

**CENTILLION ENVIRONMENT & RECYCLING LIMITED**  
**UNAUDITED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

*The Company has received waiver from the Singapore Exchange for the announcement of the financial results for the full year ended 31 December 2006. Instead, the Company is required to disclose the Group's financial results for the quarter ended 31 December 2006.*

**1(a) (i) STATEMENT OF PROFIT AND LOSS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

	<b>GROUP 4Q2006 \$'000</b>
<b>Revenue</b>	<b>912</b>
Cost of sales	(1,146)
<b>Gross loss</b>	<b>(234)</b>
Other income	839
Distribution expenses	(83)
Administrative expenses	(2,703)
Other expenses	(268)
<b>Results from operating activities</b>	<b>(2,449)</b>
Finance expense	(70)
<b>Loss before income tax</b>	<b>(2,519)</b>
Income tax expense	-
<b>Loss for the period</b>	<b>(2,519)</b>

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

	<b>GROUP 4Q2006 \$'000</b>
1.1 Results from operating activities are arrived at after charging the following:	
Depreciation and amortisation	578
1.2 Other income comprises:	
Reversal of allowance for inventories	652
Insurance compensation received	70
Gain on disposal of property, plant and equipment	61
Interest Income	47
Reversal of impairment loss on property, plant and equipment	9
	<b>839</b>
1.3 Other expenses comprise:	
Foreign currency exchange loss	208
Inventories written off	43
Provision for doubtful debts	17
	<b>268</b>

1.4 Whilst the Group has just emerged from the judicial management on 3 October 2006, it consolidates its efforts to recover the business. However, the Group records gross loss as the business volume was insufficient to cover its operating costs.

1.5 Administrative expenses comprise largely of payroll and related costs of \$1.3 million and legal and professional fees of \$0.4 million.

1(b)(i) **BALANCE SHEETS**

	GROUP 31/12/2006 \$'000	COMPANY 31/12/2006 \$'000
<b>Current assets</b>		
Cash	6,115	316
Trade receivables	1,617	349
Other receivables	2,919	1,564
Inventories	754	-
	<b>11,405</b>	<b>2,229</b>
<b>Non-current assets</b>		
Property, plant and equipment	28,209	719
Investment properties	-	10,673
Prepaid land use rights	4,482	-
	<b>32,691</b>	<b>11,392</b>
<b>Total assets</b>	<b>44,096</b>	<b>13,621</b>
<b>Current liabilities</b>		
Bank loan	4,326	4,326
Trade payables	1,892	-
Other payables	4,094	1,685
Current portion of finance lease liabilities	444	187
Income tax payable	4,541	1,700
Amount due to related companies	-	1,452
	<b>15,297</b>	<b>9,350</b>
<b>Non-current liabilities</b>		
Deferred payment	9,840	-
Finance lease liabilities	550	-
	<b>10,390</b>	<b>-</b>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	91,716	91,716
Other reserves	1,016	1,327
Accumulated losses	(74,323)	(88,772)
<b>Total equity</b>	<b>18,409</b>	<b>4,271</b>
<b>Total liabilities and equity</b>	<b>44,096</b>	<b>13,621</b>

Property, plant and equipment comprise factory under construction in respect of the plant in Wuxi, People's Republic of China of \$12.2 million and the plant in Singapore of \$8.8 million.

The deferred payment of \$9.8 million relates to the construction costs of the plant in Wuxi.

1(b)(ii) **GROUP BORROWINGS (include finance lease)**

	As at 31/12/2006 \$'000
<b><u>Amount repayable in one year</u></b>	
Secured	4,770
Unsecured	-
	<b>4,770</b>
<b><u>Amount repayable after one year</u></b>	
Secured	550
Unsecured	-
	<b>550</b>

Bank loan amounting to \$4.3 million is secured on leasehold land and building.

Finance lease liabilities totalling \$1.0 million are secured on certain plant and equipment of a subsidiary.

1(b)(iii) **CONTINGENT LIABILITY**

In October 2006, a 60%-owned equity investment of the Company, Citiraya Technology Sdn Bhd (in members' voluntary liquidation) ("CTSB"), issued a letter of demand for the sum of USD1.2 million (approximately S\$2 million) against Centillion in connection with the installation of an electronic recycling facility. If CTSB was successful in its claim, the Group's net outflow is expected to be \$0.8 million. As of date, Centillion has denied CTSB's claim. Accordingly, no further provision has been made in the accounts of the Group for 4Q2006.

1(c) **CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

	<b>GROUP 4Q2006 \$'000</b>
<b>Operating activities</b>	
Loss before income tax	(2,519)
<u>Adjustments:</u>	
Depreciation and amortisation	578
Reversal of allowance for inventories	(652)
Gain on disposal of property, plant and equipment	(61)
Reversal of impairment loss on property, plant and equipment	(9)
Inventories written off	43
Provision for doubtful debts	17
Finance income	(47)
Finance expense	70
Changes in working capital	(2,580)
<u>(Increase) / decrease in working capital:</u>	
Trade and other receivables	(576)
Inventories	388
Trade and other payables	400
Cash used in operations	(2,368)
Interest paid	(70)
Interest received	47
<b>Cash flows in operating activities</b>	<b>(2,391)</b>
<b>Investing activities</b>	
Payment for land use rights	(1,165)
Purchase of plant and equipment	(382)
Proceeds from sale of plant and equipment	68
<b>Cash flows in investing activities</b>	<b>(1,479)</b>
<b>Financing activities</b>	
Repayment of borrowings	(149)
Payment of finance lease liabilities	(50)
<b>Cash flows in financing activities</b>	<b>(199)</b>
Net decrease in cash and cash equivalents	(4,069)
Cash and cash equivalents at beginning of period	10,427
Effect of exchange rate fluctuation on cash held	(243)
Cash and cash equivalents at end of period	<u>6,115</u>

The cash flows in operating activities result from the low business volume during the quarter, while the Group is in its recovery phase. The cash flows in investing activities largely relate to the payment for land use rights in respect of the Wuxi plant.

1(d)(i) **STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2006**

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Accumulated losses \$'000	Total \$'000
At 1 October 2006	91,716	(151)	1,219	(71,804)	20,980
Translation differences relating to financial statements of foreign subsidiaries	-	(160)	-	-	(160)
Net loss for the period	-	-	-	(2,519)	(2,519)
Value of employee services received for issue of share options	-	-	108	-	108
At 31 December 2006	91,716	(311)	1,327	(74,323)	18,409
<b>Company</b>					
At 1 October 2006	91,716	-	1,219	(85,754)	7,181
Net loss for the period	-	-	-	(3,018)	(3,018)
Value of employee services received for issue of share options	-	-	108	-	108
At 31 December 2006	91,716	-	1,327	(88,772)	4,271

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

During 4Q2006, there have been no changes in the Company's share capital.

As at 31 December 2006, there were unexercised options for 15,940,000 of unissued ordinary shares under the ESOS. In addition, pursuant to the Shareholders' approval at the Extraordinary General Meeting on 25 September 2006, there were 1,897,448,344 unissued ordinary shares under the Option granted to the substantial shareholders of the Company.

1(e) **COMPARATIVE STATEMENT**

The Company has received waiver from the Singapore Exchange for the announcement of the Company's financial results for:

- (i) the full year ended 31 December 2004;
  - (ii) the quarters ended 31 March, 30 June and 30 September 2005;
  - (iii) the full year ended 31 December 2005;
  - (iv) the quarters ended 31 March, 30 June and 30 September 2006; and
  - (v) the full year ended 31 December 2006.
- (Collectively, the "Waiver")

Accordingly, no comparative statement for the corresponding period or as at the end of the immediately preceding financial year is presented.

**2 AUDIT**

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

**3 AUDITORS' REPORT**

Not applicable.

**4 ACCOUNTING POLICIES**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted for the audited consolidated financial statements for the year ended 31 December 2003.

## 5 **CHANGES IN ACCOUNTING POLICIES**

The Group and the Company has adopted the following Financial Reporting Standards ("FRS") mandatory for annual financial periods beginning on or after 1 January 2004 that are relevant:

- FRS 1 (revised), Presentation of Financial Statements
- FRS 2 (revised), Inventories
- FRS 8 (revised), Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 10 (revised), Events after the Balance Sheet Date
- FRS 16 (revised), Property, Plant and Equipment
- FRS 17 (revised), Leases
- FRS 24 (revised), Related Party Disclosures
- FRS 27 (revised), Consolidated and Separate Financial Statements
- FRS 28 (revised), Investments in Associates
- FRS 32 (revised), Financial Instruments: Disclosure and Presentation
- FRS 33 (revised), Earnings Per Share
- FRS 36 (revised), Impairment of Assets
- FRS 38 (revised), Intangible Assets
- FRS 39, Financial Instruments: Recognition and Measurement
- FRS 102, Share-based Payment
- FRS 103, Business Combinations

Apart from FRS 102, the adoption of the new or revised FRS did not have any significant impact on the financial statements of the Group.

### **FRS 102, Share-based Payment**

The main impact of FRS 102 on the Group and the Company is the recognition of an expense and a corresponding entry to equity for share options granted to senior executives and general employees, and the recognition of an expense and a corresponding liability for cash-settled share appreciation rights.

The Group and the Company had applied FRS 102 retrospectively and had taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards. As a result, the Group and the Company have applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on 1 January 2005.

Under the transitional provisions of FRS 102, the change in accounting policy has resulted in the following:

- For period since the last audited consolidated financial statements for the year ended 31 December 2003 to 30 September 2006, the cumulative increases in the Group's and the Company's:
  - Employee share option reserve by \$1.2 million;
  - Accumulated losses by \$1.2 million;
- For the quarter ended 31 December 2006, increases in the Group's and the Company's loss for the period by \$0.1 million due to an increase in the employee benefits expense;
- For the quarter ended 31 December 2006, the impacts on the basic and diluted earnings per share are not material.

## 6 **EARNINGS PER ORDINARY SHARE ("EPS")**

	<b>GROUP</b>
	<b>4Q2006</b>
	Cents
EPS based on net profit attributable to shareholders:	
(i) Based on the weighted average number of ordinary shares on issue	(0.40)
(ii) On a fully diluted basis	(0.23)

## 7 **NET ASSET VALUE**

	<b>GROUP</b>	<b>COMPANY</b>
	<b>31/12/2006</b>	<b>31/12/2006</b>
	Cents	Cents
Net asset value per ordinary share based on issued share capital as at end of the period	0.73	0.17

## 8 REVIEW OF GROUP PERFORMANCE

### (a) Revenue

\$'000	4Q2006
Singapore	606
UK	258
China	48
<b>Total</b>	<b>912</b>

The revenue recorded by the Singapore operation resulted from the realisation of values in inventories. Upon the discharge of the Judicial Managers, the Singapore operations continued its efforts in realising values from inventories on hand.

The UK operation, which continued to be operational since it started in 2005, contributes to the 28% of Group's revenue from the recycling of the cathode ray tubes.

Whilst the Wuxi plant is under construction, the China operation generates revenue of \$48,000 from the sale of materials collected.

### (b) Loss Before Income Tax

\$'000	4Q2006
Singapore	1,892
UK	461
China	166
<b>Total</b>	<b>2,519</b>

The loss before income tax of the Singapore operation was largely attributable to corporate and overhead costs. These included payroll and related costs and legal and other professional fees. In addition, as the Singapore operation is in the recovery phase, it also contributes to the operational loss.

In spite of its continuing operating activity in the last two years, the UK operation records loss before income tax as it has not reached its optimal volume.

The loss in the China operation is largely due to the pre-operational costs relating to payroll, depreciation of non-operating assets and insurance costs.

## 9 VARIANCE FROM PROSPECT STATEMENT

No previous prospect statement was made.

## 10 PROSPECT

Given the Waiver received from the Singapore Exchange referred to in paragraph 1(e) above, the Company will be in a position to provide a prospective statement when the results of the financial year ended 31 December 2006 are available.

*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 result 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.*

## 11 DIVIDENDS

No dividend for the quarter ended 31 December 2006 is recommended.

**BY ORDER OF THE BOARD**

**Tan San-Ju**  
**Company Secretary**  
**13/02/2007**

**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 quarter ended 31 December 2006 to be false or misleading.

**On behalf of the Board of Directors**

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

**13/02/2007**

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