

(Company Registration No. 199206445M)

**UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015
("1Q2016").**

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR FIRST QUARTER 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) %
		1Q2016 S\$'000	1Q2015 S\$'000	
	Note 8(a)			
Revenue	(i)	11,634	9,885	17.7
Cost of sales		(12,383)	(9,701)	27.7
Gross (loss)/profit	(ii)	(749)	184	nm
Gross (loss)/margin	(ii)	(6.4) %	1.9 %	nm
Other income - net	(iii)	1,039	26	nm
Distribution expenses	(iv)	(288)	(389)	(26.0)
Administrative expenses	(v)	(1,272)	(1,265)	0.6
Finance costs		(42)	(19)	nm
Loss before income tax		(1,312)	(1,463)	nm
Income tax expense		(5)	(1)	nm
Loss after income tax	(vi)	(1,317)	(1,464)	(10.0)
Other comprehensive (loss)/profit:				
Foreign currency translation difference		(46)	65	nm
Total comprehensive loss for the period attributable to the owners of the company		(1,363)	(1,399)	(2.6)

nm = not meaningful

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

	Group		
	1Q2016	1Q2015	Inc/(Dec)
	S\$'000	S\$'000	%
1.1 Loss before income tax is arrived at after charging the following:			
Depreciation of property, plant and equipment	235	274	(14.2)
Operating lease expenses	778	790	(1.5)
Interest expense	42	19	nm
1.2 Other income -net comprises principally the following:			
Rental income	50	63	(20.6)
Loss on future contract	(94)	(24)	nm
Gain on foreign exchange	172	12	nm
Loss on disposal of plant and equipment	(1)	-	nm
Net change in fair value on derivative financial instrument	-	(185)	nm
Net change in fair value on financial assets designated at fair value through profit or loss ("FVTPL")	-	(132)	nm
Gain on sale of Available For Sale ("AFS") quoted securities	-	286	nm
Recoveries from insurance claim	906	-	nm
Miscellaneous income	6	6	nm

nm = not meaningful

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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-15 S\$'000	Audited 30-Jun-15 S\$'000	Unaudited 30-Sep-15 S\$'000	Audited 30-Jun-15 S\$'000
ASSETS	Note 8(b)				
Non-Current Assets					
Property, plant and equipment	(i)	7,230	7,441	15	16
Subsidiaries		-	-	1,200	1,200
Restricted cash held in trust	(ii)	342	315	-	-
Trade and other receivables		-	-	15,636	14,633
Other financial asset	(iii)	511	511	511	511
		<u>8,083</u>	<u>8,267</u>	<u>17,362</u>	<u>16,360</u>
Current Assets					
Inventories	(iv)	3,108	2,758	-	-
Trade receivables	(v)	4,335	5,416	-	-
Other receivables	(vi)	3,448	3,080	829	777
Other financial assets	(vii)	137	9	137	9
Cash and cash equivalents		2,237	966	578	80
		<u>13,265</u>	<u>12,229</u>	<u>1,544</u>	<u>866</u>
Total Assets		21,348	20,496	18,906	17,226
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		172,335	172,335	172,335	172,335
Other reserves	(viii)	328	374	-	-
Accumulated losses		(161,051)	(159,734)	(156,305)	(155,780)
Total Equity		11,612	12,975	16,030	16,555
LIABILITIES					
Non-Current Liabilities					
Finance lease liabilities		66	66	-	-
Current Liabilities					
Trade and other payables	(ix)	9,620	7,388	2,876	671
Finance lease liabilities		50	67	-	-
		<u>9,670</u>	<u>7,455</u>	<u>2,876</u>	<u>671</u>
Total Liabilities		9,736	7,521	2,876	671
Total Equity and Liabilities		21,348	20,496	18,906	17,226

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

The Group had no external debt and borrowing as of 30 September 2015 and 30 June 2015.

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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.

	Group	
	1Q2016	1Q2015
	S\$'000	S\$'000
Cash flows from operating activities		
Net loss before tax	(1,312)	(1,463)
Adjustments for:		
Reversal of inventory written down	(253)	-
Depreciation and amortisation	235	274
Loss on disposal of property, plant and equipment	1	-
Interest expense	42	19
Gain on sale of Available For Sale quoted securities	-	(286)
Miscellaneous income	-	(6)
Net change in fair value on derivative financial instrument	-	185
Net change in fair value on financial assets designated at fair value through profit & loss ("FVTPL")	-	132
(Gain)/Loss on future contracts	(137)	42
Gain on foreign exchange	(27)	(12)
Operating cash flows before changes in working capital	<u>(1,451)</u>	<u>(1,115)</u>
Before working capital changes:		
Inventory	(97)	(1,744)
Trade and other receivables	877	2,788
Restricted cash held in trust	(27)	(6)
Trade and other payables	<u>(1,169)</u>	<u>(261)</u>
Cash used in operating activities	<u>(1,867)</u>	<u>(338)</u>
Interest paid	<u>(42)</u>	<u>(19)</u>
	<u>(1,909)</u>	<u>(357)</u>
Cash flows from investing activities		
Acquisition of plant, property and equipment	(26)	(1,880)
Proceeds from sale of plant, property and equipment	1	-
Proceeds from sale of AFS quoted securities	-	1,000
Acquisition of other financial asset	(128)	-
Net cash used in investing activities	<u>(153)</u>	<u>(880)</u>
Cash flows from financing activities		
Advances received pertaining to the rights cum warrants subscription	3,350	-
Repayments of finance lease liability	(17)	-
Net cash generated from financing activities	<u>3,333</u>	<u>-</u>
Net change in cash	1,271	(1,237)
Cash at beginning	966	2,938
Cash at end	<u>2,237</u>	<u>1,701</u>

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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.

There were no changes in the Company's share capital for the reported quarter ended 30 September 2015.

The Company has no outstanding convertibles as at 30 September 2015.

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 2015, the number of ordinary shares issued was 2,812,372,611. As at 30 September 2014, the number of ordinary shares issued was 2,343,398,871.

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 were no treasury shares issued during the quarter and as at 30 September 2015.

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

The figures had 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 had 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 2015.

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 had 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 2015. Where applicable, the application of these standards did not have any 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:-

	1Q2016	1Q2015
	cents	cents
Loss per share for the Group attributable to equity holders of the Company	(0.0468)	(0.0625)

The earnings per share for continuing business in 1Q2015 was calculated based on the weighted average number of ordinary shares of 2,812,372,611. The Group has no dilutive equity instruments as at 30 September 2015.

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.

	Group		Company	
	30-Sep-15	30-Jun-15	30-Sep-15	30-Jun-15
	Cents	Cents	Cents	Cents
NAV based on issued share capital as at the end of the period	0.4129	0.4614	0.5700	0.5886

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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

(i) Revenue from continuing operations

For the quarter ended 30 September 2015 ("1Q2016"), the Group's revenue increased by 17.2% quarter-on-quarter ("qoq") to S\$10.1 million.

	1Q2016	1Q2015	Variance
	S\$' million	S\$' million	%
US Operations	3.6	6.0	(40.0)
Singapore Operations	8.0	3.9	105.1
Group	11.6	9.9	17.2

(i)(a) Revenue from US operations decreased by 40.0 % qoq.

Our US corporate clients had experienced a period of slow-down in business, which led to less incoming materials to our US subsidiary in 1Q2016 compared to 1Q2015. The rapidly falling prices of precious metals and non-ferrous metals in 1Q2016 had resulted in lower revenue while our costs remained constant. This has had a negative impact on our gross margin too. Overall the US operations continued to perform poorly amidst the poor metals market and the drop in incoming material from customers in 1Q2016.

(i)(b) Revenue from Singapore operations increased by 105.1% qoq.

Revenue in 1Q2016 improved by 105% qoq. The increase in revenue was generated from the trading of standardized exchange-traded copper-related products that commenced in 3Q2015. The precious metals recovery operations continued to operate and contribute to the Singapore operations, as the precious metals operations resumed its operations in July 2015 after the reinstallation of its refinery equipment.

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(ii) Gross Profit

	1Q2016	1Q2015	Variance
	S\$' 000	S\$' 000	%
US Operations	(656.0)	507.0	n.m.
Singapore Operations	(93.0)	(323.0)	n.m.
Group	(749.0)	184.0	n.m.
Gross profit margin (%)	(6.4)	1.9	

The US operations experienced lower margins as compared to last year qoq, and was not able to cover its fixed costs due to the lower revenue in 1Q2016. The sustained fall of metal prices since year 2015 further decreased the US operations' margins in 1Q2016.

The lower margin in Singapore operations noted in 1Q2015 is due to the cessation of the non-ferrous operations in 1Q2015 while continuing to sustain its fixed operating costs. This business unit has since exited from the Group.

The Group has started a review to improve its operations. The bulk of its earnings come from the precious metals that it refines and the non-ferrous metals that it trades, which are exposed to price fluctuation on metal exchanges around the world. The Group will reposition itself as a supply chain manager and build up the required expertise to manage the flow as well as pricing of materials more effectively. The Group has also embarked on a series of cost-cutting measures, in particular in the US, where cost management is a significant determinant of its profit margin.

(iii) Net Other Income

Net Other Income increased from S\$26,000 to S\$1,039,000 in 1Q2016. The main contributors were recoveries from insurance claims of S\$906,000 from a fire incident in January 2015, a foreign exchange gain of S\$172,000 and miscellaneous income of S\$6,000, which were offset by losses of S\$94,000 in futures contracts. In 1Q2016, rental income fell by S\$13,000 as the Group reduced leases to external tenants in favour of the non-ferrous metal wastes business.

(iv) Distribution expenses

Expenses decreased by 26% to S\$288,000 in 1Q2016, mainly due to the decrease in sales in the US operations which resulted in lower distribution expenses.

(v) Administrative expenses

Administrative expenses increased by 0.6% in 1Q2016 as compared to 1Q2015.

(vi) Loss after income tax

As a result of the above, the Group reported a loss of S\$1.3 million for 1Q2016 as compared to a loss of S\$1.5 million for the same corresponding period in the prior year.

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(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Balance Sheet

- (i) Property, plant and equipment decreased by S\$211,000 mainly due to depreciation and writeoffs of some obsolete equipment.
- (ii) Change in the restricted cash held in trust for regulatory obligations mainly due to unrealized gain in foreign exchange.
- (iii) Other financial assets pertained to investment in convertible debt in a mining company.
- (iv) Inventories increased by approximately S\$0.4 million to S\$3.1 million as at 30 September 2015 mainly due to purchase of materials in the precious metals operations in Singapore in 1Q2016.
- (v) Trade receivables reduced as at 30 September 2015 by S\$ 1.1 million compared to 30 June 2015. This is mainly due to repayment and settlement of receivables in 1Q2016.
- (vi) Other receivables for the Group as at 30 September 2015 increased by S\$368,000 compared to 30 June 2015 mainly due to increase in deposits placed with vendor.
- (vii) Other financial assets pertained to quoted equities held for trading.
- (viii) The other reserves consisted of S\$0.3 million in foreign exchange translation reserve.
- (ix) Trade and other payables of the Group increased by approximately S\$2.2 million to S\$9.6 million as at 30 September 2015 mainly due to advances received in advance for the rights cum warrants subscription.

Cash flow statement

Net cash used in operating activities of the Group increased by S\$1.5 million in 1Q2016. The increase in 1Q2016 was due to repayment of trade payables.”

Net cash used in investing activities of the Group in 1Q2015 was S\$153,000. This is made up of S\$26,000 for the acquisition of plant and equipment, S\$128,000 for acquisition of quoted securities, and offset by proceeds of S\$1,000 from disposal of plant and equipment.

Net cash used in financing activities increased by S\$3.3 million mainly due to the advances received pertaining to the rights cum warrants issuance that was fully subscribed and allotted in October 2015.

As a result, the Group’s cash and cash equivalents as of 30 September 2015 increased by S\$1.3 million in 1Q2016.

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 on 28 August 2015.

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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.

The prices of metals have fallen further together with other commodities. Most metals are trading at their seven-year low. The much expected US recovery has yet to filter down to the Group's business, and the Chinese economy looks set to slow down further which will put more pressure on the already suppressed commodities market. As such, the operating environment for the Group will remain challenging.

The Group is pleased to report that the recent rights cum warrants offering was fully subscribed in October 2015, raising funds of S\$4.2m. Furthermore, the Group believes that as a Catalyst company with no significant external debts, it has the resources to overcome current difficulties and to remake itself.

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. Shareholders and potential investors are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions they should take.

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 has been declared or 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 did not obtain a general mandate from its shareholders.

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14. Subsequent events

(a) Rights cum Warrants Issuance

The Company completed a rights cum warrants exercise that raise proceeds of S\$4.2 million on 5 October 2015.

(b) Disposal of property at Gilroy, United States

The Company has entered into a option agreement to sell the property at Gilroy, United States on 9 November 2015. The consideration is based on an agreed discount of 10% from appraised valuation subjected to a floor of US\$3.5 million. The sale is subjected to valuation reports, respective regulatory approvals and due diligence from both parties.

15. Statement by Directors

Negative confirmation pursuant to Rule 705(5)

We, Simon Eng, Chief Executive Officer and Benny Lim, Chief Financial Officer of Metech International Limited (the "Company") do hereby confirm 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 period ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Simon Eng
Chief Executive Officer

Andrew Eng
President

13 November 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing Sponsor, Stamford Corporate Services Pte. Ltd., for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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