

FOURTH QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31/12/2006

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

1(a)(i)

UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2006

	Group	Group		Group	Group	
	4Q 2006	4Q 2005	+/(-) %	FY 2006	FY 2005	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Revenue	40,403	30,990	30.4	110,190	81,406	35.4
Cost of sales	(27,497)	(21,159)	30.0	(71,584)	(48,940)	46.3
Gross profit	12,906	9,831	31.3	38,606	32,466	18.9
Other operating income	2,098	1,237	69.6	3,844	2,753	39.6
Selling and distribution expenses	(1,533)	(711)	115.6	(3,422)	(2,160)	58.4
General and administrative expenses	(4,382)	(1,626)	169.5	(9,460)	(6,321)	49.7
Operating Profit	9,089	8,731	4.1	29,568	26,738	10.6
Impairment loss on investment in associate	(2,554)	-	n.m.	(2,554)	-	n.m.
Finance costs	(246)	(43)	472.1	(633)	(148)	327.7
Share of profit of associates	(27)	468	n.m.	1,861	397	368.8
Profit before tax	6,262	9,156	(31.6)	28,242	26,987	4.7
Income tax expense	(324)	(1,182)	(72.6)	(703)	(1,877)	(62.5)
Profit after tax	5,938	7,974	(25.5)	27,539	25,110	9.7
Attributable to:						
Equity holders of the company	5,093	7,371	(30.9)	24,453	23,348	4.7
Minority interests	845	603	40.1	3,086	1,762	75.1
	<u>5,938</u>	<u>7,974</u>	<u>(25.5)</u>	<u>27,539</u>	<u>25,110</u>	<u>9.7</u>

1(a)(ii)

	Group	Group		Group	Group	
	4Q 2006	4Q 2005	+ / (-)	FY 2006	FY 2005	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<u>Other Credits/(Charges)</u>						
Staff costs	(2,445)	(1,818)	34.5	(5,868)	(4,391)	33.6
Research and development	(1,153)	(114)	911.4	(1,732)	(1,560)	11.0
Depreciation	(605)	(642)	(5.8)	(1,874)	(1,979)	(5.3)
Rental	(128)	(126)	1.6	(573)	(499)	14.8
Exchange differences	(1,359)	(132)	929.5	(1,729)	784	n.m.
Interest income	462	479	(3.5)	1,735	940	84.6
Interest expense on convertible bonds	(220)	-	n.m.	(220)	-	n.m.
Provision for bad debt	(214)	272	n.m.	(214)	296	n.m.

n.m. : 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.

UNAUDITED BALANCE SHEETS

	Group 31/12/2006 \$'000	Group 31/12/2005 \$'000	Company 31/12/2006 \$'000	Company 31/12/2005 \$'000
Fixed assets	18,796	16,157	-	-
Available for sale investment	6,439	-	-	-
Investment in associate	32,668	28,488	-	-
Investment in subsidiaries	-	-	6,900	6,000
	<u>57,903</u>	<u>44,645</u>	<u>6,900</u>	<u>6,000</u>
Current assets				
Trade receivables	48,347	22,190	-	-
Other receivables and prepayments	14,470	8,264	96,629	59,234
Held for trading investment	-	1,261	-	-
Inventories	10,991	6,007	-	-
Cash and cash equivalents	146,238	94,693	73,695	34,043
Pledged bank deposits	243	845	-	-
	<u>220,289</u>	<u>133,260</u>	<u>170,324</u>	<u>93,277</u>
Current liabilities				
Trade payables	14,996	8,396	-	-
Other payables	5,080	11,167	484	200
Bank loan, unsecured	-	6,180	-	-
Income tax payable	643	1,064	96	70
	<u>20,719</u>	<u>26,807</u>	<u>580</u>	<u>270</u>
Net current assets	<u>199,570</u>	<u>106,453</u>	<u>169,744</u>	<u>93,007</u>
Non-current liabilities				
Bank loan	9,545	-	-	-
Convertible loan notes	76,594	-	76,594	-
Deferred income	420	1,333	-	-
	<u>86,559</u>	<u>1,333</u>	<u>76,594</u>	<u>-</u>
Net assets	<u>170,914</u>	<u>149,765</u>	<u>100,050</u>	<u>99,007</u>
Capital and reserves				
Share capital	90,727	9,236	90,727	9,236
Share premium	-	81,491	-	81,491
Other reserves	4,028	5,068	1,156	-
Retained earnings	69,307	50,071	8,167	8,280
	<u>164,062</u>	<u>145,866</u>	<u>100,050</u>	<u>99,007</u>
Minority interests	<u>6,852</u>	<u>3,899</u>	<u>-</u>	<u>-</u>
Total capital and reserves	<u>170,914</u>	<u>149,765</u>	<u>100,050</u>	<u>99,007</u>

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

Amount repayable in one year or less, or on demand

As at 31/12/2006		As at 31/12/2005	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Nil	Nil	Nil	6,180

Amount repayable after one year

As at 31/12/2006		As at 31/12/2005	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,665	82,474	Nil	Nil

The secured borrowings represent bank borrowing from a bank in Jiangxi to the Group's subsidiary, JiangXi New Reyphon Biochemical Co.,Ltd (the "New Reyphon") in PRC. The bank borrowings are secured on machinery and plant of New Reyphon amounting to S\$6,860,000.

The unsecured borrowings represent convertible bonds issued by the Company on 14 December 2006 and bank borrowing of S\$5,880,000. Details of the convertible bonds are set out in paragraph 1(d)(ii).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CASH FLOW STATEMENTS FOR FULL YEAR ENDED 31 DECEMBER 2006

	Group	
	FY 2006 \$'000	FY 2005 \$'000
Cash flow from operating activities:		
Profit before tax	28,242	26,987
Adjustments for:		
Share of profit of associates	(1,861)	(397)
Net fair value loss on financial instruments	-	724
Depreciation of property, plant and equipment	1,874	1,979
Loss on disposal of property, plant and equipment	9	972
Allowance (Writeback) for doubtful debts	214	(296)
Impairment loss on investment in associates	2,554	-
Interest expense	633	148
Interest income	(1,735)	(940)
Operating cash flows before movements in working capital	<u>29,930</u>	<u>29,177</u>
Fixed deposits (pledged to) financial institutions	602	2,386
Trade receivables	(26,371)	(7,170)
Other receivables and prepayments	(6,206)	313
Inventories	(4,984)	(2,705)
Financial assets	-	-
Trade payables	6,600	(1,947)
Other payables	(6,087)	(3,776)
Deferred income	(913)	(29)
Cash (used in) from operations	<u>(7,429)</u>	<u>16,249</u>
Interest received	1,735	940
Income tax paid	(1,124)	(953)
Net cash (used in) from operating activities	<u>(6,818)</u>	<u>16,236</u>
Cash flow from investing activities:		
Purchase of property, plant and equipment	(5,292)	(1,958)
Held for trading investment	1,261	(1,261)
Investment in associates	(11,314)	(19,416)
Net cash used in investing activities	<u>(15,345)</u>	<u>(22,635)</u>
Cash flow from financing activity:		
Net proceeds from issuing shares	-	42,899
Contributions from (to) minority interests	43	(4,951)
Dividends paid	(4,618)	(4,000)
(Repayment of) Proceeds from bank loan	(6,180)	6,180
Net proceeds from convertible loan notes	77,750	-
Proceeds from long-term bank loan	9,545	-
Forward foreign exchange contracts deficit	-	(221)
Interest paid	(633)	(148)
Net cash from financing activities	<u>75,907</u>	<u>39,759</u>
Net effect of exchange rate changes in consolidating subsidiaries	<u>(2,199)</u>	<u>295</u>
Net increase in cash and cash equivalents	51,545	33,655
Cash and cash equivalents at beginning of financial period	<u>94,693</u>	<u>61,038</u>
Cash and cash equivalents at end of financial period	<u><u>146,238</u></u>	<u><u>94,693</u></u>

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.

(1)(d)(i)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Shareholders of the Company									Total equity \$'000
	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Other reserves \$'000	Legal reserves \$'000	Capital reserves \$'000	Translation reserves \$'000	Total \$'000	Minority interest \$'000	
Group										
Balance as at 1 January 2006	9,236	81,491	50,071	1,500	3,889	-	(321)	145,866	3,899	149,765
Adjustment arising from abolition of par value of shares	81,491	(81,491)	-	-	-	-	-	-	-	-
Profit for the period	-	-	5,516	-	-	-	-	5,516	350	5,866
Currency translation differences	-	-	-	-	-	-	(1,403)	(1,403)	(74)	(1,477)
Balance as at 31 March 2006	90,727	-	55,587	1,500	3,889	-	(1,724)	149,979	4,175	154,154
Profit for the period	-	-	5,604	-	-	-	-	5,604	969	6,573
Dividend paid	-	-	(4,618)	-	-	-	-	(4,618)	-	(4,618)
Currency translation differences	-	-	-	-	-	-	(1,043)	(1,043)	(197)	(1,240)
Balance as at 30 June 2006	90,727	-	56,573	1,500	3,889	-	(2,767)	149,922	4,947	154,869
Profit for the period	-	-	8,240	-	-	-	-	8,240	922	9,162
Transfer to legal reserves	-	-	(599)	-	599	-	-	-	-	-
Payment to minority interests	-	-	-	-	-	-	-	-	(1,627)	(1,627)
Currency translation differences	-	-	-	-	-	-	875	875	249	1,124
Balance as at 30 September 2006	90,727	-	64,214	1,500	4,488	-	(1,892)	159,037	4,491	163,528
Profit for the period	-	-	5,093	-	-	-	-	5,093	845	5,938
Contribution from minority interests	-	-	-	-	-	-	-	-	1,670	1,670
Equity component of convertible loan notes	-	-	-	-	-	1,156	-	1,156	-	1,156
Currency translation differences	-	-	-	-	-	-	(1,224)	(1,224)	(154)	(1,378)
Balance as at 31 December 2006	90,727	-	69,307	1,500	4,488	1,156	(3,116)	164,062	6,852	170,914

Balance as at 1 January 2005	8,000	39,828	31,054	1,500	3,558	-	(1,226)	82,714	7,020	89,734
Profit for the period	-	-	4,136	-	-	-	-	4,136	224	4,360
Transfer to legal reserves	-	-	(1,108)	-	1,108	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	210	210	10	220
Balance as at 31 March 2005	8,000	39,828	34,082	1,500	4,666	-	(1,016)	87,060	7,254	94,314
Profit for the period	-	-	4,848	-	-	-	-	4,848	710	5,558
Dividend paid	-	-	(4,000)	-	-	-	-	(4,000)	-	(4,000)
Currency translation differences	-	-	-	-	-	-	634	634	100	734
Balance as at 30 June 2005	8,000	39,828	34,930	1,500	4,666	-	(382)	88,542	8,064	96,606
Profit for the period	-	-	6,993	-	-	-	-	6,993	225	7,218
Currency translation differences	-	-	-	-	-	-	1,336	1,336	45	1,381
Balance as at 30 September 2005	8,000	39,828	41,923	1,500	4,666	-	954	96,871	8,334	105,205
Issue of share capital	1,236	41,663	-	-	-	-	-	42,899	-	42,899
Profit for the period	-	-	7,371	-	-	-	-	7,371	603	7,974
Transfer to legal reserves	-	-	777	-	(777)	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	(4,951)	(4,951)
Currency translation differences	-	-	-	-	-	-	(1,275)	(1,275)	(87)	(1,362)
Balance as at 31 December 2005	9,236	81,491	50,071	1,500	3,889	-	(321)	145,866	3,899	149,765

Company	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Capital reserves \$'000	Total \$'000
Balance as at 1 January 2006	9,236	81,491	8,280	-	99,007
Transfer to share capital	81,491	(81,491)	-	-	-
Profit for the period	-	-	106	-	106
Balance as at 31 March 2006	90,727	-	8,386	-	99,113
Profit for the period	-	-	163	-	163
Dividend paid	-	-	(4,618)	-	(4,618)
Balance as at 30 June 2006	90,727	-	3,931	-	94,658
Profit for the period	-	-	121	-	121
Balance as at 30 September 2006	90,727	-	4,052	-	94,779
Profit for the period	-	-	4,115	-	4,115
Equity components of convertible bonds	-	-	-	1,156	1,156
Balance as at 31 December 2006	90,727	-	8,167	1,156	100,050
Balance as at 1 January 2005	8,000	39,828	6,084	-	53,912
Profit for the period	-	-	335	-	335
Balance as at 31 March 2005	8,000	39,828	6,419	-	54,247
Profit for the period	-	-	430	-	430
Dividend paid	-	-	(4,000)	-	(4,000)
Balance as at 30 June 2005	8,000	39,828	2,849	-	50,677
Profit for the period	-	-	88	-	88
Balance as at 30 September 2005	8,000	39,828	2,937	-	50,765
Issue of new shares	1,236	41,663	-	-	42,899
Profit for the period	-	-	5,343	-	5,343
Balance as at 31 December 2005	9,236	81,491	8,280	-	99,007

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 14 December 2006, the company issued zero coupon convertible bonds maturing 5 years from the issue date at an issue price of 100% of the principal amount of S\$80,000,000. The Bonds may be converted into fully paid ordinary shares of the Company, at the option of the holder thereof, at any time on and after 20 December 2006 up to the close of business on 23 November 2011 or if such Bond shall have been called for redemption before 14 December 2011, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof.

The conversion price for the Bonds is S\$1.25 per share subject to adjustment in certain events, including the following: (a) consolidation, subdivision or reclassification of the Company's ordinary shares, (b) capitalisation of profits or reserves, (c) capital distribution, (d) rights issue of the Company's shares or option over shares, (e) rights issue of other securities, or (f) other offers to the Company's shareholders. Based on the conversion price of S\$1.25 per share, the Bonds in the aggregate principal amount of S\$80,000,000 can be converted into 64,000,000 ordinary shares of the company.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed by the Company at the outstanding principal amount plus redemption interest of 30.5% of its outstanding principal amount on 14 December 2011 (the "Maturity Date").

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

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

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

Not applicable.

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

The same accounting policies and methods of computation as in the our company most recently audited annual financial statements have been applied, except for the inclusion of accounting policy on convertible loan notes.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound

instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. Interest expense is added to the carrying amount of the convertible loan notes.

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

Earnings Per Share

	Group FY 2006	Group FY 2005
Earnings per ordinary share after deducting any provision for preference dividends were:		
Based on the weighted average number of ordinary shares in issue; and	5.30 cents	5.62 cents
On a fully diluted basis	5.30 cents	5.62 cents

The calculation of basic earnings per ordinary share is based on the weighted average number of ordinary shares outstanding during the period of 461,780,000 (31/12/2005: 415,445,000 shares).

The effect of convertible loan notes is anti-dilutive and hence has not been taken into account for the calculation of diluted earnings per share for both periods.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

Net Asset Value

	Group 31/12/2006	Group 31/12/2005	Company 31/12/2006	Company 31/12/2005
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital as at the end of the financial period	35.53	31.59	21.67	21.44

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement

4QFY06

For 4QFY06 the Group's sales increased by 30.4% year-on-year from S\$31.0 million to S\$40.4 million, due to contribution from infrastructural work relating to the project for the Chemical Industrial Park in Lianyungang, strong demand for our process/engineering services in non-pharmaceutical applications and contribution from rosin products.

Gross profit was up by 31.3% to S\$12.9 million in 4QFY06 from S\$9.8 million in 4QFY05 as a result of growth in revenue and improved gross profit margin. Gross margin marginally improved from 31.7% in 4QFY05 to 31.9% in 4QFY06.

Selling and distribution expenses increased 115.6% year-on-year from S\$0.7 million in 4QFY05 to S\$1.5 million in 4QFY06 due to higher sales, increased marketing activities and increased sales tax. General administrative expenses increased by 169.5% from S\$1.6 million in 4Q2005 to S\$4.4 million in 4QFY06 mainly due to higher foreign exchange loss of S\$ 1.2 million and increased R&D expenditure during the quarter.

Consequently, operating profit increased by 4.1% year-on-year to S\$9.1 million.

Profit contribution from associate companies was a small loss in 4QFY06 compared to S\$0.5 million in 4QFY05. While earnings improvement in 50% owned Microdyn Nadir improved, it was offset mainly by lower profit contribution from 30% owned Shandong Tianli Bio-chemical Co. Ltd and start-up loss incurred in our 50% owned associate company Siphon (Ji An) Biochemical Technology and Development Co., Ltd.

Profit before tax declined by 31.6% year-on-year from S\$9.2 million in 4QFY05 to S\$6.3 million in 4QFY06 due to S\$2.6 million one-off impairment in the value of our investment in Pharmesis International Limited, lower profit contribution from associate companies and higher finance cost. Without the impairment, the profit before tax would have marginally declined by 3.7% year-on-year.

The Group's effective income tax rate in 4QFY06 was 5.2%, compared to 12.9% in 4QFY05 mainly due to tax exemption enjoyed by some subsidiaries in China.

FY2006

The Group's sales for FY2006 increased by 35.4% from S\$81.4 million to S\$110.2 million due to contribution from infrastructural work relating to the project for Chemical Industrial Park in Lianyungang, strong demand for our process/engineering services in non-pharmaceutical applications and contribution from rosin products. The growth was driven by both the membrane process/ engineering business and nutraceutical manufacturing business, whose revenue increased 39.9% and 27.8% respectively.

Gross profit was up by 18.9% to S\$38.6 million in FY2006 from S\$32.5 million in FY2005 mainly due to higher revenue. Gross margin declined from 40% in FY2005 to 35% in FY2006 due mainly to change in customer mix in process and engineering business.

Selling and distribution expenses increased 58.4% to S\$3.4 million as a result of increased sales and increased marketing activities. General and administrative expenses increased by 49.7%, largely due to a S\$1.7 million foreign exchange loss in FY2006 compared with a foreign exchange gain of S\$ 0.8m million in FY2005.

Profit from associate companies surged to S\$1.9 million from S\$0.4 million in FY2005 due to the full years contribution from our 30% owned Shandong Tianli Biochem Co. and earnings turnaround in 50% owned Microdyn Nadir.

Profit before tax improved by 4.7% from S\$27.0 million to S\$28.2 million, despite the S\$ 2.6 million impairment charge in the value of our investment. However, if S\$2.6 million investment impairment charge is excluded, the profit before tax would grow by 14.1%. This is mainly due to profit contribution from our downstream nutraceutical manufacturing business and profit contribution from our associate companies Microdyn Nadir and Shandong Tianli Biochem Co..

The Group's effective income tax rate in FY2006 was 2.5%, compared to 7.0% in FY2005 mainly due to tax exemption enjoyed by some subsidiaries in China.

Balance Sheet

As at 31 December, 2006, the group had cash and cash equivalents of S\$146.2 million and a gross debt of S\$86.1 million arising from the issue of S\$ 80 million convertible bonds. The group is in a net cash position of S\$60.1 million or 13.0 cents per share.

Compared to 31 December 2005, trade receivables as at 31 December 2006, increased 118.0% to S\$48.3 million mainly due to increase sales and timing of project completion. The Group's other receivables and prepayments increased from S\$8.3 million to S\$14.5 million mainly due to more prepayment made to suppliers for production materials, components. Inventories increased from S\$6.0 million as at 31 December 2005 to S\$11.0 million as at 31 December 2006 due to requirement of business expansion.

Cash Flow

Cash flow from operation was an out flow of S\$6.8 million due primarily to the increase in trade receivables, other receivables and prepayments and inventories. Cash used in Investment was S\$15.3 million, mainly for payment of paid-up capital for two associated companies in China. S\$75.9 million cash inflow related to financing activities was mainly due to issue S\$80 million convertible bond during the period. Overall, cash and cash equivalents increased by S\$51.5 million resulting in a cash balance of S\$146.2 million as at 31 December 2006.

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

There is no variance between the actual results as compared to that disclosed in the previous announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known

factors or events that may affect the group in the next reporting period and the next 12 months.

While the membrane based engineering/process industry is expected to remain competitive going forward, we are optimistic that we will be able to maintain our technology leadership through our strong commitment on research and development of new processes. For the fiscal year ended 31 December 2007, we expect our expansion into non-pharmaceutical applications such as wastewater treatment, iron and steel acid washing wastewater recovery to provide a significant driver to our growth.

Our new plant in Ji An, Jiangxi Province, China is expected to start producing gibberellins in this year.

Microdyn Nadir Xiamen commenced production in December 2006. Consequently, we will ramp up production to take leverage on the low production cost in China. In addition, our new joint venture with ItN Nanovation AG, German listed company specializing in nano-coating technology development, for the production of ceramic membranes will enable Sinomem to tap into the market for the ceramic membranes which are gaining increasing popularity in certain industries such as petrochemical.

We also see the potential of applying our proprietary MBR technology in wastewater recycling in the northern part of China where the severe water scarcity makes wastewater recycling an effective solution to increase water supply.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes

Name of dividend	:	Ordinary dividend
Dividend type	:	Final dividend
Dividend amount per share (in cents)	:	1 cent per share
Tax rate	:	One tier tax exempt

15. Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

31 December 2006	Process & Engineering \$'000	Infrastructure engineering \$'000	Downstream \$'000	Eliminations \$'000	Group \$'000
Revenue					
External sales	47,607	23,314	39,269	-	110,190
Inter-segment sales	3,572	-	-	(3,572)	-
Total revenue	51,179	23,314	39,269	(3,572)	110,190
Segment results	12,120	7,558	9,890	-	29,568
Financial costs					(633)
Impairment loss on investment					(2,554)
Share of results of associate					1,861
Income tax expense					(703)
Profit for the year					27,539
Balance sheet					
Segment assets	222,954	25,016	30,222	-	278,192
Segment liabilities	7,596	9,093	13,995	-	30,684
Unallocated liabilities					76,594
Total liabilities					107,278
Other segment information					
Capital expenditure	4,269	13	1,010	-	5,292
Depreciation	1,248	1	625	-	1,874
31 December 2005					
	Membrane Process & Engineering \$'000	Nutraceutical \$'000	Eliminations \$'000		Group \$'000
Revenue					
External sales	51,957	29,449	-		81,406
Inter-segment sales	224	-	(224)		-
Total revenue	52,181	29,449	(224)		81,406
Segment results	22,158	4,580			26,738
Financial costs					(148)
Share of results of associate					397
Income tax expense					(1,877)
Profit for the year					25,110
Balance sheet					
Segment assets	155,585	22,320			177,905
Segment liabilities	10,850	17,290			28,140
Other segment information					

Capital expenditure	1,344	614	1,958
Depreciation	1,261	718	1,979

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.

Please refer to section 8

15. A breakdown of sales.

		Group S\$'000 31/12/2006	Group S\$'000 31/12/2005	% increase
(a)	Sales reported for first half year	41,830	33,860	24
(b)	Profit before deducting minority interest reported for first half year	12,439	9,918	25
(c)	Sales reported for second half year	68,360	47,546	44
(d)	Profit before deducting minority interest reported for first half year	15,100	15,192	-0.0

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

		Latest full year 31/12/2006	Previous full year 31/12/2005
(a)	Ordinary	\$4,617,800	\$4,000,000
(b)	Preference	0	0
	Total	\$4,617,800	\$4,000,000

BY ORDER OF THE BOARD

LOW MEI MEI, MAUREEN
Company Secretary