from the termination of joint venture agreement in respect of Centeonyx in Singapore and cessation of CRT recycling in UK, the Group recognised the following impairment losses and restructuring costs:

| | $'000 |
|---|---|
| Allowance for doubtful receivable from Centeonyx | 566 |
| Impairment loss of fixed assets | 1,066 |
| | 1,632 |
| Provision for onerous contract arising from termination of lease by Centeonyx | 1,000 |
| Closure costs of Centeonyx | 194 |
| Restructuring costs of UK operation | 166 |
| | 1,360 |

**1.6** During the year, the Group reassessed the carrying-values of its non-current assets particularly goodwill and fixed assets in light of uncertainty in global economy and depressed commodities prices. As a result, the projected cash-flows of US and China Operations had been revised downward and impairments in value of goodwill and fixed assets of S$8.6 million and S$1.4 million were recorded during the year.

**1.7** Due to weakening of GBP and strengthening of USD against SGD during the year, UK and Singapore Operation recorded net exchange loss arising from SGD and USD based loans and liabilities respectively.

**1.8** During the year, the Group recognised a net tax benefit of S$3.18 million comprising tax refund (received and receivable) of S$1.5 million and deferred tax assets of S$1.6 million. Apart for tax refund of S$0.4 million being received in Singapore, the remaining net tax benefits were attributable to US Operation.

**1.9** During the comparative period, gain on disposal of property, plant and equipment related principally to that arising from sales of leasehold properties. Additionally, a provision for impairment loss on leasehold property previously made in 2005 was reversed in the period as the underlying property was sold during the period.

A supplier had previously asserted a claim to title over certain materials located on the Company premises and certain materials seized by the authority. During the comparative period as part of a settlement agreement entered into amongst the Scheme Administrators, the supplier and the Group, the supplier had agreed to drop all claims against the Group in connection with the materials and in return the Group had also agreed not to make claims against the supplier arising from the materials. Consequently, the relevant accrued purchase costs previously recognised as liabilities totaling S$1.39 million have been reversed as a gain arising from this settlement.

1(b) **BALANCE SHEET**

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | **30-Jun-09** | **30-Jun-08** | **30-Jun-09** | **30-Jun-08** |
| | $'000 | $'000 | $'000 | $'000 |
| **Current assets** | | | | |
| Inventories | 7,629 | 20,131 | - | - |
| Trade receivables | 2,810 | 4,163 | 154 | 332 |
| Other receivables | 2,131 | 5,154 | 4,850 | 7,037 |
| Short-term tax asset | 1,136 | - | - | - |
| Cash and cash equivalents | 1,236 | 11,120 | 597 | 4,219 |
| | 14,942 | 40,568 | 5,601 | 11,588 |
| **Non-current assets** | | | | |
| Property, plant and equipment | 30,166 | 27,188 | 83 | 202 |
| Subsidiaries | - | - | 42,278 | 45,028 |
| Joint venture | - | - | - | 3,335 |
| Land use right | 2,629 | 2,562 | - | - |
| Goodwill | 10,655 | 16,032 | - | - |
| Deferred tax assets | 3,296 | - | - | - |
| Restricted cash held in trust | 5,226 | 589 | 4,590 | - |
| | 51,972 | 46,371 | 46,951 | 48,565 |
| **Total assets** | **66,914** | **86,939** | **52,552** | **60,153** |
| **Current liabilities** | | | | |
| Borrowings | 4,673 | 12,748 | - | - |
| Trade payables | 5,568 | 4,613 | 5 | 280 |
| Other payables | 14,080 | 21,281 | 9,654 | 16,043 |
| Current portion of finance lease liabilities | - | 232 | - | - |
| Income tax payable | 306 | 749 | - | - |
| | 24,627 | 39,623 | 9,659 | 16,323 |
| **Non-current liabilities** | | | | |
| Borrowings | 5,036 | 966 | - | - |
| Fund held in trust of Scheme of Arrangement | 4,590 | - | 4,590 | - |
| Finance lease liabilities | - | 148 | - | - |
| | 9,626 | 1,114 | 4,590 | - |
| **Equity attributable to equity holders of the Company** | | | | |
| Share capital | 141,756 | 131,650 | 141,756 | 131,650 |
| Reserves | 3,707 | 1,447 | 1,537 | 1,327 |
| Accumulated losses | (112,802) | (86,895) | (104,990) | (89,147) |
| **Total equity** | 32,661 | 46,202 | 38,303 | 43,830 |
| **Total liabilities and equity** | **66,914** | **86,939** | **52,552** | **60,153** |

## 1(b) BALANCE SHEET (cont'd)

Significant changes are discussed below:

**a.** Decrease in cash balances of the Group are mainly due to investments in Wuxi plant under construction and acquisition of GRX by the Company on 15 Aug 2008 and repayment of loan by Metech.

**b.** Increase in Property, Plant & Equipment were principally due to additions of S$5.2 million in Wuxi plant under construction, S$0.4 million in new plant in North Carolina, USA, and unrealised translation foreign exchange gain of approximately S$1 million due to appreciation of RMB and USD from 30 June 2008 after offsetting additional impairment of $2.4 million.

**c.** The Company recorded a total cost of investment in GRX of S$6.2 million comprising an initial cash payment of S$4.2 million (US$3 million) and an accrual for additional payment of S$2 million (US$1.38 million) payable. The accrual has been included as part of Other Payables of the Company and the Group. The Group recognised a Goodwill of S$3.2 million.

**d.** An impairment of goodwill on S$8.6 million was made against US operation due to the downward adjustment of Group's expected return from that region.

**e.** Short-term tax assets and Deferred Tax Assets as at 30 June 2009 related to current loss incurred by US Operation and related tax benefit arising from acquisition of GRX during the year.

**f.** In July 2007, Metech successfully refinanced its secured subordinated note via a long term mortgage loan from a bank in USA. The mortgage loan has a principal amount of US$2.88 million (S$4.17 million) and matures on 31 July 2018. This mortgage loan is now reported as borrowings under non current liabilities. Additionally, Metech repaid some US$3.1 million (S$4.5 million) revolving credit due to lower demand to finance its working capital.

**g.** In March 2009, China subsidiary successfully secured a term loan of RMB$10 million by pledging its land use right to a bank in China. As at 30 June 2009, Wuxi had drawdown RMB $5 million (S$1.1 million) from this facility.

**h.** Reduction in Other Payables were due to an outstanding sum of S$12 million arising from a S$12.9 million (inclusive of GST of $0.8 million) settlement agreement entered into in April 2008 with a professional service firm in respect of its assertion for outstanding fees and applicable GST. The entire amount was converted to 1.198 billion new shares as full settlement of the liabilities amounting to S$10.17 million (inclusive of GST of S$0.67 million) on 24 October 2008. As 30 Jun 2009, there remained an outstanding payable of S$1.7 million.

**i.** As at 30 June 2009, a short-term bridging loan of S$0.5 million from a substantial shareholder was included in Other Payable. This loan was received on 30.06.2009

**j.** 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 the year, CIT refunded S$4.59 million of the YA2005 Tax. As the CIT has yet to issued its final assessment, the amount refunded is held in trust of the Scheme in interest bearing fixed deposit.

**k** The Group's working capital deficit of S$9.7 million as at 30 June 2009 was principally due to a much higher payments during the year arising from repayment of borrowings (S$3.1 million) and investments in acquisitions of subsidiary and in plant & equipment (S$9.8 million) and net rundown of working capital due to operating loss incurred by the Group.

## 1(b) GROUP BORROWINGS

| | As at 30-Jun-09 $'000 | As at 30-Jun-08 $'000 |
|---|---|---|
| **Amount repayable in one year** | | |
| Secured | 4,673 | 12,980 |
| | **4,673** | **12,980** |
| **Amount repayable after one year** | | |
| Secured | 5,036 | 1,114 |
| | **5,036** | **1,114** |

Bank loans amounting to $8.6 million as at 30 June 2009 is secured on property, plant and equipments of its US subsidiary.
Bank loans amounting to $1.1 million as at 30 June 2009 is secured on land use right of its Chinese subsidiary.

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## 1(c) CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2009

| | GROUP | |
|---|---|---|
| | 12 MONTHS ENDED 30/6/09 | 18 MONTHS ENDED 30/6/08 |
| | $'000 | $'000 |
| **Operating activities** | | |
| Loss before income tax | (29,082) | (13,421) |
| Adjustments: | | |
| Depreciation and amortisation | 1,524 | 2,152 |
| (Reversal of) impairment loss on plant and equipment | 2,274 | (3,096) |
| (Gain) on disposal of property, plant and equipment | 10 | (2,881) |
| Plant and equipment written off | 238 | 893 |
| (Reversal of) impairment loss on doubtful receivables | 494 | (388) |
| Impairment loss on goodwill | 8,634 | - |
| (Reversal of) allowance for inventories | (344) | (653) |
| Inventories written off | - | 48 |
| Gain arising from settlement of a dispute over ownership of materials | - | (1,390) |
| (Gain) on reversal of finance lease liability | - | (187) |
| Employee Share Option Cost | 210 | - |
| Provision for restructuring cost | 1,360 | - |
| Interest income | (8) | (261) |
| Interest expense | 923 | 1,076 |
| Settlement of assertion from a professional service firm | - | 11,530 |
| | (13,767) | (6,578) |
| Changes in working capital | | |
| Trade and other receivables | 3,914 | (2,518) |
| Inventories | 15,751 | (5,623) |
| Deposit pledged | 50 | (50) |
| Cash encumbered | (10) | 34 |
| Trade and other payables | (3,192) | 290 |
| Cash from / (used in) operations | 2,746 | (14,445) |
| | | |
| Interest received | 8 | 261 |
| Interest paid | (806) | (1,013) |
| Income tax paid | (467) | (929) |
| Income tax refund | 407 | - |
| **Cash flows from / (used in) operating activities** | **1,888** | **(16,126)** |
| | | |
| **Investing activities** | | |
| Acquisition of a subsidiary, net of cash acquired (Note 1(c)(i)) | (3,916) | (17,213) |
| Acquisition of a joint venture, net of cash acquired (Note 1(c)(i)) | - | 3,301 |
| Purchase of plant and equipment | (6,025) | (5,937) |
| Proceeds from sale of property, plant and equipment | 172 | 15,867 |
| **Cash flows used in investing activities** | **(9,769)** | **(3,982)** |

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## 1(c) CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 JUNE 2009 (cont'd)

| | GROUP | |
|---|---|---|
| | 12 MONTHS ENDED 30/6/09 | 18 MONTHS ENDED 30/6/08 |
| **Financing activities** | | |
| Repayment of borrowings | (3,244) | 2,525 |
| Proceeds from borrowings | 500 | (7,220) |
| Repayment of long term liabilities | - | (9,895) |
| Payment of finance lease liabilities | (330) | (427) |
| Proceeds from convertible notes issuance, net of expenses | (63) | 23,834 |
| Exercise of share options to ordinary shares | - | 16,100 |
| **Cash flows from / (used in) financing activities** | **(3,137)** | **24,917** |
| | | |
| Net increase / (decrease) in cash and cash equivalents | (11,018) | 4,809 |
| Cash and cash equivalents at beginning of period | 11,070 | 6,115 |
| Effect of exchange rate fluctuation on cash held | 1,184 | 146 |
| Cash and cash equivalents at end of period | 1,236 | 11,070 |

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

| | | |
|---|---|---|
| Property, plant & equipment | 510 | 7,578 |
| Deferred Tax Assets | 1,586 | - |
| Inventories | 1,400 | 14,395 |
| Trade and other receivables | 922 | 2,358 |
| Restricted cash held in trust | - | 623 |
| Cash and cash equivalents | 314 | 534 |
| Trade and other payables | (1,435) | (8,711) |
| Amount due to bankers | (150) | (6,262) |
| Long-term liabilities | (194) | (6,330) |
| Net asset acquired | 2,953 | 4,185 |
| (Negative Goodwill)/ Goodwill on acquisition | 3,230 | 16,032 |
| Purchase consideration | 6,183 | 20,217 |

The acquisition of a subsidiary company, net of cash is represented by:

| | | |
|---|---|---|
| Purchase consideration | 6,183 | 20,217 |
| Less: Accrual for purchase consideration | (1,953) | (2,470) |
| Cash paid | 4,230 | 17,747 |
| Less: Bank and cash balances acquired | (314) | (534) |
| Net cash (Inflow)/outflow | 3,916 | 17,213 |

**Analysis of Cash Flow**

The Group generated a positive cash flow from operation of S$1.9 million for the current year primarily due to the realisation of inventory in US operation.

The Group acquired GRX in Aug 2008 for US$4.4 million (S$6.2 million) and the remaining 50% of Centeonyx arising from termination of JV agreement for S$1, the combined cash effect of which had been set out above. The Group further invested some S$6 million cash in capital equipment, principally in its plant under construction in Wuxi, China and new plant in North Carolina, USA.

During the year, US & UK Operations repaid approximately S$4.3 million and S$0.3 million of their bank borrowings and hire purchase liabilities respectively. These was partially offset by new borrowing of S$1.1 million by China Operation and currency effect of $0.3million.

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## 1(d) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

| Group | Share Capital $'000 | Currency Translation Reserve $'000 | Share Option Reserve $'000 | Accumulated Losses $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **At 1 January 2007** | 91,716 | (311) | 1,327 | (72,376) | 20,356 |
| Translation differences relating to financial statements of foreign subsidiaries | - | 431 | - | - | 431 |
| Net loss recognised directly in equity | - | 431 | - | - | 431 |
| Net loss for the period | - | - | - | (14,519) | (14,519) |
| Issuance of ordinary shares for cash, net of expenses | 16,100 | - | - | - | 16,100 |
| Conversion of convertible notes to ordinary shares. Net of expenses | 23,834 | - | - | - | 23,834 |
| **At 30 June 2008** | 131,650 | 120 | 1,327 | (86,895) | 46,202 |
| Translation differences relating to financial statements of foreign subsidiaries | - | 2,050 | | | 2,050 |
| Net gain recognised directly in equity | - | 2,050 | - | - | 2,050 |
| Net loss for the year | - | - | - | (25,907) | (25,907) |
| 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 | 2,170 | 1,537 | (112,802) | 32,661 |

| Company | Share Capital $'000 | Currency Translation Reserve $'000 | Share Option Reserve $'000 | Accumulated Losses $'000 | Total Equity $'000 |
|---|---|---|---|---|---|
| **At 1 January 2007** | 91,716 | - | 1,327 | (82,049) | 10,994 |
| Net loss for the period | - | - | - | (7,098) | (7,098) |
| Transfer of share premium reserve to share capital | | - | - | - | - -|
| Issuance of ordinary shares for cash, net of expenses | 16,100 | - | - | - | 16,100 |
| Conversion of convertible notes to ordinary shares. Net of expenses | 23,834 | - | - | - | 23,834 |
| **At 30 June 2008** | 131,650 | - | 1,327 | (89,147) | 43,830 |
| Net loss for the year | - | - | - | (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 |

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

Since the last financial period ended 30 June 2008, the issued and paid up capital of the Company increased by $10.1 million to $141.7 million due to settlement agreement entered into 18 April 2008 with a professional firm in respect of its assertion for outstanding fees and applicable GST.

The shares were issued ranking pari passu in all respects with the existing issued ordinary shares in the capital of the Company.

As at 30 June 2009, there were unexercised options for 313,795,000 (30 June 2008: 15,280,000) unissued ordinary shares under the employee share option plan.

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1(d) **TOTAL NUMBER OF ISSUED SHARES**

As at 30 June 2009, the number of ordinary shares issued were 6,181,488,469 (30 June 2008: 4,983,088,469).

1(d) **MOVEMENT IN TREASURY SHARES**

Not applicable.

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:

- FRS 1 (revised 2008): Presentation of Financial Statements
- FRS 23 (revised 2007): Borrowing Costs.
- Amendments to FRS 39: Amendments relating to eligible hedged items.
- FRS 103 (revised Jul 2009) and FRS 27 (revised Jul 2009) : Business Combinations and Separate and Consolidated Financial Instruments
- Amendments to FRS 107 : Financial instruments - improving disclosures and Financial Instruments
- FRS 108 (revised 2009) : operating segments
- Amendments to FRS 27 and FRS 101: Amendments relating to cost of an investment in subsidiary, jointly controlled entity or associate.
- Amendments to FRS 32 and FRS 1 (revised 2008): Financial Instruments: Amendments relating presentation of financial statements - puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 102: Amendments relating to vesting conditions and cancellations
- INT FRS 116: Hedges of a Net Investment in a Foreign Operation.
- INT FRS 117: Distributions of Non-cash Assets to Owners.
- INT FRS 118 Transfer of assets from Customers
- Improvements to FRSs 2008
- Improvements to FRSs 2009

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

| | GROUP | |
|---|---|---|
| | **12 MONTHS ENDED 30/6/09** | **18 MONTHS ENDED 30/6/08** |
| **Loss per share for results from continuing operations attributable to equity holders of the company** | Cents | Cents |
| - Basic | (0.45) | (0.37) |
| - Diluted | (0.45) | (0.37) |

The Group's basic and fully diluted earnings per ordinary share for the 12 months ended 30 June 2009 are calculated based on the weighted average number of ordinary shares in issue during the period: 5,803,910,000 Shares (18 months ended 30 June 2008: 3,943,718,000).

Note: For the financial period ended 30 June 2009 and 30 June 2008, 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.

## 7 NET ASSET VALUE

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 30-Jun-09 | 30-Jun-08 | 30-Jun-09 | 30-Jun-08 |
| | Cents | Cents | Cents | Cents |
| **Net asset value per ordinary share based on issued share capital as at the end of the period** | 0.53 | 0.93 | 0.62 | 0.88 |

## 8 REVIEW OF GROUP PERFORMANCE

| (a) **Revenue** | GROUP 12 MONTHS ENDED 30/6/09 $'000 | 12 MONTHS ENDED 30/6/08 | 6 MONTHS ENDED 30/6/07 | 18 MONTHS ENDED 30/6/08 $'000 | + / (-) % |
|---|---|---|---|---|---|
| US | 72,712 | 73,408 | - | 73,408 | -0.9 |
| Singapore | 2,127 | 3,320 | 2,451 | 5,771 | -63.1 |
| UK | 2,486 | 3,821 | 773 | 4,594 | -45.9 |
| China | 107 | 5 | - | 5 | 2040 |
| **Total** | 77,432 | 80,554 | 3,224 | 83,778 | |

**US Operation**

Deterioration in global economy and commodity prices in general had adversely affected the Group's revenue, particularly on revenue from recovery of precious metal since September 2008.

Due to the timings of inclusion of Metech's and GRX's revenues subsequent to their acquisitions in October 2007 and August 2008 respectively, the revenue of US Operation appeared to be lower marginally as compared to that of comparative period. For comparison purpose only, had the revenue of Metech prior to its acquisition was included, revenue of US Operation for comparative period would have been S$93.1 million instead of S$73.4 million as reported above.

**Singapore Operation**

Lower revenue were primarily due to lower level of activities by Centeonyx and ultimately the winding down of Centeonyx activities arising from the termination joint venture agreement in March 2009.

**UK Operation**

The UK's Waste of Electronic and Electrical Equipment Directive ("WEEE Directive") was implemented in July 2007. As a result, UK Operation increased its revenue significantly in the comparative period. However, the higher revenue in comparative period was also due to fee revenue relating a significant one-time collection of CRT from a failed recycler. Further, UK Operation lost two contracts from supplying recyclers that were significant in the prior period due to exportation of CRTs by these supplying recyclers subsequently.

Since January 2008, UK market also experienced significant downward pressure on treatment fees for CRTs as other competitors continued to lower to their fees to secure volume. Effective March 2009, the Group transfer its CRT processing line in UK to US. As a results, UK Operation ceased to derive revenue from CRT thereafter and shifted its revenue sources from non-CRT materials.

**China Operation**

After successfully applied for restructuring of its share capital and regularised its corporate compliance obligations in Aug 2008, China Operation started its business with recycling of plastics and non-hazardous scraps and derived a small revenue during the quarter, as it focused in developing the market for recycling manufacturing electronic wastes in surrounding area of Wuxi, Jiangsu Province.

## 8 REVIEW OF GROUP PERFORMANCE (cont'd)

| (b) **(Loss) / Profit Before Income Tax** | GROUP 12 MONTHS ENDED 30/6/09 $'000 | GROUP 18 MONTHS ENDED 30/6/08 $'000 | + / (-) % |
|---|---|---|---|
| US | (16,641) | 2,859 | -682.1 |
| Singapore | (8,307) | (13,005) | -36.1 |
| UK | (1,611) | (1,128) | 42.8 |
| China | (2,523) | (2,147) | 17.5 |
| **Total** | (29,082) | (13,421) | |

**US Operation**

Due to significant reduction in revenue from lower volume of precious metals and prices of commodities and excess recovery capacities, the US Operation recorded a loss of S$7.7 million as compared to a profit of S$2.9 million in the comparative period. Arising from the economy slowdown, the Group also revised it's expected return and the projected cashflow during the year and recognised an impairment of S$8.6 million. Consequently, US Operation recorded a total loss of S$16.6 million.

**Singapore Operation**

Singapore Operation's loss for the year included impairment losses totaling S$1.6 million, closure cost of S$0.3 million and a provision for onerous contract of S$1 million arising from termination of joint venture agreement.

In the comparative period, Singapore Operation has recorded significant non-recurring gains associated with sales properties and settlement arising from disputed ownership of materials, totaling S$7.4 million. In addition, a charge of S$12 million relating to claim assertion by a professional firm is also recognised.

**UK Operation**

Due to lower revenue and margin from processing CRT during the year, UK Operation recorded a higher operating loss. It also recorded a restructuring cost of approximately S$0.2 million arising from transferring of CRT processing line to US.

**China Operation**

The loss in the China operation is largely due to pre-operational costs relating to project administrative costs, payroll and depreciation of non-operating assets. Higher loss in current year was mainly due to S$1 million impairment of fixed assets provided when the Group revised its expected return.

## 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

The Group will continue to be adversely affected by the depressed commodity prices and uncertainty in the global economy. In light of uncertainty and risk associated with precious metal recovery business, the Group shall progressively reduce its precious metal business in US and grows it's recycling of End-of-Life electronics as its primary source of activities.

Barring unforeseen circumstances, the Group expects to reduce its operating loss significantly in the next financial year ending 30 June 2010.

*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 for the year ended 30 June 2009 is recommended.

**BY ORDER OF THE BOARD**

**Tan San-Ju**
**Company Secretary**
**Date : 25 August 2009**

## 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 2009 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 August 2009**