

(Company Registration No. 199206445M)

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2014 (“2Q FY2015”) AND HALF YEAR ENDED 31 DECEMBER 2014 (“1H FY2015”)**

**PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY AND HALF YEAR 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			Group		
		2Q FY2015 S\$'000	2Q FY2014 S\$'000	Inc/(Dec) %	1H FY2015 S\$'000	1H FY2014 S\$'000	Inc/(Dec) %
<b>Note 8(a)</b>							
<b>Revenue</b>	(i)	<b>11,031</b>	8,103	36.1	<b>20,916</b>	16,655	25.6
Cost of sales		<b>(11,554)</b>	(6,845)	68.8	<b>(21,255)</b>	(13,786)	54.2
<b>Gross profit</b>	(ii)	<b>(523)</b>	1,258	(141.6)	<b>(339)</b>	2,869	(111.8)
<b>Gross margin</b>	(ii)	<b>-4.7%</b>	15.5%	(20.2) pp	<b>-1.6%</b>	17.2%	(18.8) pp
Other (expense)/income - net	(iii)	<b>(16)</b>	165	(109.7)	<b>(3)</b>	533	(100.6)
Distribution expenses		<b>(428)</b>	(550)	(22.2)	<b>(902)</b>	(995)	(9.4)
Administrative expenses	(iv)	<b>(1,343)</b>	(1,472)	(8.8)	<b>(2,510)</b>	(2,857)	(12.2)
Finance costs		<b>(22)</b>	(10)	120.0	<b>(41)</b>	(20)	105.0
Loss on operating activities		<b>(2,332)</b>	(609)	282.9	<b>(3,795)</b>	(470)	707.5
Share of results of associates	(v)	-	9	(100.0)	-	22	(100.0)
<b>Loss before income tax</b>		<b>(2,332)</b>	(600)	288.7	<b>(3,795)</b>	(448)	747.1
Income tax expense		-	-	nm	<b>(1)</b>	(13)	(92.3)
<b>Loss after income tax</b>	(vi)	<b>(2,332)</b>	(600)	288.7	<b>(3,796)</b>	(461)	723.4
Other comprehensive gain/(loss):							
Foreign currency translation difference		<b>42</b>	111	(62.2)	<b>107</b>	(13)	(923.1)
<b>Total comprehensive loss for the period</b>		<b>(2,290)</b>	(489)	368.3	<b>(3,689)</b>	(474)	678.3
<b>attributable to the owners of the company</b>							

nm = not meaningful  
pp = percentage point

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

	Group			Group		
	2Q FY2015 S\$'000	2Q FY2014 S\$'000	Inc/(Dec) %	1H FY2015 S\$'000	1H FY2014 S\$'000	Inc/(Dec) %
1.1 <b>Loss before income tax</b> is arrived at after charging the following:						
Depreciation of property, plant and equipment	322	167	92.8	596	321	85.7
Operating lease expenses	704	679	3.7	1,494	1,486	0.5
Exchange loss	(12)	4	(400.0)	-	(13)	(100.0)
Interest expense	21	-	nm	40	-	nm
Allowance for impairment on receivables	-	6	(100.0)	-	6	(100.0)
1.2 <b>Other income</b> comprises principally the following:						
(Loss)/Gain on future contract	(95)	(29)	227.6	(119)	79	(250.6)
Rental income	45	189	(76.2)	108	448	(75.9)
Interest income	-	4	(100.0)	-	4	(100.0)
Gain on disposal of plant and equipment	-	2	(100.0)	-	2	(100.0)
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
Gain on sale of other financial assets	64	-	nm	64	-	nm
Miscellaneous income	-	-	nm	6	-	nm

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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 31-Dec-14 S\$'000	Audited 30-Jun-14 S\$'000	Unaudited 31-Dec-14 S\$'000	Audited 30-Jun-14 S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	(i)	9,783	8,347	11	-
Subsidiaries		-	-	1,100	1,000
Associate	(ii)	-	2,224	-	1,879
Restricted cash held in trust	(iii)	317	299	-	-
Trade and other receivables		-	-	10,882	9,244
		<u>10,100</u>	<u>10,870</u>	<u>11,993</u>	<u>12,123</u>
<b>Current Assets</b>					
Inventories	(iv)	3,376	2,445	-	-
Trade and other receivables	(v)	8,718	9,765	3,860	1,676
Derivative financial instrument	(vi)	-	217	-	217
Available for sale investment	(vii)	-	1,200	-	1,200
Other financial assets	(viii)	520	397	9	397
Cash and cash equivalents		1,242	2,783	55	1,179
		<u>13,856</u>	<u>16,807</u>	<u>3,924</u>	<u>4,669</u>
<b>Total Assets</b>		<b><u>23,956</u></b>	<b><u>27,677</u></b>	<b><u>15,917</u></b>	<b><u>16,792</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share Capital		170,513	170,513	170,513	170,513
Other reserves	(ix)	2,871	3,250	2,447	2,933
Accumulated losses		(154,841)	(151,045)	(157,502)	(157,118)
<b>Total Equity</b>		<b><u>18,543</u></b>	<b><u>22,718</u></b>	<b><u>15,458</u></b>	<b><u>16,328</u></b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	(x)	5,413	4,959	459	464
<b>Total Liabilities</b>		<b><u>5,413</u></b>	<b><u>4,959</u></b>	<b><u>459</u></b>	<b><u>464</u></b>
<b>Total Equity and Liabilities</b>		<b><u>23,956</u></b>	<b><u>27,677</u></b>	<b><u>15,917</u></b>	<b><u>16,792</u></b>

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

The Group has no external debt and borrowing as of 31 December 2014 and 30 June 2014.

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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		Group	
	2Q FY2015 S\$'000	2Q FY2014 S\$'000	1H FY2015 S\$'000	1H FY2014 S\$'000
<b>Cash flows from operating activities</b>				
Net loss before tax	(2,332)	(600)	(3,795)	(448)
Adjustments for:				
Allowance for impairment loss on receivables	-	6	-	6
Depreciation and amortisation	322	167	596	321
Gain on disposal of property, plant and equipment	-	(2)	-	(2)
Interest expense	21	-	40	-
Interest income	-	(4)	-	(4)
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	-
Share of results of associates	-	(9)	-	(22)
Loss/(Gain) on future contracts	60	29	84	(79)
Unrealized foreign exchange (gain)/loss	(12)	4	-	(13)
Operating cash flows before changes in working capital	(1,973)	(409)	(3,082)	(241)
Before working capital changes:				
Inventory	813	(1,026)	(931)	(1,680)
Trade and other receivables	(22)	(97)	2,912	(1,742)
Restricted cash held in trust	(12)	-	(18)	-
Trade and other payables	820	(137)	561	339
<b>Cash used in operating activities</b>	(374)	(1,669)	(558)	(3,324)
Interest paid	(21)	-	(40)	-
	(395)	(1,669)	(598)	(3,324)
<b>Cash flows from investing activities</b>				
Acquisition of plant, property and equipment	(152)	(117)	(2,032)	(356)
Proceeds from sale of plant, property and equipment	-	2	-	2
Proceeds from sale of subsidiary	600	-	600	2,195
Proceeds from sale of AFS quoted securities	-	-	1,000	-
Acquisition of other financial asset	(511)	-	(511)	-
<b>Net cash (used in)/generated from investing activities</b>	(63)	(115)	(943)	1,841
<b>Cash flows from financing activities</b>				
<b>Net cash generated from financing activities</b>	-	-	-	-
<b>Net change in cash</b>	(458)	(1,784)	(1,541)	(1,483)
<b>Cash at beginning</b>	1,700	6,412	2,783	6,110
<b>Effect of currency translation on cash and cash equivalents</b>	-	1	-	2
<b>Cash at end</b>	1,242	4,629	1,242	4,629



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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 31 December 2014.

There were 827,227,279 ordinary shares that may be issued on conversion of all outstanding warrants as at 31 December 2014 (31 December 2013: 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 2014, the number of ordinary shares issued was 2,343,398,871 (31 December 2013: 2,183,398,871).

**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 31 December 2014.

**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 31 December 2014.

**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 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:-**

Loss per share for the Group attributable to equity holders of the Company  
- Basic and diluted

Group		Group	
2Q FY2015	2Q FY2014	1H FY2015	1H FY2014
cents	cents	cents	cents
(0.0995)	(0.0275)	(0.1620)	(0.0211)

Basic and diluted earnings per share for continuing business in 2Q FY2015 and 1H FY2015 were calculated based on the weighted average number of ordinary shares of 2,343,398,871.

The basic earnings per share were the same as the diluted earnings per share for 2Q FY2015 and 1H FY2015. There were no dilutive effects arising from the outstanding dilutive warrants for 2Q FY2015 and 1H FY2015.

**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	
31-Dec-14	30-Jun-14	31-Dec-14	30-Jun-14
Cents	Cents	Cents	Cents
0.791	0.969	0.660	0.696

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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 31 December 2014 ("2Q FY2015") and half year ended 31 December 2014 ("1H FY2015"), the Group's revenue increased by 37.0% and 25.7% respectively.

	2Q FY2015	2Q FY2014	Variance	1H FY2015	1H FY2014	Variance
	S\$' million	S\$' million	%	S\$' million	S\$' million	%
US Operations	5.9	7.5	(21.3)	12.0	14.5	(17.2)
Singapore Operations	5.2	0.6	766.7	9.0	2.2	309.1
<b>Group</b>	<b>11.1</b>	<b>8.1</b>	<b>37.0</b>	<b>21.0</b>	<b>16.7</b>	<b>25.7</b>

Revenue from US operations decreased by 21.3% quarter-on-quarter ("qoq") and 17.2% year-on-year ("yoy") due to the decrease in materials received from a few major corporate customers, who were currently running fewer projects compared to FY2014. The lower yield from precious metals and non-ferrous metals due to lower commodity prices in 1H FY2015, has also resulted in lower revenue in both 2Q FY2015 and 1H FY2015.

Revenue from Singapore operations increased by 766.7% qoq in 2Q FY2015 and 309.1% yoy in 1H FY2015. The increase is due to new corporate clients from the precious metals recovery ("PMR") business for refinery and other waste management services. This coupled with the new non-ferrous metals operations that started in 3Q FY2014 accounted for the increase in revenue of 766.7% in 2Q FY2015 and 309.1% in 1H FY2015.

The Group's US operations accounted for 53.2% of the Group's revenue in 2Q FY2015 as compared to 92.6% of the Group's revenue in 2Q FY2014.

**(ii) Gross Profit**

Gross margin decreased from 15.5% to negative 4.7% in 2Q FY2015 and from 17.2% to negative 1.6% in 1H FY2015.

Our US operations recorded negative margin due to the decrease of high value materials received, and a decrease in fees from its major customers as compared to FY2014. Our Singapore operations recorded negative margin as the initial setup cost and overheads were unable to be covered by the newly introduced business. In addition, the lower metal prices in FY2015 compared to FY2014 have impacted the margins negatively in 2Q FY2015 and 1H FY2015.

**Expenses and Net Other Income/(Expense)**

**(iii)** Net other income decreased from S\$165,000 to net other expense of S\$16,000 in 2Q FY2015 and from net other income of S\$533,000 to net other expense of S\$3,000 in 1H FY2015. In 2Q FY2015, there was a gain of S\$64,000 on sale of quoted securities from other financial assets and rental income of S\$45,000, which was offset by loss of S\$95,000 in futures contracts and a loss of S\$32,000 on net change in fair value on derivative financial instrument. In 1H FY2015 rental income reduced by S\$340,000 as the Group cut back leases to external tenants. In 1H FY2015, there was a gain of S\$350,000 on sale of quoted securities from Available For Sale ("AFS") and other financial assets and rental income of S\$108,000, which was offset by loss of S\$119,000 in futures contracts, loss of S\$349,000 on change in fair value in derivative financial instruments and financial assets FVTPL.

**(iv)** Administrative expenses decreased by S\$129,000 in 2Q FY2015 compared to 2Q FY2014 and S\$347,000 in 1H FY2015 compared to 1H FY2014. Further cost savings through restructuring in 1Q FY2015 were implemented, resulting in lower administrative expenses in 2Q FY2015.

**(v)** There is no share of results from associate as the associate was disposed off in 1Q FY2015.

**(vi) Loss after income tax**

As a result of the above, the Group reported a loss of S\$2.3 million for 2Q FY2015 and S\$3.8 million for 1H FY2015, compared to a loss of S\$600,000 and S\$461,000 for the 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 increased by S\$1.4 million due to the acquisition of equipment for the precious metals recovery operations in Singapore and for the recycling and reuse operations in United States.
- (ii) Investment in associate was disposed off in 1Q FY2015.
- (iii) The restricted cash held in trust for regulatory obligations imposed on the fund for reinstatement costs for the facility in California and Utah were revised in FY2015 and hence the increase as at 31 December 2014.
- (iv) Inventories increased by approximately S\$1.0 million to S\$3.4 million as at 31 December 2014 mainly due to an increase of S\$1.0 million in inventory in the Singapore operations.
- (v) Trade and other receivables for the Group as at 31 December 2014 decreased compared to 30 June 2014. This is mainly due to repayment and settlement of receivables in 1H FY2015.
- (vi) Derivative financial instrument pertains to put and call options on quoted equities noted in (vii) and (viii).
- (vii) Available for sale investment pertains to quoted equities available for sale, which were divested in 1Q FY2015.
- (viii) Other financial assets pertains to quoted equities held for trading.
- (ix) The other reserves consisted of S\$2.4 million in warrants reserves and S\$0.4 million in foreign exchange translation reserve.
- (x) Trade and other payables of the Group increased by approximately S\$0.5 million to S\$5.4 million as at 31 December 2014.

**Cash flow statement**

The Group's cash and cash equivalents as of 31 December 2014 decreased by S\$1.5 million.

Net cash used in operating activities of the Group decreased by S\$1.3 million in 2Q FY2015 and S\$2.7 million in 1H FY2015 mainly due to the repayment from trade receivables.

Net cash used in investing activities of the Group in 2Q FY2015 was S\$152,000 for the acquisition of plant and equipment and S\$511,000 for acquisition of other financial assets, offset by proceeds of S\$0.6 million received from the disposal of associate.

Net cash used in investing activities of the Group in 1H FY2015 was S\$2.0 million for the acquisition of plant and equipment (include Precious Metal Refinery equipment) and S\$511,000 for acquisition of other financial assets, offset by proceeds of S\$0.6 million received from the disposal of associate and S\$1.0 million received from the sale of AFS quoted securities.

There were no changes in Net cash generated from financing activities of the Group.

**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.**

With rising business costs and the current tough business climate in Singapore and the US, the Group expects FY2015 to be a challenging year. The Company hopes that the economic recovery in the US may bring about business improvements in its US operations. On the other hand, the depressed metal prices are affecting profitability.

The Company is continually looking at opportunities to supplement its electronic waste, precious metal recovery and non-ferrous metal business.

*This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale / distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.*

**11. 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. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive office or substantial shareholder of the issuer pursuant to rule 704(13)**

None.

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**14. 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.

**15. Use of proceeds**

***Use of proceeds from shares placement completed on 19 May 2014***

The Company completed a shares placement on 19 May 2014, and the net proceeds from the placement shares amounted to S\$2,229,000.

Approximately S\$590,000 has been utilised for business expansion in Asia and approximately S\$749,000 has been utilised for working capital to purchase supplies and materials from 1 October 2014 to 31 January 2015.

**16. Subsequent events**

A minor fire incident had occurred at Metech premises at 65 Tech Park Crescent at about 3pm on 26 Jan 2015. The Police and SCDF were immediately activated and the fire was put out within 30 minutes.

Based on preliminary investigation, the fire started at the metal processing area and then spread to some exhaust ductings. All personnel working in the premises were safe, and there were no environmental consequences resulting from the fire.

The impact to the business operations and activities is mitigated through the activation of our contingency plan and the Company has taken steps to assess and file an insurance claim in respect to the fire incident.

**17. Statement by Directors**

**Negative confirmation pursuant to Rule 705(5)**

We, Andrew 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 31 December 2014 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Andrew Eng**  
Chief Executive Officer and Executive Director

**Benny Lim**  
Chief Financial Officer

**9 February 2015**