

(Company Registration No. 199206445M)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2015 (“2Q2016”) AND HALF YEAR ENDED 31 DECEMBER 2015 (“1H2016”)

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR SECOND 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) %	Group		Inc/(Dec) %
		2Q2016 S\$'000	2Q2015 S\$'000		1H2016 S\$'000	1H2015 S\$'000	
	Note 8(a)						
Revenue	(i)	9,826	11,031	(10.9)	21,460	20,916	2.6
Cost of sales		(10,212)	(11,554)	(11.6)	(22,595)	(21,255)	6.3
Gross loss	(ii)	(386)	(523)	(26.2)	(1,135)	(339)	>100
Gross loss	(ii)	(3.9) %	(4.7) %	nm	(5.3) %	(1.6) %	
Other income - net	(iii)	(48)	(16)	nm	819	(3)	>100
Distribution expenses	(iv)	(292)	(428)	(31.8)	(580)	(902)	(35.7)
Administrative expenses	(v)	(1,385)	(1,343)	3.1	(2,485)	(2,510)	(1.0)
Finance costs		(7)	(22)	nm	(49)	(41)	nm
Loss before income tax		(2,118)	(2,332)	nm	(3,430)	(3,795)	nm
Income tax expense		-	-	nm	(5)	(1)	nm
Loss after income tax	(vi)	(2,118)	(2,332)	(9.2)	(3,435)	(3,796)	nm
Other comprehensive (loss)/gain:							
Foreign currency translation difference		(48)	42	nm	(95)	107	nm
Total comprehensive loss for the period		(2,166)	(2,290)	(5.4)	(3,530)	(3,689)	nm
attributable to the owners of the company							

nm = not meaningful

(Company Registration No. 199206445M)

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

	Group			Group		
	2Q2016 S\$'000	2Q2015 S\$'000	Inc/(Dec) %	1H2016 S\$'000	1H2015 S\$'000	Inc/(Dec) %
1.1 Loss before income tax is arrived at after charging the following:						
Depreciation of property, plant and equipment	213	322	(33.9)	448	596	(24.8)
Operating lease expenses	781	704	11.0	1,559	1,494	4.4
Interest expense	7	21	nm	49	40	22.5
1.2 Other income-net comprises principally the following:						
Rental income	113	45	151.1	163	108	50.9
Interest income	10	-	nm	10	-	nm
Gain/(Loss) on future contract	36	(95)	nm	(58)	(119)	nm
Loss on disposal of plant and equipment	(241)	-	nm	(242)	-	nm
Net change in fair value on derivative financial instrument	-	(32)	nm	-	(217)	nm
Net change in fair value on financial assets designated at fair value through profit or loss ("FVTPL")	-	-	nm	-	(132)	nm
Gain on sale of Available For Sale ("AFS") quoted securities	-	-	nm	-	286	nm
Recoveries from insurance claim	-	-	nm	906	-	nm
Gain on sale of other financial assets	-	64	nm	-	64	nm
Miscellaneous income	32	-	nm	38	6	nm

nm = not meaningful

(Company Registration No. 199206445M)

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	Audited	Unaudited	Audited
		31-Dec-15 S\$'000	30-Jun-15 S\$'000	31-Dec-15 S\$'000	30-Jun-15 S\$'000
ASSETS	Note 8(b)				
Non-Current Assets					
Property, plant and equipment	(i)	6,879	7,441	14	16
Subsidiaries		-	-	1,200	1,200
Restricted cash held in trust	(ii)	340	315	-	-
Trade and other receivables		-	-	17,842	14,633
Other financial asset	(iii)	511	511	511	511
		<u>7,730</u>	<u>8,267</u>	<u>19,567</u>	<u>16,360</u>
Current Assets					
Inventories	(iv)	3,353	2,758	-	-
Trade receivables	(v)	4,818	5,416	-	-
Other receivables	(vi)	3,131	3,080	783	777
Other financial assets	(vii)	177	9	177	9
Cash and cash equivalents		1,533	966	190	80
		<u>13,012</u>	<u>12,229</u>	<u>1,150</u>	<u>866</u>
Total Assets		<u>20,742</u>	<u>20,496</u>	<u>20,717</u>	<u>17,226</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		176,346	172,335	176,346	172,335
Other reserves	(viii)	280	374	-	-
Accumulated losses		(163,169)	(159,734)	(156,788)	(155,780)
Total Equity		<u>13,457</u>	<u>12,975</u>	<u>19,558</u>	<u>16,555</u>
LIABILITIES					
Non-Current Liabilities					
Finance lease liabilities		-	66	-	-
Current Liabilities					
Trade and other payables	(ix)	7,285	7,388	1,159	671
Finance lease liabilities		-	67	-	-
		<u>7,285</u>	<u>7,455</u>	<u>1,159</u>	<u>671</u>
Total Liabilities		<u>7,285</u>	<u>7,521</u>	<u>1,159</u>	<u>671</u>
Total Equity and Liabilities		<u>20,742</u>	<u>20,496</u>	<u>20,717</u>	<u>17,226</u>

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

The Group had no significant external debt and borrowing as of 31 December 2015 and 30 June 2015.

(Company Registration No. 199206445M)

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		Group	
	2Q2016 S\$'000	2Q2015 S\$'000	1H2016 S\$'000	1H2015 S\$'000
Cash flows from operating activities				
Net loss before tax	(2,118)	(2,332)	(3,430)	(3,795)
Adjustments for:				
Reversal of inventory written down	-	-	(253)	-
Depreciation and amortisation	213	322	448	596
Property, plant and equipment written off	-	-	-	-
Allowance for impairment loss on receivables	25	-	25	-
Loss on disposal of property, plant and equipment	241	-	242	-
Interest expense	7	21	49	40
Interest income	(10)	-	(10)	-
Gain on sale of Available For Sale quoted securities	-	-	-	(286)
Gain on sale of other financial assets	-	(64)	-	(64)
Miscellaneous income	-	-	-	(6)
Net change in fair value on derivative financial instrument	-	32	-	217
Net change in fair value on financial assets designated at fair value through profit & loss ("FVTPL")	-	-	-	132
Loss on future contracts	157	60	20	84
Gain on foreign exchange	(187)	(12)	(214)	-
Operating cash flows before changes in working capital	(1,672)	(1,973)	(3,123)	(3,082)
Before working capital changes:				
Inventory	(245)	813	(342)	(931)
Trade and other receivables	(157)	(22)	720	2,912
Restricted cash held in trust	2	(12)	(25)	(18)
Trade and other payables	964	820	(205)	561
Cash used in operating activities	(1,108)	(374)	(2,975)	(558)
Interest paid	(7)	(21)	(49)	(40)
Interest income	10	-	10	-
	(1,105)	(395)	(3,014)	(598)
Cash flows from investing activities				
Acquisition of plant, property and equipment	(198)	(152)	(224)	(2,032)
Proceeds from sale of plant, property and equipment	95	-	96	-
Proceeds from sale of subsidiary	-	600	-	600
Proceeds from sale of AFS quoted securities	-	-	-	1,000
Acquisition of other financial asset	(40)	(511)	(168)	(511)
Net cash used in investing activities	(143)	(63)	(296)	(943)
Cash flows from financing activities				
Application of advances pertaining to rights cum warrants issuance	(3,350)	-	-	-
Repayments of finance lease liability	(117)	-	(134)	-
Proceed from rights cum warrants issuance, net of expenses	4,011	-	4,011	-
Net cash generated from financing activities	544	-	3,877	-
Net change in cash	(704)	(458)	567	(1,541)
Cash at beginning	2,237	1,700	966	2,783
Effect of currency translation on cash and cash equivalent	-	-	-	-
Cash at end	1,533	1,242	1,533	1,242

(Company Registration No. 199206445M)

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 S\$'000	Currency Translation Reserve S\$'000	Fair Value Reserve S\$'000	Warrant Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
Group						
At 1 October 2014	170,513	382	-	2,447	(152,509)	20,833
Total comprehensive loss for the period						
Net change in fair value of available-for-sale financial asset	-	-	-	-	-	-
Foreign currency translation	-	42	-	-	-	42
Loss for the period	-	-	-	-	(2,332)	(2,332)
Total comprehensive loss for the period	-	42	-	-	(2,332)	(2,290)
Issue of share capital - share placement	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
At 31 December 2014	170,513	424	-	2,447	(154,841)	18,543
At 1 October 2015	172,335	328	-	-	(161,051)	11,612
Total comprehensive loss for the period						
Net change in fair value of available-for-sale financial asset	-	-	-	-	-	-
Foreign currency translation	-	(48)	-	-	-	(48)
Loss for the period	-	-	-	-	(2,118)	(2,118)
Total comprehensive loss for the period	-	(48)	-	-	(2,118)	(2,166)
Issue of share capital - share placement	4,219	-	-	-	-	4,219
Share issue expenses	(208)	-	-	-	-	(208)
At 31 December 2015	176,346	280	-	-	(163,169)	13,457
	Share Capital S\$'000	Currency Translation Reserve S\$'000	Fair Value Reserve S\$'000	Warrant Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
Company						
At 1 October 2014	170,513	-	-	2,447	(157,186)	15,774
Total comprehensive loss for the period						
Net change in fair value of available-for-sale financial asset	-	-	-	-	-	-
Loss for the period	-	-	-	-	(316)	(316)
Total comprehensive loss for the period	-	-	-	-	(316)	(316)
Issue of share capital - share placement	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
At 31 December 2014	170,513	-	-	2,447	(157,502)	15,458
At 1 October 2015	172,335	-	-	-	(155,780)	16,555
Total comprehensive loss for the period						
Net change in fair value of available-for-sale financial asset	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,008)	(1,008)
Total comprehensive loss for the period	-	-	-	-	(1,008)	(1,008)
Issue of share capital - share placement	4,219	-	-	-	-	4,219
Exercise of warrant shares	-	-	-	-	-	-
Share issue expenses	(208)	-	-	-	-	(208)
Reclassification	-	-	-	-	-	-
At 31 December 2015	176,346	-	-	-	(156,788)	19,558

(Company Registration No. 199206445M)

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.

Since 1 July 2015, the Company had issued 1,406,186,305 shares pursuant to the Right Issues for an aggregate consideration of S\$4,011,000.

There were 1,406,186,305 ordinary shares that may be issued on conversion of all outstanding warrants as at 31 December 2015 (31 December 2014: 827,227,279).

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 31 December 2015, the number of ordinary shares issued was 4,218,558,916 (31 December 2015: 2,812,372,611).

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 31 December 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.

(Company Registration No. 199206445M)

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:-

	Group		Group	
	2Q2016	2Q2015	1H2016	1H2015
	cents	cents	cents	cents
Loss per share for the Group attributable to equity holders of the Company	(0.0509)	(0.0995)	(0.0986)	(0.1620)

The earnings per share for continuing business in 2Q2015 was calculated based on the weighted average number of ordinary shares of 4,218,558,916. The Group has no dilutive equity instruments as at 31 December 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	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	Cents	Cents	Cents	Cents
NAV based on issued share capital as at the end of the period	0.3190	0.4614	0.4636	0.5886

(Company Registration No. 199206445M)

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 31 December 2015 ("2Q2016"), the Group's revenue decreased by 10.0% quarter-on-quarter ("qoq") to S\$9.9 million. For the half year ended 31 December 2015 ("1H2016"), the Group's revenue increased by 2.6% 6M-on-6M period ("pop") to S\$21.5 million.

	2Q2016	2Q2015	Variance	1H2016	1H2015	Variance
	S\$' million	S\$' million	%	S\$' million	S\$' million	%
US Operations	4.6	6.0	(23.3)	8.3	12.0	(30.8)
Singapore Operations	3.8	5.0	(24.0)	11.8	8.9	32.6
China Operations	1.4	-	nm	1.4	-	nm
Group	9.8	11.0	(10.9)	21.5	20.9	2.9

(i)(a) Revenue from US operations decreased by 23.3 % qoq and 30.8% pop.

In the current plummeting commodities market, the US recycling business continues to be challenging, which affects both the revenue and margins.

(i)(b) Revenue from Singapore operations decreased by 24.0% qoq but increased by 32.6% pop.

The decrease of S\$1.2 million in revenue in 2Q2016 compared to 2Q2015 is mainly due to the loss of revenue from the non-ferrous operations in 2Q2016 compared to 2Q2015, offset by the increase in revenue from trading in standardized metals in 2Q2016 compared to 2Q2015.

(i)(c) Revenue from China operations

The China subsidiary was incorporated in June 2015 and has commenced operations in the trading of standardized metals which contributed S\$1.4 million to the Group's revenue in 2Q2016.

(ii) Gross Profit

	2Q2016	2Q2015	Variance	1H2016	1H2015	Variance
	S\$' 000	S\$' 000	%	S\$' 000	S\$' 000	%
US Operations	(97)	354	(127.4)	(753)	861	(187.5)
Singapore Operations	(217)	(877)	(75.3)	(310)	(1,200)	(74.2)
China Operations	(72)	-	nm	(72)	-	nm
Group	(386)	(523)	(26.2)	(1,135)	(339)	234.8

The US operations experienced lower margins in the current market and as a result was not able to cover its fixed costs in 2Q2016. The significantly lower prices of metals, in particular copper and precious metals, have resulted in lower revenue as well as negative gross margin in our US operations, as the current service contracts with large corporations in the US have yet to be revised to factor in the reduced income from the sale of harvested metals. Installation of additional equipment and semi-automation of the work processes that are currently in progress will improve efficiency and the margins of the US operations.

The Singapore operations had incurred a smaller loss in 2Q2016 as compared to 2Q2015 because of the cessation of the non-ferrous metals operations. The Singapore and China operations experienced lower market prices of precious metals and copper in 2Q2016 and as a result both operations reported gross losses in 2Q2016.

(Company Registration No. 199206445M)

(iii) Net Other Income

Net Other Income increased to S\$819,000 in 1H2016 as compared to a net other expense of S\$3,000 in 1H2015. This is mainly due to the recovery of insurance claims of S\$906,000 from a fire incident in January 2015, an increase in rental income as more leases were made to external tenants in 1H2016 compared to 1H2015, which were offset by the loss of S\$242,000 on the disposal of plant and equipment.

(iv) Distribution expenses

Expenses decreased by 31.8% to S\$292,000 in 2Q2016 while expenses decreased by 35.7% to S\$580,000 in 1H2016, mainly due to the decrease in sales in the US operations which resulted in lower distribution expenses.

(v) Administrative expenses

Administrative expenses increased by 3.1% to S\$1,385,000 in 2Q2016 compared to 2Q2015 and an decrease of 1% to S\$2,485,000 in 1H2016 compared to 1H2015.

(vi) Loss after income tax

As a result of the above, the Group reported losses after income tax of S\$2.1 million in 2Q2016 and S\$3.5 million in 1H2016 compared to losses of S\$2.3 million and S\$3.7 million for the corresponding periods in the prior year.

(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\$562,000 mainly due to depreciation and write-offs of some obsolete equipment.
- (ii)** Change in the restricted cash held in trust for regulatory obligations mainly due to unrealized gains in foreign exchange.
- (iii)** Other financial assets pertained to investment in convertible debt in a mining company.
- (iv)** Inventories increased by approximately S\$0.6 million to S\$3.3 million as at 31 December 2015 mainly due to the purchase of materials in the precious metals operations in Singapore in 1H2016.
- (v)** Trade receivables reduced as at 31 December 2015 by S\$ 0.6 million compared to 30 June 2015. This is mainly due to repayment and settlement of receivables in 1H2016.
- (vi)** Other receivables for the Group as at 31 December 2015 increased by S\$51,000 compared to 30 June 2015 mainly due to the increase in deposits placed with our 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.

Cash flow statement

Net cash used in operating activities of the Group in 2Q2016 was S\$1.1 million. This was due mainly to the repayment of trade payables in 2Q2016.

Net cash used in investing activities of the Group in 2Q2016 was S\$143,000. This is made up of S\$198,000 for the acquisition of plant and equipment, S\$40,000 for the acquisition of quoted securities, and offset by proceeds of S\$95,000 from the disposal of plant and equipment.

Net cash generated from financing activities in 2Q2016 was S\$544,000 mainly due to the proceeds received pertaining to the rights cum warrants issue offset by the application of advances already received in 1Q 2016. The rights cum warrants issue was fully subscribed and allotted in October 2015.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2015 decreased by S\$0.7 million in 2Q2016.

(Company Registration No. 199206445M)

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.

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 Group operates in the metals industry, with its principal operations in the US. The commodities market and US dollar will continue to affect the performance of the Group. Lower metal prices depressed its revenue while higher US dollar increased its operating and business costs in Singapore dollar terms. The ongoing negotiations with corporate customers and enhanced mechanization in the US are expected to mitigate these two negative factors. At the same time, the volume of business in Singapore and China is likely to increase, thus reducing the Group's dependency on its US operations.

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 for IPTs.

(Company Registration No. 199206445M)

14. Use of proceeds

(a) Use of proceeds from Right cum Warrants Issuance

The Company completed a right cum warrants issue on 5 October 2015, and the net proceeds amounted to S\$4.0 million.

Approximately S\$3.2 million had been utilised for working capital to purchase supplies and materials and S\$0.5 million for business expansion purpose for capital in the newly incorporated China subsidiary in the period from 5 October 2015 to 5 February 2016.

The proceeds from the right cum warrants issue had been utilised in accordance with the purposes set out in the Company's announcement of 10 July 2015.

15. Statement by Directors

Negative confirmation pursuant to Rule 705(5)

We, Simon Eng, Chairman and Executive Director and Andrew Eng, Chief Executive Officer and Executive Director 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 31 December 2015 to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1).

On behalf of the Board of Directors

Simon Eng
Chairman and Executive Director

Andrew Eng
CEO and Executive Director

12 February 2016

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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