

(Company Registration No. 199206445M)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (“1QFY2014”)

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY RESULTS

1(a)(i). A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

		Group		Inc/(Dec) %
		1Q FY2014 S\$'000	1Q FY2013 S\$'000	
	Note 8(a)			
Revenue	(i)	8,552	5,926	44.3
Cost of sales		(6,768)	(5,216)	29.8
Gross profit	(ii)	1,784	710	151.3
Gross margin	(ii)	20.9%	12.0%	8.9
Other income	(iii)	368	491	(25.1)
Distribution expenses	(iv)	(445)	(486)	(8.4)
Administrative expenses	(v)	(1,558)	(1,161)	34.2
Finance costs		(10)	(11)	(9.1)
Profit on operating activities		139	(457)	(130.4)
Share of results of associates	(vi)	13	-	nm
Profit/(loss) before income tax		152	(457)	(133.3)
Income tax expense		(13)	-	nm
Profit/(loss) from continuing operations	(vii)	139	(457)	(130.4)
Discontinued operations	(viii)	-	(328)	(100.0)
Profit/(loss) after income tax		139	(785)	(117.7)

1(a)(i). A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

	Group		Inc/(Dec) %
	1Q FY2014 S\$'000	1Q FY2013 S\$'000	
Profit/(loss) for the period	139	(785)	(117.7)
Other comprehensive loss:			
Foreign currency translation difference	(124)	(177)	(29.9)
Total comprehensive profit/(loss) for the year attributable to the owners of the company	15	(962)	(101.6)

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1(a)(ii). The net profit/(loss) attributable to shareholders includes the following charges/(credits)

	Group		Inc/(Dec) %
	1Q FY2014 S\$'000	1Q FY2013 S\$'000	
1.1 Profit/(loss) before income tax is arrived at after charging the following:			
Depreciation of property, plant and equipment	154	105	46.7
Operating lease expenses	804	823	(2.3)
Exchange loss	-	128	(100.0)
Interest expense	10	11	(9.1)
1.2 Other income comprises principally the following:			
Unrealised gain on future contract	108	228	(52.6)
Unrealized foreign exchange gain	17	-	nm
Rental income	259	256	1.2

1(b)(i). A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		Group		Company	
		Unaudited 30-Sep-13 S\$'000	Audited 30-Jun-13 S\$'000	Unaudited 30-Sep-13 S\$'000	Audited 30-Jun-13 S\$'000
ASSETS	Note 8(b)				
Non-Current Assets					
Property, plant and equipment	(i)	6,225	6,237	-	-
Subsidiaries		-	-	*	*
Associate	(ii)	2,218	2,205	1,879	1,879
Restricted cash held in trust	(iii)	670	680	-	-
Trade and other receivables	(i)	132	138	-	4,916
		<u>9,245</u>	<u>9,260</u>	<u>1,879</u>	<u>6,795</u>
Current Assets					
Inventories	(iv)	1,254	600	-	-
Trade and other receivables	(v)	8,271	8,707	7,380	3,443
Cash and cash equivalents		6,412	6,110	5,899	5,486
		<u>15,937</u>	<u>15,417</u>	<u>13,279</u>	<u>8,929</u>
Total Assets		<u>25,182</u>	<u>24,677</u>	<u>15,158</u>	<u>15,724</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		168,284	168,284	168,284	168,284
Other reserves	(vi)	2,686	2,810	2,447	2,447
Accumulated losses		(151,008)	(151,147)	(156,338)	(155,833)
Total Equity		<u>19,962</u>	<u>19,947</u>	<u>14,393</u>	<u>14,898</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	(vii)	5,220	4,730	765	826
Total Liabilities		<u>5,220</u>	<u>4,730</u>	<u>765</u>	<u>826</u>
Total Equity and Liabilities		<u>25,182</u>	<u>24,677</u>	<u>15,158</u>	<u>15,724</u>

* Less than S\$1000

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

The Group has no external debt and borrowing as of 30 September 2013 and 30 June 2013.

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

	GROUP	
	1QFY2014	1QFY2013
	S\$'000	S\$'000
Operating activities		
Profit/ (Loss) for the period	152	(785)
<i>Adjustments:</i>		
Depreciation and amortization	154	105
Share of results of associate	(13)	-
Gain on disposal of non-current asset	-	(1)
Unrealised exchange (gain)/loss	(17)	128
Unrealised gain on investment on future contracts	(108)	(228)
Interest expense	10	11
	<u>178</u>	<u>(770)</u>
Changes in working capital		
Trade and other receivables	(1,645)	2,252
Inventories	(654)	(288)
Cash encumbered	-	20
Trade and other payables	476	(2,259)
Cash used in operations	<u>(1,645)</u>	<u>(1,045)</u>
Interest paid	(10)	(11)
Cash flows used in operating activities	<u>(1,655)</u>	<u>(1,056)</u>

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

	GROUP	
	1QFY2014	1QFY2013
	S\$'000	S\$'000
Investing activities		
Proceeds from disposal of subsidiary	2,195	-
Purchase of plant and equipment	(239)	-
Proceeds from sale of plant, property and equipment	-	15
Cash flows from investing activities	1,956	15
Financing activities		
Repayment of borrowings	-	(2,600)
Cash flows used in financing activities	-	(2,600)
Net increase/(decrease) in cash and cash equivalents	301	(3,641)
Cash and cash equivalents at beginning of period	6,110	6,721
Effect of exchange rate fluctuation on cash held	1	(3)
Cash and cash equivalents at end of period	6,412	3,077

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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.

	Share Capital	Currency Translation Reserve	Warrant Reserve	Accumulated Losses	Total Equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2012	158,563	383	2,447	(152,857)	8,536
Total comprehensive income for the period					
Foreign currency translation	-	(177)	-	-	(177)
Loss for the period	-	-	-	(785)	(785)
Total comprehensive loss for the period	-	(177)	-	(785)	(962)
At 30 September 2012	158,563	206	2,447	(153,642)	7,574
At 1 July 2013	168,284	363	2,447	(151,147)	19,947
Total comprehensive income for the period					
Foreign currency translation - foreign operations	-	(124)	-	-	(124)
Profit for the period	-	-	-	139	139
Total comprehensive profit for the period	-	(124)	-	139	15
Issue of shares from conversion of warrants	*	-	*	-	*
At 30 September 2013	168,284	239	2,447	(151,008)	19,962

* Less than S\$1000

	Share Capital	Currency Translation Reserve	Warrant Reserve	Accumulated Losses	Total Equity
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2012	158,563	-	2,447	(152,472)	8,538
Total comprehensive income for the period					
Loss for the period	-	-	-	(331)	(331)
Total comprehensive loss for the period	-	-	-	(331)	(331)
At 30 September 2012	158,563	-	2,447	(152,803)	8,207
At 1 July 2013	168,284	-	2,447	(155,833)	14,898
Total comprehensive income for the period					
Loss for the period	-	-	-	(505)	(505)
Total comprehensive loss for the period	-	-	-	(505)	(505)
Issue of shares from conversion of warrants	*	-	*	-	*
At 30 September 2013	168,284	-	2,447	(156,338)	14,393

* Less than S\$1000

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

	<u>No. of shares</u>	<u>Share capital</u> S\$'000
As at 1 July 2013	2,183,388,570	168,284
Increase in shares from conversion of w warrants	6,000	*
As at 30 September 2013	<u>2,183,394,570</u>	<u>168,284</u>

* Below S\$1000.

There are 827,231,580 ordinary shares that may be issued on conversion of all outstanding warrants as at 30 September 2013 (30 September 2012: 827,346,380).

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2013, the number of ordinary shares issued was 2,183,394,570 (30 June 2013: 2,183,388,570).

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

There are no treasury shares issued during the quarter and as at 30 September 2013.

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 Group has applied the same accounting policies and methods of computation in the current reporting period's financial statements as compared with the audited financial statements for the year ended 30 June 2013.

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.

The Group has adopted the Singapore Financial Standards ("SFRS") including improvements to SFRS and interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2013, where applicable, the application of these standards has no significant impact on the Group.

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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:-

Earning/(loss) per share for the Group attributable to equity holders of the Company
 - Basic (continuing operations)
 - Basic (discontinued operations)

Group	
1QFY2014	1QFY2013
cents	cents
0.0064	(0.0276)
NA	(0.0198)

Basic earnings per share were calculated based on the weighted average number of ordinary shares of 2,183,389,027 and 1,654,692,760 for 1Q FY2014 and 1Q FY2013 respectively.

7. Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) Current financial period reported on; and
- (b) Immediately preceding financial year.

NAV based on issued share capital as at the end of the period

Group		Company	
30-Sep-13	30-Jun-13	30-Sep-13	30-Jun-13
Cents	Cents	Cents	Cents
0.914	0.914	0.659	0.682

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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.

(i) Revenue

For the quarter ended 30 September 2013 ("1QFY2014"), the Group's revenue increased by 44.3% year-on-year ("yoy") to S\$8.6 million. This was due to an overall increase in the volume of waste materials processed and a better product mix. While the Group continues to grow its anchored corporate clientele base which includes IT vendors, telecommunications service providers, semi-conductor and PCB manufacturers, it also covers a range of municipal customers which include hospitals, schools and the local communities.

The Group's US operations accounted for 81% of the Group's revenue and continued to drive growth for the Group as a result of the reorganization of its production processes, increased automation in its plants, an overall increase in volume of waste materials processed and a better product mix in 1Q FY2014 compared to 1Q FY2013.

The Group's Singapore operations accounted for the remaining 19% of the Group's continuing operations' revenue.

(ii) Gross Profit

The Group reported a gross profit of approximately S\$1.8 million for 1Q FY2014 compared to S\$710,000 in 1Q FY2013 due to the following reasons:

- A better product mix of electronic materials received, consisting of higher quality electronic components that were able to yield higher recovery values; and
- The increased use of automation in plants and reorganization in production processes.

Expenses and Other Income

The Group started the practice of commodity trading and hedging in 2013 and recorded an income of approximately S\$108,000 for 1QFY2014.

- (iii)** Other income in 1Q FY2014 consist mainly of commodity trading income of S\$108,000 and rental income of S\$259,000. The decrease was due to a decrease in income from commodity trading by approximately S\$120,000 in 1Q FY2014 compared to 1Q FY2013.
- (iv)** Distribution expenses decreased by 8.4% yoy to S\$445,000 in 1Q FY2014 as a result of lower distribution expenses incurred in the US operations in 1Q FY2014, partly due to cost reduction undertaken in Q1 FY2014.
- (v)** Administrative expenses increased by 34.2% yoy to S\$1.6 million in 1Q FY2014. This difference was mainly due to the increase in executive management in the US and in Singapore of approximately S\$100,000, an increase in the overhead incurred for Singapore operations due to the increase in activities in the facility for the Precious Metal Recovery operations of approximately S\$257,000 and an increase due to the one-off costs incurred for marketing and business development initiatives, and the Business and Analysis Planning Workshop in the US in 1Q FY2014 of approximately S\$50,000.
- (vi) Share of associates profits**
This is the share of the Group's profit in its associated company for 1Q FY2014.
- (vii) Profit from continuing operations**
As a result of the above, net profit for continuing operations reported profits of S\$139,000 for 1Q FY2014, compared to losses of S\$457,000 in the previous corresponding quarter.

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(viii) Discontinued operations

The loss amounting to S\$328,000 in 1Q FY2013 from discontinued operations were from the operating results of the Group's discontinued operations in Europe for the same period.

Balance Sheet

- (i) There were no material movements in these balance sheet accounts.
- (ii) Investment in associates was the 49% shareholding and the Group's share of results in the associated company.
- (iii) Restricted cash held in trust was the regulatory obligations imposed on the fund for reinstatement costs for the facility in California and Utah.
- (iv) Inventories increased by approximately S\$654,000 to S\$1.3 million as at 30 September 2013 due mainly to the high volume of municipal waste collected in September 2013 that were in the progress of processing and shipping.
- (v) Trade and other receivable decreased by S\$436,000 to S\$8.3 million as at 30 September 2013 due to the proceeds of approximately S\$2.2 million from the disposal of Tonkin Recycling Pte Ltd, offset by the increase in trade receivables due to the increase in revenue.
- (vi) The other reserves consisted of S\$2.5 million in warrants reserves and S\$0.2 million in foreign exchange translation reserve.
- (vii) Trade and other payables increased by approximately S\$490,000 to S\$5.2 million in 1Q FY2014. The increase was in line with the increase in operations.

Cash flow statement

The Group's cash and cash equivalents as of 30 September 2013 increased by approximately S\$302,000.

Net cash used in operating activities increased by S\$0.6 million to S\$1.7 million in 1Q FY2014 largely due the slowing down of payments in trade payables.

Net cash from investing activities increased by S\$2.0 million in 1Q FY2014 due mainly to the proceeds from the disposal of Tonkin Recycling Pte Ltd.

There was no cash flows from financing activities in 1Q FY2014. There was however a repayment of borrowing in 1Q FY2013.

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

No variance from previous prospect statement made.



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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.

Please refer to Section 10 in the "UNAUDITED FOURTH QUARTER AND TWELVE MONTHS PERIOD FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013" for the details of the Group's 4Rs growth strategy.

As the Group continues to build on its strengths in the Recycling and Recovery segments, there is a need to further diversify and expand revenue streams. As such, METech is pleased to announce that it launched its Reuse business unit in the U.S. in October 2013. The Reuse business, which essentially refurbishes electronics for the purpose of resale to secondary markets, is a growing segment. According to IDC, equipment for the reuse market contributes 39% of the electronic waste industry's output¹.

METech is leveraging its existing facility in Gilroy, California for this Reuse business to ensure a low cost-to-entry. Other investments to set up the Reuse business include a new laboratory, systems & processes and recruitment of experienced engineers.

With regards to its "Repair" business, which focuses on the restoration of useful electronic products, the Group continues to seek inorganic growth opportunities in order to add this service to its existing portfolio and value chain.

Barring unforeseen circumstances, the Directors of the Company are cautiously optimistic that the Group will sustain its growth momentum.

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.

¹ IDC Survey, Inside the U.S. Electronics Recycling Industry, September 2011

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11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date of payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend is recommended for the period under review.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from its shareholders.

14. Use of proceeds from Rights cum Warrants issuance

(a) Use of Proceeds from Rights cum Warrants Issuance

As of 31 October 2013, the Company has a balance of S\$407,000 from the Rights cum Warrant issue available for the expansion of business in the US and other operations. The proceeds were not used during the period 1 August 2013 to 31 October 2013.

(b) Use of Proceeds from shares placement completed on 11 April 2013

The Company completed a shares placement on 11 April 2013, and the net proceeds from the placement shares amounted to S\$7,045,800.

The proceeds were not used during the period 1 August 2013 to 31 October 2013.



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15. Statement by Directors

Negative confirmation pursuant to Rule 705(5)

We, Song Tang Yih and Andrew Eng, being two Directors of Metech International 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 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Song Tang Yih

Executive Chairman

11 November 2013

Andrew Eng

President and Executive Director