

(Company Registration No. 199206445M)

UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2013 (“2QFY2014”) AND HALF YEAR ENDED 31 DECEMBER 2013 (“1HFY2014”)

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 FY2014 S\$'000	2Q FY2013 S\$'000	Inc/(Dec) %	1H FY2014 S\$'000	1H FY2013 S\$'000	Inc/(Dec) %
	<i>Note 8(a)</i>						
Revenue	(i)	8,103	7,539	7.5	16,655	13,465	23.7
Cost of sales		(6,661)	(5,228)	27.4	(13,429)	(10,444)	28.6
Gross profit	(ii)	1,442	2,311	(37.6)	3,226	3,021	6.8
Gross margin	(ii)	17.8%	30.7%	(12.9) pp	19.4%	22.4%	(3.0) pp
Other income	(iii)	165	699	(76.4)	533	1,190	(55.2)
Distribution expenses		(550)	(520)	5.8	(995)	(1,006)	(1.1)
Administrative expenses	(iv)	(1,656)	(1,656)	-	(3,214)	(2,817)	14.1
Finance costs		(10)	(13)	(23.1)	(20)	(24)	(16.7)
(Loss)/Profit on operating activities		(609)	821	(174.2)	(470)	364	(229.1)
Share of results of associates	(v)	9	-	nm	22	-	nm
(Loss)/Profit before income tax		(600)	821	(173.1)	(448)	364	(223.1)
Income tax expense		-	-	-	(13)	-	nm
(Loss)/Profit from continuing operations	(vi)	(600)	821	(173.1)	(461)	364	(226.7)
Discontinued operations	(vii)	-	77	(100.0)	-	(277)	(100.0)
(Loss)/Profit after income tax		(600)	898	(166.8)	(461)	87	(629.9)
Other comprehensive loss:							
Foreign currency translation difference		111	8	nm	(13)	(143)	(90.9)
Total comprehensive (loss)/profit for the period attributable to the owners of the company		(489)	906	(154.0)	(474)	(56)	746.4

(Company Registration No. 199206445M)

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

	Group		Inc/(Dec) %	Group		Inc/(Dec) %
	2Q FY2014 S\$'000	2Q FY2013 S\$'000		1H FY2014 S\$'000	1H FY2013 S\$'000	
(Loss)/profit before income tax is arrived at after charging the following:						
Depreciation of property, plant and equipment	167	280	(40.4)	321	385	(16.6)
Operating lease expenses	679	648	4.8	1,486	1,471	1.0
Exchange (gain) loss	4	(19)	(121.1)	(13)	109	(111.9)
Interest expense	-	15	(100.0)	-	25	(100.0)
Allowance for impairment on receivables	6	485	(98.8)	6	485	(98.8)
Other income comprises principally the following:						
(Loss)/gain on future contract	(29)	(3)	866.7	79	225	(64.9)
Rental income	189	254	(25.6)	448	510	(12.2)
Interest income	4	-	nm	4	-	nm
Gain on disposal of plant and equipment	2	-	nm	2	(1)	(300.0)
Gain on acquisition of waste treatment plant	-	293	(100.0)	-	293	(100.0)

(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-13	30-Jun-13	31-Dec-13	30-Jun-13
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS	<i>Note 8(b)</i>			
Non-Current Assets				
Property, plant and equipment	6,272	6,237	-	-
Subsidiaries	-	-	*	*
Associate (i)	2,227	2,205	1,879	1,879
Restricted cash held in trust (ii)	680	680	-	-
Trade and other receivables	128	138	6,840	4,916
	<u>9,307</u>	<u>9,260</u>	<u>8,719</u>	<u>6,795</u>
Current Assets				
Inventories (iii)	2,280	600	-	-
Trade and other receivables (iv)	8,340	8,707	1,505	3,443
Cash and cash equivalents	4,629	6,110	4,135	5,486
	<u>15,249</u>	<u>15,417</u>	<u>5,640</u>	<u>8,929</u>
Total Assets	<u>24,556</u>	<u>24,677</u>	<u>14,359</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 (v)	2,797	2,810	2,447	2,447
Accumulated losses	(151,607)	(151,147)	(156,999)	(155,833)
Total Equity	<u>19,474</u>	<u>19,947</u>	<u>13,732</u>	<u>14,898</u>
LIABILITIES				
Current Liabilities				
Trade and other payables (vi)	5,082	4,730	627	826
Total Liabilities	<u>5,082</u>	<u>4,730</u>	<u>627</u>	<u>826</u>
Total Equity and Liabilities	<u>24,556</u>	<u>24,677</u>	<u>14,359</u>	<u>15,724</u>

* Less than S\$1000

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

The Group has no external debt and borrowing as of 31 December 2013 and 30 June 2013.

(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	
	2Q FY2014 S\$'000	2Q FY2013 S\$'000	1H FY2014 S\$'000	1H FY2013 S\$'000
Cash flows from operating activities				
Net (loss)/profit before tax	(600)	898	(448)	87
Adjustments for:				
Allowance for impairment loss on receivables	6	485	6	485
Depreciation and amortisation	167	280	321	385
Gain on disposal of discontinued operations	-	(97)	-	(97)
Gain on acquisition of waste treatment plant	-	(293)	-	(293)
Gain on disposal of property, plant and equipment	(2)	-	(2)	(1)
Interest expense	-	15	-	25
Interest income	(4)	-	(4)	-
Share of results of associates	(9)	-	(22)	-
Loss/(gain) on investments on future contracts	29	3	(79)	(225)
Unrealized foreign exchange gain/loss	4	(6)	(13)	(8)
Operating cash flows before changes in working capital	(409)	1,285	(241)	358
Before working capital changes:				
Inventory	(1,026)	84	(1,680)	(204)
Trade and other receivables	(97)	(1,273)	(1,742)	992
Cash encumbered	-	(1)	-	19
Trade and other payables	(137)	(787)	339	(2,903)
Cash used in operating activities	(1,669)	(692)	(3,324)	(1,738)
Interest paid	-	(15)	-	(25)
Income tax paid	-	(19)	-	(19)
	(1,669)	(726)	(3,324)	(1,782)
Cash flows from investing activities				
Acquisition cost of investment	-	(170)	-	(170)
Acquisition of plant, property and equipment	(117)	(48)	(356)	(48)
Proceeds from sale of plant, property and equipment	2	1	2	16
Proceeds from disposal of subsidiary	-	-	2,195	-
Net cash (used in)/generated from investing activities	(115)	(217)	1,841	(202)
Cash flows from financing activities				
Repayments of borrowings	-	-	-	(2,600)
Net cash used in financing activities	-	-	-	(2,600)
Net change in cash	(1,784)	(943)	(1,483)	(4,584)
Cash at beginning	6,412	3,077	6,110	6,721
Effect of currency translation on cash and cash equivalents	1	8	2	5
Cash at end	4,629	2,142	4,629	2,142

(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	Warrant Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
Group					
At 1 October 2012	158,563	(1,613)	2,447	(151,823)	7,574
Total comprehensive income for the period					
Foreign currency translation	-	8	-	-	8
Profit for the period	-	-	-	898	898
Total comprehensive income for the period	-	8	-	898	906
Issue of share capital	2,800	-	-	-	2,800
At 31 December 2012	161,363	(1,605)	2,447	(150,925)	11,280
At 1 October 2013	168,284	239	2,447	(151,007)	19,963
Total comprehensive income for the period					
Foreign currency translation	-	111	-	-	111
Loss for the period	-	-	-	(600)	(600)
Total comprehensive income/(loss) for the period	-	111	-	(600)	(489)
Issue of shares from conversion of warrants	*	-	*	-	*
At 31 December 2013	168,284	350	2,447	(151,607)	19,474

* Less than S\$1000

	Share Capital S\$'000	Currency Translation Reserve S\$'000	Warrant Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
Company					
At 1 October 2012	158,563	-	2,447	(152,472)	8,538
Total comprehensive income for the period					
Loss for the period	-	-	-	(1,077)	(1,077)
Total comprehensive loss for the period	-	-	-	(1,077)	(1,077)
Issue of share capital	2,800	-	-	-	2,800
At 31 December 2012	161,363	-	2,447	(153,549)	10,261
At 1 October 2013	168,284	-	2,447	(156,338)	14,393
Total comprehensive income for the period					
Loss for the period	-	-	-	(661)	(661)
Total comprehensive loss for the period	-	-	-	(661)	(661)
Issue of shares from conversion of warrants	*	-	*	-	*
At 31 December 2013	168,284	-	2,447	(156,999)	13,732

* Less than S\$1000

(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.

	<u>No. of shares</u>	<u>Share capital</u> S\$'000
As at 1 October 2013	2,183,394,570	168,284
Increase in shares from conversion of warrants	4,301	*
As at 31 December 2013	<u>2,183,398,871</u>	<u>168,284</u>

* Below S\$1000.

There are 827,227,279 ordinary shares that may be issued on conversion of all outstanding warrants as at 31 December 2013 (31 December 2012: 827,339,380).

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 31 December 2013, the number of ordinary shares issued was 2,183,398,871 (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 31 December 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.

(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:-

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

Group		Group	
2QFY2014	2QFY2013	1HFY2014	1HFY2013
cents	cents	cents	cents
(0.0275)	0.0500	(0.0211)	0.0260
NA	0.0042	NA	(0.0162)

Basic and diluted earnings per share for continuing business in 2Q FY2014 and 1H FY2014 were calculated based on the weighted average number of ordinary shares of 2,183,396,960 and 2,183,392,939 respectively.

The basic earnings per share are the same as the diluted earnings per share for 2Q FY2014 and 1H FY2014. There were no dilutive effects arising from the outstanding dilutive warrants for 2Q FY2014 and 1H FY2014.

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-13	30-Jun-13	31-Dec-13	30-Jun-13
Cents	Cents	Cents	Cents
0.892	0.914	0.629	0.682

(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

(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 31 December 2013 ("2Q FY2014"), the Group's revenue increased by 7.5% year-on-year ("yoy") to S\$8.1 million. For the half year ended 31 December 2013 ("1H FY2014"), the Groups' revenue increased by 23.7% yoy to S\$16.7 million. The increase in revenue was mainly due to the commencement of precious metal recovery business operations in Singapore. Sales in this segment were S\$2.2 million in 1H FY2014. US accounted for the remaining growth of S\$1.0 million in sales.

The Group's US operations accounted for 92% and 87% of the Group's revenue in Q2 FY2014 and 1H FY2014 respectively.

(ii) Gross Profit

Gross margin decreased from 30.7% to 17.8% in 2Q FY2014 and from 22.4% to 19.4% in 1H FY2014. The Group recorded higher margin in 2Q FY2013 compared to subsequent financial quarters due to the higher yield rate of precious metals recovery from processed electronic waste and the margin continued to moderate subsequently from 2Q FY2013 to 2Q FY2014. Extreme weather conditions experienced in United States in 2Q FY2014 that impeded the operations and progress of several projects also contributed to higher costs and lower resultant margins from US operations in 1H FY2014.

Expenses and Other Income

(iii) Other income decreased from S\$0.7 million to S\$0.1 million in Q2 FY2014 and from S\$1.2 million to S\$0.5 million in 1H FY2014. Other income in 2Q FY2013 and 1H FY2013 included a gain of S\$0.3 million from the acquisition of a waste treatment plant. The variance noted in 1H FY2014 was also due to income from future contracts of S\$0.1 million that was recorded in 2Q FY2013.

(iv) Administrative expenses increased by 14.1% to S\$3.2 million in 1H FY2014 due mainly to investment in market development and marketing initiatives and transitional costs involved in the commencement of new business activities in Singapore and Asia in 1Q FY2014.

(v) Share of associates profits

This is the share of the Group's profit in its associated company.

(vi) (Loss)/Profit from continuing operations

As a result of the above, the Group reported losses of S\$600,000 for 2Q FY2014 and S\$461,000 for 1H FY2014, compared to profits of S\$821,000 and S\$364,000 for the corresponding periods in the prior year.

(vii) Discontinued operations

The discontinued operations in 2Q FY2013 and 1H FY2013 consist of the Group's operations in Europe and China that were disposed of in FY2013.

Balance Sheet

(i) Investment in associates was the 49% shareholding and the Group's share of results in the associated company.

(ii) There was no change in the restricted cash held in trust for regulatory obligations imposed on the fund for reinstatement costs for the facility in California and Utah.

(Company Registration No. 199206445M)

- (iii) Inventories increased by approximately S\$1.7 million to S\$2.3 million as at 31 December 2013 due mainly to an increase of S\$1.3 million inventory in the Singapore operations which commenced in FY2014. The inventory holding in the US also increased by S\$0.4 million in anticipation of higher sales volume. In addition, shipments scheduled for December were delayed and subsequently shipped in January 2014.
- (iv) Trade and other receivables for both the Company and the Group as at 31 December 2013 decreased compared to 30 June 2013. This was because the trade and other receivables for June 2013 included a receivable for the proceeds from the disposal of a subsidiary of S\$2.2 million. This decrease for the Group is however offset by an increase in trade receivables due to higher revenue recorded in the US and a deposit for asset lease in the new Singapore operations.
- (v) The other reserves consisted of S\$2.4 million in warrants reserves and S\$0.4 million in foreign exchange translation reserve.
- (vi) In line with the increase in operations, trade and other payables of the Group increased by approximately S\$0.4 million to S\$5.1 million as at December 2013. Trade and other payables of the Company decreased by S\$0.2 million to S\$ 0.6 million at December 2013 due to payables scheduled for payment in 1Q FY2014.

Cash flow statement

The Group's cash and cash equivalents increased from S\$2.1 million in December 2012 to S\$4.6 million in December 2013.

Net cash used in operating activities of the Group was S\$1.7 million in 2Q FY2014 and S\$0.7 million in 2Q FY2013. The amount was higher in 2Q FY2014 due to the commencement of operations in Singapore.

Net cash used in operating activities of the Group was S\$3.3 million in 1H FY2014 and S\$1.8 million in 1H FY2013. The amount was higher in 1H FY2014 due to higher inventory holding and increase in trade and other receivables.

There was no material difference in the cash flows used in investing activities between 2Q FY2014 and 2Q FY2013. Net cash inflows from investing activities were S\$1.8 million for 1H FY2014 due largely to proceeds from disposal of subsidiary of S\$2.2 million received in 1Q FY2014.

There was no significant cash flow from financing activities in 2Q FY2014 and 1H FY2014.

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

Please refer to the profit guidance announcement made on 29 January 2014.

(Company Registration No. 199206445M)

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.

The Group continues to grow its operations in the Recycling and Recovery segments and had successfully launched its Reuse business unit in 2Q FY2014 and its precious metals recovery operations in Singapore in 1Q FY2014.

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.

(Company Registration No. 199206445M)

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 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.

Approximately S\$1.1 million of the proceeds had been further utilized for the purchase of supplies and materials for the Singapore business during the period 1 November 2013 to 31 January 2014.



(Company Registration No. 199206445M)

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 period ended 31 December 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Song Tang Yih
Chairman

Andrew Eng
President and Executive Director

12 February 2014