METech INTERNATIONAL

DELIVERING ECO-RESPONSIBLE SOLUTIONS

2016 ANNUAL REPORT

VISION

To conserve and maximise Earth's resources.

MISSION

To be a provider of smart solutions to bring value and efficiency to the global supply chain.

The annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

The Sponsor has not independently verified the contents of this annual report including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Bernard Lui (Tel: 6389 3000 or Email: bernard.lui@morganlewis.com).

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MESSAGE FROM CHAIRMAN

DEAR SHAREHOLDERS,

The financial year that ended 30 June 2016 (FY2016) continued to be a difficult one for us, amidst the commodity rout and an uncertain world economy. However, we have weathered through this period well. We were able to reduce our losses, reshuffle senior management in the United States (US), put in place a new mechanised platform in the Gilroy (California) factory, set up new businesses in China and Malaysia, raise new capital and maintain a healthy cash flow. Save for the fire at the Gilroy factory in April 2016 that had caused a temporary shutdown, our operations in the US have improved. Further mechanisation has increased processing speed and reduced manpower cost significantly. And the off-take agreement signed in May 2016 when there was a sudden spike of metal prices such as gold, silver, palladium and copper has allowed us to lock in the value of these metals that will be processed in the US factories over the coming financial year.

FINANCIAL REVIEW

The Group recorded a second consecutive year of loss, though net loss was reduced to about S$7.2 million from S$11.6 million the year before.

Revenue for FY2016 stood at S$40.6 million, about 8% lower than the S$44.0 million registered in FY2015. It was still a little higher than in FY2014. Revenue from US and Singapore registered reductions of 18.5% and 23.6% respectively compared to the previous year. Fortunately, the new revenue stream from the supply chain management business had helped to reduce the impact.

Lower precious metal and non-ferrous metal prices were the main cause of the sharp decline in revenue faced by our US and Singapore subsidiaries. The revenue fall outpaced our ability to cut cost, resulting in continued operating loss in the e-waste business. The cost of the oversized factory in Singapore has kept overall cost of the Group high despite substantial cost-cutting measures at the Group level as well. Notwithstanding this, I am glad to report that our restructuring effort has been effective in reducing our distribution and administrative expenses, and finance cost by about S$1.0 million in FY2016. The lease on the factory in Singapore, which was sold to Mapletree in 2007 and leased back for 10 years, will expire in November 2017. We are unlikely to extend the lease. This will result in substantial savings, bringing the cost at Group level down further.

SIGNIFICANT EVENTS

In the last two years when the sharp fall of metal prices had reduced our revenue in the e-waste sector and the appreciating US dollar increased our cost of operations especially in the US, we decided to diversify in order to reduce dependence on e-waste. In FY2016, revenue from e-waste has been furthered reduced to 57.3%. The Group had depended entirely on e-waste in FY2014, before we started the supply chain management business in FY2015, capitalising on its expertise and reputation in the metal processing industry. The Group remains in the metal business. Other than the trading of metals it harvests from e-waste, it has become a trader in third-party metals within the London Metal Exchange (LME) regime.

A significant milestone in the rebuilding of the Company was the successful transfer of the listing of the Company from the Main Board of the SGX-ST to the Catalist Sponsored Regime on 3 July 2015. The guidance provided by a Continuing Sponsor would assist the Company to remake itself to better face up to the challenges in the expected softening of the already uncertain world economy.

The Company carried out two major capital-building exercises, one through a Rights-cum-Warrants Issue and the other through the sale of a property in the US, to strengthen its cash position. On 10 July 2015, the Company launched a renounceable non-underwritten Rights-cum-Warrants Issue of up to 1,406,186,305 new ordinary shares at an issue price of S$0.003 per share and up to 1,406,186,305 free warrants at an exercise price of S$0.004 per new share. The Rights Shares were over-subscribed by about 12%, and if the warrants were fully converted, the Issue would have brought in a total of S$9.7 million in proceeds. As of to-date, the Company has received S$4.0 million in proceeds from the Rights-cum-Warrants issue. On 20 February 2016, the Company sold its property at Gilroy in the US for a consideration of S$4.5 million.

There were some changes on the Board and in the Management Team. On 1 July 2015, I took over the responsibility as Group CEO, in addition to my appointment as the Chairman, from Mr. Andrew Eng, who moved to the US to be the CEO of our US subsidiary, Metech Recycling Inc. (MRI). On the same day, Mr. Ricky Sim replaced Mr. Khor Check Kim as an independent non-executive director on the Board as well as Chairman of the Nominating Committee. On 1 December 2015, after having personally supervised the restructuring of MRI and appointed a new CEO of MRI, Andrew returned to Singapore and resumed the role of Group CEO. I have retained the role as an executive director, devoting part of my time to building up the supply chain management business, which is expected to grow significantly in the current financial year and become a core business of the Group with revenue outpacing the e-waste business.

BUSINESS OUTLOOK

The world economy will remain uncertain in the coming year, given a slowing Chinese economy, the troubled Euro zone caused by Brexit and unknown outcomes from a new US President. Metal prices are likely to fluctuate significantly, and as businesses delay their capital expenditure, the e-waste business will not expand. We have developed the capability to manage metal price fluctuations, such as a hedging portfolio and the off-take agreement. We have also restructured our operations; corporate layer was significantly thinned and temporary workers replaced through automation. On the other hand, we are searching for growth outside of the e-waste sector, having assumed that it will be more difficult to scale up this business in the coming year. We have placed greater emphasis in growing the supply chain management business and will look to opportunities to expand beyond the current focus on copper concentrates.

The Board and Management have also been engaging with the Company's major shareholders with a view to finding new investors who may be interested in partnering the shareholders to inject new life into the Company. Such initiatives are likely to help the Company in making a quantum leap beyond its current endeavours.

A WORD OF THANKS

In closing, I would like to on behalf of the Board thank our shareholders, business associates, customers, employees and other stakeholders for their confidence and unwavering support.

SIMON ENG

BOARD OF DIRECTORS

SIMON ENG

CHAIRMAN

MR SIMON ENG is the controlling shareholder of Metech. In his capacity as the Chairman of the Board, Mr Eng is responsible for the overall direction and strategic development of the Group.

Mr Eng served more than 18 years as a senior officer in an elite service of the Singapore Government from 1986 till 2004, when he retired to join Singapore-listed United Engineers Ltd. He served as UE's China CEO and lived in Beijing up to end 2007, when he left to set up a waste and wastewater treatment company, in partnership with Tembusu Growth Fund, a private equity fund domiciled in Singapore to which Mr Eng was an advisor. The company had invested in four waste treatment facilities in China. Mr Eng also served as an advisor to Singapore Technologies Electronics Ltd for several years. On top of his many years of exposure in the government and diplomatic circuits, Mr Eng has a wealth of knowledge and experience in the corporate and investment world.

Mr Eng graduated from the University of Hamburg, Germany, as a Naval Architect under a Singapore Public Service Commission scholarship in 1985 and had studied at the Harvard Business School in the United States under a government post-graduate sponsorship.

ANDREW ENG

EXECUTIVE DIRECTOR

MR ANDREW ENG is the President and Chief Executive Officer of the Group. He is also the Executive Chairman of the Group's largest subsidiary, Metech Recycling Inc. of USA.

Prior to joining Metech, Mr. Eng was the CEO of Asia Pacific Metals Refiner Pte Ltd, which acquired the Singapore business of Centillion Environment & Recycling Limited, in March 2011. He successfully turned the company around in 9 months when the company returned to profitability in 2012.

Mr. Eng has more than 20 years of experience in financial advisory, where the Premier Association of Financial Professionals consistently ranked him in the top 5% of the global financial industry. In addition, Mr. Eng was the chairman of an investment holding company that managed a portfolio of about S$35 million for 4 years.

Preceding his entry into the financial advisory industry, he served in the Singapore Police Force till 1991.

Mr. Eng graduated from the National University of Singapore with a Bachelor of Engineering.

FRANCIS LEE

INDEPENDENT
NON-EXECUTIVE DIRECTOR

MR FRANCIS LEE was appointed as an Independent Non-Executive Director at Metech on 1 August 2012, and chairs the Group's Audit Committee. He is also a member of the Remuneration Committee and Nominating Committee of the Company.

Mr Lee brings with him more than 20 years of experience in the financial sector, and provides the Group with advice on matters of corporate governance and acts as a check and balance on the Board's management.

Mr Lee is currently the Chief Financial Officer of OKH Global Ltd, a company listed on the Mainboard of the SGX-ST. He is also a director of his own investment firm, Wise Alliance Investments Ltd. Prior to this, he spent about five and a half years with Man Wah Holdings Ltd, a company listed on the Hong Kong Exchange, as its Chief Financial Officer where he oversaw the accounting functions, corporate regulatory compliance and reporting of the company. He was also the Finance and Executive Director of Man Wah Holdings Ltd. Apart from Metech, Mr Lee is also an Independent Director of three other SGX listed companies.

Mr Lee graduated from National University of Singapore with a Bachelor's Degree in Accountancy and holds a Master of Business Administration from University of Hull. He is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Lee is also a member of the Singapore Institute of Directors.

RICKY SIM

INDEPENDENT
NON-EXECUTIVE DIRECTOR

MR RICKY SIM was appointed as an Independent Non-Executive Director of the Board on 1 July 2015. He chairs the Nominating Committee and is a member of the Audit as well as Remuneration Committee.

Mr Sim started his career in 1977 in the Singapore Civil Service where he spent a total of 18 years, during which he served 6 years in Hong Kong and 3 years in Bangkok as a diplomat. In 1994, he entered the private sector by joining Suntec Investment Group of Companies (SIPL) in Singapore. In addition to fulfilling the role of Chief Operating Officer of SIPL, Mr Ricky Sim was the Managing Director of Chesterton Suntec International Property Consultants from 1997 to 2013. He was an Honorary Advisor to the Real Estate Developers Association of Singapore from 2005 to 2013 and is a member of the Singapore Institute of Directors since January 2000.

Mr Ricky Sim is currently also an Independent Non-Executive Director as well as Chairman of the Nominating Committee of both Lafe Corporation Ltd & Soo Kee Group Ltd.

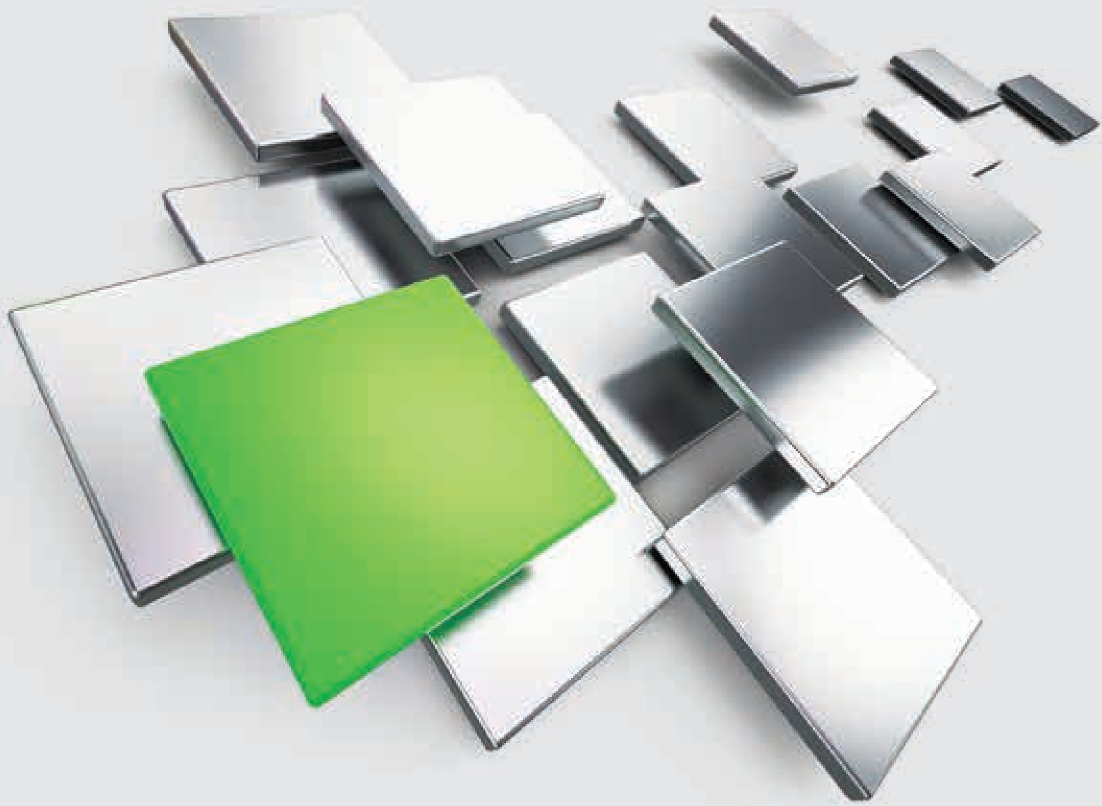
BOARD OF DIRECTORS

DEREK LOH

INDEPENDENT NON-EXECUTIVE DIRECTOR

MR DEREK LOH was first appointed as Non-Executive Director in February 2010 and was later re-designated as Independent Director in November 2011. He presently serves as Chairman of the Remuneration Committee and is also member of the Nominating and Audit Committee of the company. His responsibilities include oversight of corporate affairs and participation in the process of appointment, assessment and remuneration of directors.

Mr Loh has been practising as an Advocate & Solicitor in Singapore for 20 years. He is also an Independent Director on the Board of 3 other public companies, 2 of which are listed in Singapore and one on the Irish Stock Exchange. Apart from his professional work and corporate participation, Mr Loh is also a member of the Board of Governors of Saint Joseph's Institution (Independent) Singapore and a Trustee for the SJI Foundation.



THE MANAGEMENT TEAM

ANDREW ENG

CHIEF EXECUTIVE OFFICER

SIMON ENG

EXECUTIVE DIRECTOR

SAMANTHA HUA

GROUP FINANCIAL CONTROLLER

MS. SAMANTHA HUA joined Metech on 1 March 2016 as the Group Senior Financial Manager and was re-designated as Group Financial Controller on 1 June 2016. As a key member of the Group's Management Team, Ms. Hua is responsible for the finance, accounting, taxation and compliance reporting of the Group, and its subsidiaries. She also provides business planning and forecasting to support the Group's strategic plans. Her responsibilities also include treasury duties and investor relations. In addition, she assists the Management Team of Metech Recycling Inc. in devising financial plans and strategies to grow the US business.

Prior to joining Metech, Ms. Hua was the Group Finance Controller of a SGX Mainboard-listed company for 3 years where she set and oversaw its overall financial objects including all aspects of finance and taxation. She also had 6 years of working experience with CPA firms providing business assurance and advisory services to listed companies and MNCs operating in South-East Asia.

Ms. Hua has a Bachelor Degree in Accountancy.

LEADERSHIP TEAMS

METECH RECYCLING, INC (USA)

Clinton MA. Creedmoor NC. Denver CO. Salt Lake City UT. Gilroy CA.

E-Stewards. R2 Responsible Recycling. ISO 9001. ISO 14001. OHSAS 18001.

President	REX CHENG
Finance Controller	CHRISTY RODRIGUEZ

METECH RECYCLING (SINGAPORE) PTE LTD
ISO 9001. ISO 14001. OHSAS 18001.

General Manager	LAU CHIN GUAN
Finance Controller	CHAN MAY LENG

METECH SOLUTIONS PTE LTD

Managing Director	BENEDICT LIM
Finance Controller	CHAN MAY LENG

METECH GLOBAL (SHANGHAI) CO LTD

General Manager	YANG JIYE
Finance Controller	SAMANTHA HUA

METECH RECYCLING (MALAYSIA) SDN BHD

General Manager	LAU CHIN GUAN
Finance Controller	CHAN MAY LENG

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board" or the "Directors") of Metech International Limited (the "Company" and together with its subsidiaries, the "Group") is committed to achieving and maintaining a high standard of corporate governance within the Group. The Company recognises the importance of good corporate governance for growth and enhancing investors' confidence. We will observe the principles in the Code of Corporate Governance 2012 (the "Code") closely and strive to continually review and improve on our practices.

We have strived to adhere closely to the principles and guidelines of the Code. Any deviances from the Code will be explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Effective Board to lead and control the Company (Principle 1)

In the course of FY2016, the Board has worked diligently to fulfil their primary responsibilities which are as follows:–

- Provide leadership, set strategic directions and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
- Ensure that a framework of prudent and effective controls is available to enable risks to be assessed and managed, including the safeguarding of shareholders' interests and the Company's assets;
- Review and guide the performance of the Management Team;
- Ensure that the Company's values and standards are upheld and that obligations to shareholders and other stakeholders are met; and
- Consider sustainability issues as part of its strategy formulation.

The Board comprises the following directors as members:–

- Simon Eng[1] – Executive Director and Chairman
- Andrew Eng[2] – Executive Director and Chief Executive Officer ("CEO")
- Derek Loh – Independent, Non-Executive Director
- Francis Lee – Independent, Non-Executive Director
- Ricky Sim – Independent, Non-Executive Director

[1 & 2] Mr. Andrew Eng was appointed Chief Executive Officer on 1 December 2015, which was previously held by Mr. Simon Eng.

To the best of their abilities, all of the Directors have objectively discharged their duties and responsibilities as fiduciaries in the interests of the Company at all times.

To ensure effective discharge of its duties, the Board has the support of the following Board Committees:–

- Audit Committee ("AC")
  Mr. Francis Lee is the Chairman of the Audit Committee with Mr. Derek Loh and Mr. Ricky Sim as members. All members of the AC are Independent Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

- Nominating Committee ("NC")
  Mr. Ricky Sim is the Chairman of the Nominating Committee with Mr. Francis Lee and Mr. Derek Loh as members. All members of the NC are Independent Non-Executive Directors. The NC Chairman has no direct association with any substantial shareholder.

- Remuneration Committee ("RC")
  Mr. Derek Loh is the Chairman of the Remuneration Committee with Mr. Francis Lee and Mr. Ricky Sim as members. All members of the RC are Independent Non-Executive Directors.

These Committees function within clearly defined terms of references, which are reviewed on a periodic basis by the Board. The effectiveness of each Committee is also closely monitored and periodically reviewed by the Board.

The following table shows the attendance of the Directors at the meetings of the Board and Board Committees in FY2016.

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No of meetings held	4	4	1	1
Directors		**Number of Meetings Attended**		
Simon Eng	4	NA	NA	NA
Andrew Eng	4	NA	NA	NA
Derek Loh	3	3	1	1
Francis Lee	4	4	1	1
Ricky Sim	4	4	1	1

Dates of Board Meetings, Board Committee Meetings and the Annual General Meeting ("AGM") are usually scheduled one year in advance in close consultation with the Directors. This is to facilitate their attendance at the meetings. If they are unable to be physically present for the meetings, tele- and video-conferencing facilities are arranged for them so that they can participate in the meetings. This is allowed for under the Company's Constitution. Decisions of the Board and Board Committees are also obtained via circular resolutions.

Board Meetings are held on a quarterly basis to review and approve the release of the quarterly financial results and discuss reports from the Management Team on the performance of the Company and its plans. Additional meetings might also be held if there are urgent issues to discuss and consider. The Directors are always encouraged to voice their views freely during discussions on proposals and plans put forward for the Board's consideration and approval. To ensure adequate independent views, all Board Meetings require at least one independent director to be present to form a quorum.

CORPORATE GOVERNANCE REPORT

The Company has in place internal guidelines on corporate matters for which the approval of the Board is required. They include the following:–

- Approval of financial results and all announcements;
- Approval of the annual report and accounts;
- Declaration of interim and/or proposal of final dividends;
- Authorisation of new banking facilities;
- Approval of change in corporate strategy;
- Convening of shareholders' meeting; and
- Approval of acquisitions and disposals and funding of investments.

The Company has also devised and adopted a set of internal controls and guidelines that set out the financial authorisation regime and approval limits for borrowings, including off balance sheet commitments, investments, acquisitions, disposals, capital and operating expenditures, requisitions and expenses. Under the financial authorisation regime and approval limits, approval sub-limits are provided at management levels to facilitate operational efficiency.

Newly-appointed Directors are briefed on their statutory duties and responsibilities as Directors of the Board by the Executive Directors. They are also given relevant material concerning the Company to read so that they are familiar with the Company's history, strategic directions, business sector, industry knowledge, regulatory requirements, and corporate and governance practices. The Directors are also given opportunities to visit the Company's operational facilities and meet the Management Team to gain a better understanding of the Company's business operations.

All Directors are encouraged to attend training courses, seminars and forums, especially those organized by the Singapore Institute of Directors, to keep themselves updated on developments such as changes to relevant standards, practices, laws and regulations.

Board Composition and Guidance
Strong and independent Board to enable objective judgment (Principle 2)

The current Board is a small but effective five-member team which comprises two Executive Directors and three Independent Non-Executive Directors. Due to the higher ratio of Independent Directors to Non-independent Directors on the Board, the Board is comfortably assured that discussions and the decision-making process will be objective. The Board has adhered to the definition in the Code of what constitutes an Independent Director in assessing the independence of each director. The NC is fully convinced that all Independent Directors on the Board are wholly independent in character and judgement and are not in any relationships and circumstances as described in the Code that may affect their judgement. The profiles of the Directors are as set out in the Board of Directors Section of this Annual Report.

The Independent Non-Executive Directors of the Company constructively challenge and help develop proposals on strategies for the Company. They also help to review the performance of the Management Team in meeting agreed goals and objectives and monitor the reporting of performance. The Independent Non-Executive Directors meet periodically without the presence of the Management Team.

CORPORATE GOVERNANCE REPORT

In appointing Directors to the Board, the Board takes into consideration the background, skill-sets and past experience of the candidate and whether the candidate is able to contribute to the growth of the Company. The NC is of the view that the current Board has the right mix of talent with proven track records in business, government, finance and the legal field to lead the Company. The Board will continually review its composition and size to attain the right balance in its membership.

Chairman and Chief Executive Officer

Clear division of responsibilities between the leadership of the Board and the executives (Principle 3)

Mr. Simon Eng has been the Chairman of the Board since 10 Nov 2014. On 1 July 2015 he took on the additional responsibility of Chief Executive Officer ("CEO") of the Company from Mr. Andrew Eng, when Mr. Andrew Eng was deployed to the United States of America ("USA") to assume the role of Chairman and CEO of Metech Recycling Inc., a subsidiary of the Company. Mr. Andrew Eng's mission in the USA was to personally oversee the restructuring of the largest subsidiary in the Group.

Mr. Simon Eng has previously served on a number of boards, including in the capacity of Chairman. Drawing on his past experience, Mr. Simon Eng has been able to create a culture of openness and sharing on the Board. He sets the agenda for the meetings and always makes it a point that the Directors are given the board papers in advance to peruse before the meetings. Using a variety of means including personal calls to the Directors, he is in regular and close touch with them, to keep them timely updated and informed of corporate plans and actions, and key developments in the Company.

Mr. Andrew Eng, the brother of Mr. Simon Eng, was re-appointed CEO of the Company on 1 December 2015. As the CEO, he is responsible for the execution of the strategic directions set by the Board. Mr. Andrew Eng has overall responsibility for the management and performance of the Company. He is supported by the Group Financial Controller ("GFC") of the Company and other members of the Management Team, none of whom is related to one another.

Considering that Mr. Simon Eng and Mr. Andrew Eng are immediate family members, the Company is fortunate to have the services of Mr. Derek Loh to perform the role of Lead Independent Director. Mr. Derek Loh has been the Lead Independent Director since 24 October 2013, and as the Lead Independent Director, he is in regular communication and consultation with the other Independent Directors.

The Lead Independent Director is available to shareholders of the Company wherever they have concerns for which the normal channels of the Chairman, the CEO or the GFC have failed to resolve or are inappropriate. Led by the Lead Independent Director, the Independent Directors meet periodically without the presence of the other Directors, and the Lead Independent Director would provide feedback to the Chairman after such meetings, if any.

The Board is of the view that there is a sufficiently strong and independent presence on the Board to ensure discussions and decision-makings are objective and transparent. This is evident from the number of Independent Non-Executive Directors on the Board which outnumbers the Executive Directors by 3 to 2. The appointment of a Lead Independent Director also serves to add weight to the independent voices on the Board. In addition, all members of the NC, RC and AC are Independent Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

Board Membership

Formal and transparent process for the appointment and re-appointment of directors (Principle 4)

According to the provisions in the Company's Constitution, one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every AGM. The Company's Constitution also requires that the Directors individually retire once every three years and subject themselves to the same re-election process. The exception to this rule is the Group CEO as he holds an important position that ensures the smooth operation of the Group.

The NC, which is made up completely of Independent Non-Executive Directors, reviews and discusses the retirement and re-election of directors prior to seeking shareholders' approval for their re-appointment at the AGM. It works within the terms of reference that have been approved by the Board. Its principal functions are as follows:–

- Establish the criteria and desirable attributes of new appointees to the Board;
- Identify and short-list candidates;
- Put up recommendations to the Board on all Board appointments;
- Put up recommendations on all nominations of Directors annually as guided by the Code;
- Assess the performance of the Board as a whole, as well as the contribution of each Director to the effectiveness of the Board; and
- Conduct annual reviews of the independence of each Director based on the criteria set in the Code.

The criteria for the appointment of a director are driven by the need to position and shape the Board in line with the needs of the Group and its vision, mission and business goals. The Board, through the NC, looks at the background, skill-sets, experience and professional qualifications of a candidate and how they can contribute to the growth of the Group. The Board also looks at his or her past achievements to see how they can enhance the quality and robustness of decision-making on the Board.

Besides the individual attributes, the following factors also have a determination in the selection process:–

- The geographical reach and diversity of the Group's businesses;
- The strategic direction and progress of the Group;
- The current composition of the Board; and
- The need for independence.

Though some of the Board members have multiple board representations, the NC is satisfied that the numbers are manageable and the Directors are still able to devote sufficient time and attention to the Company.

Pursuant to the Company's Constitution, Mr. Francis Lee is retiring by rotation and will submit himself for retirement and re-election by the shareholders at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

Board Members

Directors	Position	Date of First Appointment	Date of Last Re-election	Nature of Appointment
Simon Eng	Chairman	10 Nov 2015	28 Oct 2015	Non-independent & Executive
Andrew Eng	Director (CEO)	01 Sep 2012	19 Oct 2012	Non-independent & Executive
Derek Loh	Director	10 Feb 2010	28 Oct 2015	Independent & Non-Executive
Francis Lee[1]	Director	01 Aug 2012	29 Oct 2012	Independent & Non-Executive
Ricky Sim	Director	01 Jul 2015	28 Oct 2015	Independent & Non-Executive

[1] Due for re-election at AGM

Board Performance
Formal assessment of the effectiveness of the Board and its Committees and the contribution by each Director (Principle 5)

The Board has in place an annual assessment exercise for the Directors to assess the effectiveness of the Board as well as their own individual performance on the Board and Board Committees. Both assessments require the Directors to score against a list of outcomes that appear on the assessment forms. The results of the first assessment are then openly discussed and reviewed at the NC meeting, while the results of the second are meant more for self-reflection and personal improvement. The final outcome of the first assessment will be an improvement plan, focusing mainly on those areas with low scores.

The assessment form to rate the effectiveness of the Board covers a total of 14 outcomes. The questions range from very fundamental issues such as whether the Board has a full and common understanding of the roles and responsibilities of a board to very operational issues such as whether the Board has approved a succession plan for the CEO and senior members of the Management Team. The Directors are required to give their assessment based on a five-grade-scale ranging from Poor to Very Good to each and every outcome, which are then tallied and averaged out to give the overall view of the Board on each specific outcome.

The self-appraisal assessment form for the individual Directors to rate their personal performances on the Board and Committees requires them to score themselves against a list of 10 outcomes. The 10 outcomes cover wide-ranging areas such as leadership, contribution and participation in meetings, keeping abreast of industry developments and maintenance of independence.

Access to Information
Board members to be provided with complete, adequate and timely information (Principle 6)

The Directors are periodically furnished with information concerning the Group so that they are kept updated on the performance of the Group, and the decisions and actions taken by the Management Team. Generally, the Directors have unrestricted access to the Company's records and information. The Directors have also the full authority to consult directly with any member of the Management Team at their own time and whenever they need additional information.

CORPORATE GOVERNANCE REPORT

Board and committee papers are circulated to the Directors in advance of meetings to allow them adequate time to read and reflect on the issues. The CEO personally ensures that these papers contain all necessary facts and figures to allow thorough deliberation and discussion of the issues during the meetings. Where necessary, other members of the Management Team or external consultants engaged for specific projects, may have to present themselves to explain and provide additional information to the meetings.

During the quarterly review of financial results, the GFC is also present to answer any queries that the Board might have. Furthermore, internal procedures have been put in place to allow each member of the Board reviewing the interim financial statements to immediately raise any material information known to him or her which may render the interim financial results to be false or misleading prior to their release on SGXNet. Where there are such adverse issues raised which may affect the financial results in a material way, necessary actions will be taken to allow time for further investigation and review.

The Directors have separate and independent access to the Company Secretary, who is responsible to the Board for ensuring that established procedures, and relevant statutes and regulations are complied with. The Company Secretary attends all board meetings. The Board is consulted on the appointment and removal of the Company Secretary.

The Directors, in furtherance of their duties, has the authority to obtain legal and other independent professional advice, if so required, concerning any aspect of the Group's operations or undertakings. This will be paid for by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Formal and transparent procedure for developing policy for executive remuneration and fixing the remuneration packages of individual directors (Principle 7)

Level and Mix of Remuneration

Remuneration to be aligned with the long-term interest and risks policies of the Company (Principle 8)

Disclosure of Remuneration

Clear disclosure on remuneration policies, level and mix of remuneration, and the procedure for setting remuneration (Principle 9)

The remuneration policy of the Company is to provide compensation packages which are pegged at market rates and reward good performance. The compensation packages have to be attractive too in order to attract, retain and motivate directors, executives and managers. The remuneration packages take into account the performance of the Company and the individuals.

The RC is responsible to recommend to the Board a framework of remuneration for the Directors and senior members of the Management Team, and specific remuneration packages for the Executive Directors. All aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options and benefits in kind are considered by the RC. In devising the packages, the RC is aware that termination clauses, wherever applicable, have to be fair, and not overly generous.

CORPORATE GOVERNANCE REPORT

To enable it to carry out its duties well, the RC is given the option to engage external human resource consultants, if required.

Both Executive Directors, Mr. Simon Eng, the Chairman of the Board, and Mr. Andrew Eng, the President and CEO of the Company do not receive any director's fee. The remuneration package comprises a basic salary component and a variable component in the form of a bonus that is based on the Company's and their individual performance.

Non-Executive Directors are remunerated via a director's fee which is based on a fee structure that takes into consideration the level of responsibilities of the Directors. The fee structure comprises a basic fee component and an allowance component based on their appointment on the Board and Board Committees. Director's fees are subject to approval by shareholders at the AGM.

The remuneration of the directors and top management for FY2016 is presented in bands – below S$150,000, S$150,000 to S$250,000 and S$250,000 to S$500,000 – and its breakdown in percentage terms. After much deliberation, the Board felt that a full disclosure of the specific remuneration is not in the best interest of the Company or its shareholders. Due to the competitive business environment and the confidential nature of remuneration matters, a full disclosure of the specific remuneration may have a negative impact on the Company in attracting and retaining talent at the Board and top management level. The Board is of the view that the current format of disclosures is sufficient indication of the remuneration package of each director and each member of top management.

The total fees paid out to Directors in FY2016 was S$93,000. The fees were derived in accordance with the fee and allowance structure below:–

Board of Directors	**FY2016**	**FY2015**
Basic Fee	S$25,000	S$25,000
Chairman's Allowance	S$10,000	S$10,000
Allowances for Members of Board Committees		
Audit Committee Chairman's Allowance	S$8,000	S$8,000
Other Committee Chairman's Allowance	S$2,000	S$2,000
Committee Member's Allowance	S$1,000	S$1,000

Breakdown of Directors' Remuneration for FY2016

Name	Remuneration Band	Salary	Bonus[1]	Director's Fees	Other Benefits	Total
Simon Eng	Below S$150,000	96	4	–	–	100
Andrew Eng	S$250,000 to S$500,000	87	8	–	5	100
Derek Loh	Below S$150,000	–	–	100	–	100
Francis Lee	Below S$150,000	–	–	100	–	100
Ricky Sim	Below S$150,000	–	–	100	–	100

1 Comprised the 13th Month Annual Wage Supplement.

CORPORATE GOVERNANCE REPORT

The total remuneration paid out to top management in FY2016 was S$657,000. Other than Mr. Simon Eng and Mr. Andrew Eng, who are brothers, none of the employees in the Company whose remuneration exceeded S$50,000 in FY2016 was an immediate family member of any of the Directors.

Breakdown of Top Management's Remuneration for FY2016

Name	Remuneration Band	Salary	Bonus[3]	Fees	Other Benefits	Total
Simon Eng	Below S$150,000	96	4	–	–	100
Andrew Eng	S$250,000 to S$500,000	87	8	–	5	100
Benny Lim[1]	S$150,000 to S$250,000	86	9	–	5	100
Samantha Hua[2]	Below S$150,000	90	–	–	10	100

1 Mr. Benny Lim resigned from the Company on 1 April 2016.
2 Ms. Samantha Hua joined the Company on 1 March 2016.
3 Comprised the 13th Month Annual Wage Supplement.

ACCOUNTABILITY AND AUDIT

Accountability

Present a balanced and understandable assessment of the company's performance, position and prospects (Principle 10)

The Board is accountable to the shareholders and other stakeholders, while the Management Team is accountable to the Board. In this regard, it is the Board's responsibility, and also that of the Management Team, to provide a balanced and easy-to-understand assessment of the Group's performance, position and prospects, to shareholders and other stakeholders. This responsibility extends to price-sensitive public reports as well as reports to regulators, if required.

The Board adheres to legislative and regulatory requirements, including requirements of Section B: Rules of Catalist of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited's ("SGX-ST") with regards to such transparency. It aims to inform shareholders of the performance of the Group on a regular and timely manner, which the Board believes would also further enhance the Company's relationships with investors and the media.

Executive Directors are provided with detailed management accounts of the Company's performance, position and prospects on a monthly basis by the Management Team. Where there is any material deviation, all members of the Board will be informed immediately. Any Director on the Board can also request to see the management accounts at any time to their convenience.

Risk Management and Internal Controls

Maintaining a sound system of risk management and internal controls (Principle 11)

The Board acknowledges that it is responsible for the overall internal control framework, but it also recognizes that no internal control system can preclude all errors and irregularities. The Board can only provide reasonable but not absolute assurance against material misstatement or loss. Hence, the system of internal controls is designed to manage rather than eliminate the risk of failure.

CORPORATE GOVERNANCE REPORT

The Board has received assurances from the CEO and the GFC that the financial records of the Company have been properly maintained and the Company's financial statements give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, are adequate and effective.

During the financial reporting period, the AC, on behalf of the Board, reviews internal and external audit reports relating to the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. It also reviews the effectiveness of the actions taken by the Management Team on the recommendations made by external auditors in this respect.

Based on the internal controls established and maintained, internal audits, reviews by the Management Team, and the statutory audit by the external auditors, the Board and AC are of the opinion that the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, are adequate and effective.

Audit Committee
Establishment of Audit Committee with written terms of reference (Principle 12)

The AC is guided by its terms of reference that set out its duties and responsibilities to assist the Board to maintain a high standard of Corporate Governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems. The AC has power to conduct or authorise investigations into any matter within its scope of responsibility. It is also given reasonable resources to enable it to perform its function properly.

In FY2016, the AC held four meetings. The Executive Directors, external auditors and the GFC were present at all the meetings.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. The duties of the AC are as follows:–

- To review and evaluate the financial and operating results and accounting policies;
- To review audit plans and scope of audit examination of the external audit and their evaluation of the system of internal accounting controls arising from the audit and audit reports and matters which the external auditors wish to raise;
- To review the annual and quarterly financial statements and announcements to shareholders before submission to the Board for adoption;
- To review the transactions falling within the scope of Chapter 9 of the Listing Manual; and where necessary, reviews and seeks approval for interested person transactions ("IPT");
- To review the non-audit services provided by the external auditors and whether the provision of such services affects their independence; and
- To consider the appointment and re-appointments of external auditors and matters relating to the resignation of dismissal of external auditors.

CORPORATE GOVERNANCE REPORT

The AC meets periodically with the Company's external auditors to review accounting, auditing and financial reporting matters. The AC has full access to the Management Team and also full discretion to invite any Director or member of the Management Team to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. The AC meets with the external auditors without the presence of the Management at least once a year.

The Company has appointed a suitable audit firm to meet its obligations, having paid regards to the adequacy and experience of the auditing firm and the audit engagement partner assigned to the audit. The Company confirmed that Rule 712 of the Listing Manual has been complied with.

The auditors of the Company's subsidiaries are disclosed in Note 11 of the Financial Statements in this Annual Report. The Board and the AC have considered and confirmed that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. Accordingly Rule 716 of the Listing Manual is complied with. The Board and the AC also noted that adequate information had been received by its auditors from these significant foreign subsidiaries for the purpose of its audit of the Group's financial statements.

The AC noted that the external auditor was paid $190,000 in FY2016. The AC has also undertaken a review of all non-audit services provided by the auditors and noted that they did not provide any non-audit service in FY2016.

The AC also reviewed the performance of the external auditors. It recommended to the Board the re-appointment of Moore Stephen LLP as the Company's external auditors, after having been satisfied with the standard of audit, independence and objectivity of the external auditors.

The AC monitors the whistle-blowing framework that has been put in place in the Company, which provides guidelines and procedures for the employees of the Group or any other persons to raise concerns regarding matters of suspected fraud, corruption, dishonest practices or other similar breaches regarding accounting, financial and audit matters, as well as alleged irregularities and violation of a general, operational and financial nature against the Company or against any applicable law, and other matters, and ensures that arrangements are in place for independent investigation of such matters and appropriate follow-up actions. All employees may address such concerns to the Company Secretary.

Internal Audit

Establishment of effective internal audit function (Principle 13)

The AC reviews the internal audit activities on a quarterly basis including overseeing and monitoring the implementation of the improvements required on any internal control weaknesses that are surfaced. The AC ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

CORPORATE GOVERNANCE REPORT

In FY2016 the AC approved the establishment of an Internal Audit Unit ('IAU") within the Company. The IAU's primary line of reporting will be to the AC Chairman, although it would also report administratively to the CEO. The IAU will rely on a combination of internal and outsourced resources. Besides conducting regular internal audit checks on entities within the Group, the new IAU will be responsible to ensure that the current set of enterprise risks and internal control measures are current and relevant. The IAU will be staffed with persons with the relevant qualifications and experience and carries out its function according to the standards set by nationally or internationally recognised professional bodies. The IAU has unfettered access to all of the Company's documents, records, properties and personnel, including access to the AC.

The AC and the Board review the adequacy and effectiveness of the internal audit function on an annual basis and are satisfied with it.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholders Rights

Treat all shareholders fairly and equitably (Principle 14)

Communication with Shareholders

Actively engage shareholders (Principle 15)

Conduct of Shareholder Meetings

Encourage greater shareholder participation at general meetings (Principle 16)

All shareholders are treated fairly and equitably to facilitate their ownership rights. The Company recognises and strives to protect and facilitate the exercise of shareholders' rights, and will continually review and update such governance arrangements. The Company's Constitution allows shareholders, who are unable to attend the general meeting in person, to appoint one or two proxies to attend and vote at the meeting on their behalf.

The Board believes in timely and accurate dissemination of information to its shareholders and does not engage in selective disclosure. The Company adheres strictly to the continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of SGX-ST. Announcements on financial results, major changes to the composition of the Board, changes to interest of directors and substantial holders, major developments in the Company, annual reports, notices and circulars of general meetings and extraordinary meetings and other stipulated disclosures are made through SGXNet.

As the Board is accountable to the shareholders, it is the aim of the Board to provide shareholders with a balanced and easy-to-understand assessment of the Company's performance, position and prospects when presenting financial and other price sensitive public reports, and reports to regulators.

The AGM is the principal forum for dialogue with shareholders. The Company encourages its shareholders to attend the AGM to ensure a high level of accountability and to stay informed of the Company's performance and plans. The Company's Constitution allows a shareholder to appoint one or two proxies to attend and vote on his or her behalf. For corporations which provide nominee or custodial services, more than two proxies can be appointed.

CORPORATE GOVERNANCE REPORT

Annual reports are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Company, including future developments and other disclosures required by the Listing Manual, Companies Act and Singapore Financial Reporting Standards.

The Board welcomes questions and views of shareholders on matters pertaining to the Company that are raised either formally or informally before and during an AGM. The Directors would endeavor to attend the AGM to meet the shareholders and address their concerns, in particular the Chairman of the Board and the Chairman of the AC, NC and RC. External auditors are always present at the AGM to address queries pertaining to the conduct of audit and the preparation and content of the Auditors' Report.

Effective from the AGM in 2015, all resolutions are put to vote by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced.

The Company maintains a website (http://www.metechinternational.com) where shareholders can access information on the Company at their own convenience.

DEALING IN SECURITIES

The Company has issued an internal policy on dealings in the securities of the Company to its Directors and officers of the Company. Directors and staff of the Company are prohibited from dealing in the Company's securities for the period beginning two weeks before the announcement of the Company's first three Quarterly Results and one month before the announcement of the Company's Full Year Results and ending after the results have been announced.

They are also prohibited from dealing in the Company's securities when they are in possession of potentially price-sensitive information. The Directors and staff are also not expected to deal in the Company's securities based on considerations of a short-term nature.

INTERESTED PERSON TRANSACTIONS

The Company has an internal policy in respect of any transaction with interested persons which sets out the procedures for review and approval of the Company's IPTs. When a potential conflict of interest arises, the Director concerned does not participate in discussions and refrains from exercising any influence over other members of the Board.

In FY2016, there were no IPTs involving transactions of more than S$100,000 and the Company did not seek shareholders' mandate pursuant to Rule 920 of the Listing Manual.

Prior to entry by the Company into an IPT, the Board and AC will review such a transaction to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

In FY2016, the Company did not enter into any material contracts involving the interests of any Directors or any controlling shareholders of the Company or its associates.

USE OF PROCEEDS

Use of Proceeds from Rights-cum-Warrants Issue completed on 5 October 2015

The Company completed a rights-cum-warrants issue on 5 October 2015 with net proceeds amounting to S$4.0 million. Approximately S$3.2 million were utilized for working capital to purchase supplies and materials and S$0.8 million for business expansion purposes. The proceeds were fully utilised by 31 January 2016 and in accordance with the purposes set out in the Company's announcement of 10 July 2015.

CATALIST SPONSOR

There was no non-sponsor fee paid to the Company's sponsor, Stamford Corporate Services Pte Ltd, in FY2016.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

The directors present their statement to the members together with the audited consolidated financial statements of Metech International Limited (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 30 June 2016 and the statement of financial position of the Company as at 30 June 2016.

In the opinion of the directors:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group set out on pages 30 to 105 are drawn up so as to give a true and fair view of the financial positions of the Company and of the Group as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as discussed in Note 2(b) to the financial statements.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Simon Eng	*Executive Director*	
Andrew Eng	*Executive Director*	
Derek Loh	*Independent Non-Executive Director*	
Francis Lee	*Independent Non-Executive Director*	
Ricky Sim	*Independent Non-Executive Director*	*(Appointed on 1 July 2015)*

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except as disclosed in this report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, share options, warrants and debentures of the Company and/or of related corporations (other than wholly-owned subsidiaries), were as follows:

	Shareholdings registered in the name of directors		Shareholdings in which directors are deemed to have an interest	
Name of Directors	**At the beginning of the financial year**	**At the end of the financial year**	**At the beginning of the financial year**	**At the end of the financial year**
The Company				
Number of ordinary shares				
Simon Eng	238,310,559	490,000,000	74,958,944	112,463,903
Andrew Eng	114,656,893	171,985,339	–	–
Number of warrants				
Simon Eng	–	251,689,441	–	37,504,959
Andrew Eng	–	17,328,446	–	–

There was no change in any of the above-mentioned interests at the end of the financial year and 21 July 2016.

By virtue of Section 7 of the Act, Simon Eng and Andrew Eng are deemed to have interests in the subsidiaries of the Company.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

4 SHARE OPTIONS

Options Granted

During the financial year, no options to take up unissued shares of the Company or its subsidiaries were granted.

Options Exercised

During the financial year, there were no shares of the Company or its subsidiaries issued by virtue of the exercise of options to take up unissued shares.

Unissued Shares under Options

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries.

5 WARRANTS

The details of the warrants of the Company are as follows:

Financial year	At the beginning of the financial year	Warrants issued	Warrants exercised	Warrants expired	At the end of the financial year
2016	–	1,406,186,305	–	–	1,406,186,305
2015	827,227,279	–	305,740	(826,921,539)	–

On 5 October 2015, the Company has issued 1,406,186,305 warrants. These warrants are exercisable anytime but no later than the expiry date, 4 October 2017.

The warrants entitle the warrant holder to subscribe for one new ordinary share of the Company at the exercise price of $0.004 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of the Company.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

6 AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

Francis Lee (Chairman)	*(Independent Non-Executive Director)*
Derek Loh	*(Independent Non-Executive Director)*
Ricky Sim*	*(Independent Non-Executive Director)*

* Appointed on 1 July 2015

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

(a) Reviews the audit plans of the external auditors of the Company and the assistance given by the Company's management to the external auditors;

(b) Reviews the quarterly announcement of financial statements and annual financial statements and the auditors' report on the annual financial statements of the Company before submission to the Board of Directors;

(c) Reviews the scope of the business control and internal control function of the Company and evaluates any findings in respect of the adequacy of the Company's system of internal accounting controls;

(d) Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(e) Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

(f) Reviews the cost effectiveness and the independence and objectivity of the external auditors;

(g) Reviews the nature and extent of non-audit services provided by the external auditors;

(h) Recommends to the Board of Directors the external auditors to be nominated, and reviews the scope and results of the audit;

(i) Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate;

(j) Reviews interested person transactions in accordance with the requirements of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited; and

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

6 AUDIT COMMITTEE (Continued)

(k) Undertakes such other functions and duties as may be agreed to by the AC and the Board of Directors.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year with full attendance from all members except in one meeting where a member had to withdraw at the last minute. The AC has also met with the external auditors, without the presence of the Company's management, at least once a year.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors the nomination of Moore Stephens LLP for their reappointment as external auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

7 INDEPENDENT AUDITORS

The auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

....

Simon Eng
Director

....

Andrew Eng
Director

Singapore
5 October 2016

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

(Incorporated in Singapore)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Metech International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 30 to 105, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

(Incorporated in Singapore)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
5 October 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Revenue	4	**40,601**	43,961
Cost of sales		**(42,498)**	(46,240)
Gross loss		**(1,897)**	(2,279)
Other income	5	**3,624**	492
Other expenses		**(2,706)**	(2,207)
Distribution expenses		**(1,142)**	(1,496)
Administrative expenses		**(4,866)**	(5,416)
Finance costs	6	**(105)**	(238)
Loss before income tax	7	**(7,092)**	(11,144)
Income tax	8	**(5)**	9
Loss for the financial year		**(7,097)**	(11,135)
Other comprehensive (loss)/income, net of income tax:			
Items that may be reclassified subsequently to profit or loss			
– Reversal of fair value gain from equity on disposal of available-for-sale investment		**–**	(486)
– Exchange differences on translating foreign operations		**(93)**	57
Other comprehensive loss, net of income tax		**(93)**	(429)
Total comprehensive loss for the financial year attributable to owners of the Company		**(7,190)**	(11,564)
Loss per share attributable to the owners of the Company			
Basic and diluted loss per share (S$ cents)	9	**(0.184)**	(0.450)

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	**2,215**	7,441	**13**	16
Investments in subsidiaries	11	**–**	–	**800**	1,200
Associate	12	**–**	–	**–**	–
Restricted cash held in trust	13	**326**	315	**–**	–
Trade and other receivables	14	**–**	–	**8,603**	14,633
Other financial assets	18	**511**	511	**511**	511
		3,052	8,267	**9,927**	16,360
Current Assets					
Inventories	15	**2,806**	2,758	**–**	–
Trade and other receivables	14	**7,580**	8,594	**651**	777
Derivative financial instrument	16	**–**	–	**–**	–
Available-for-sale investment	17	**–**	–	**–**	–
Other financial assets	18	**–**	9	**–**	9
Cash and cash equivalents	19	**3,029**	868	**116**	80
		13,415	12,229	**767**	866
Total Assets		**16,467**	20,496	**10,694**	17,226
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	20	**176,346**	172,335	**176,346**	172,335
Other reserves	21	**281**	374	**–**	–
Accumulated losses		**(166,831)**	(159,734)	**(166,477)**	(155,780)
Total Equity		**9,796**	12,975	**9,869**	16,555
LIABILITIES					
Non-Current Liabilities					
Finance lease liabilities	24	**122**	66	**–**	–
Current Liabilities					
Trade and other payables	22	**5,179**	7,388	**825**	671
Provisions	23	**1,329**	–	**–**	–
Finance lease liabilities	24	**41**	67	**–**	–
		6,549	7,455	**825**	671
Total Liabilities		**6,671**	7,521	**825**	671
Total Equity and Liabilities		**16,467**	20,496	**10,694**	17,226

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Share capital S$'000	Translation reserve S$'000	Warrants reserve S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total equity S$'000
Group						
2016						
At 1 July 2015	**172,335**	**374**	**–**	**–**	**(159,734)**	**12,975**
Loss for the financial year	**–**	**–**	**–**	**–**	**(7,097)**	**(7,097)**
Other comprehensive income, net of income tax						
Exchange differences on translating foreign operations (Note 21)	**–**	**(93)**	**–**	**–**	**–**	**(93)**
	–	**(93)**	**–**	**–**	**(7,097)**	**(7,190)**
Share placement (Note 20)	**4,219**	**–**	**–**	**–**	**–**	**4,219**
Share issue expenses (Note 20)	**(208)**	**–**	**–**	**–**	**–**	**(208)**
At 30 June 2016	**176,346**	**281**	**–**	**–**	**(166,831)**	**9,796**
2015						
At 1 July 2014	170,513	317	2,447	486	(151,045)	22,718
Loss for the financial year	–	–	–	–	(11,135)	(11,135)
Other comprehensive income, net of income tax						
Reversal of fair value gain from equity on disposal of available-for-sale investment (Note 21)	–	–	–	(486)	–	(486)
Exchange differences on translating foreign operations (Note 21)	–	57	–	–	–	57
	–	57	–	(486)	(11,135)	(11,564)
Share placement (Note 20)	1,875	–	–	–	–	1,875
Share issue expenses (Note 20)	(60)	–	–	–	–	(60)
Exercise of warrants	7	–	(1)	–	–	6
Expiry of warrants	–	–	(2,446)	–	2,446	–
At 30 June 2015	172,335	374	–	–	(159,734)	12,975

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group 2016 S$'000	Group 2015 S$'000
Cash Flows from Operating Activities			
Loss before income tax		**(7,092)**	(11,144)
Adjustments for:			
(Gain)/Loss on disposal of property, plant and equipment		**(194)**	900
Gain on disposal of available-for-sale investment	5	**–**	(69)
Loss on disposal of other financial assets	7	**–**	68
Allowance for impairment loss on other financial assets	7	**177**	–
Property, plant and equipment written off	10	**818**	786
Impairment of property, plant and equipment	10	**–**	246
Inventory written down to net realisable value		**–**	253
Reversal of inventory previously written down to net realisable value	7	**(253)**	–
Allowance for impairment loss on trade and other receivables	7	**254**	196
Reversal of allowance for impairment loss on trade and other receivables	5	**(378)**	–
Bad debts written off	7	**27**	11
Depreciation of property, plant and equipment	10	**1,043**	1,190
Interest expense		**105**	238
Interest income		**(17)**	(13)
Provision for restoration cost	7	**250**	–
Provision for fire incident cost	7	**1,079**	–
Unrealised (gain)/loss on investments in futures contracts		**(34)**	89
Unrealised foreign exchange gain		**(267)**	(81)
Operating cash flows before changes in working capital		**(4,482)**	(7,330)
Working capital changes:			
Trade and other receivables		**780**	943
Inventories		**205**	(566)
Cash encumbered		**(11)**	(16)
Trade and other payables		**(1,861)**	2,485
Cash used in operating activities		**(5,369)**	(4,484)
Interest received		**17**	13
Interest paid		**(105)**	(238)
Income tax (paid)/received		**(5)**	9
Net cash used in operating activities		**(5,462)**	(4,700)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016
(Continued)

	Note	Group 2016 S$'000	Group 2015 S$'000
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		**4,624**	220
Purchase of plant and equipment (Note A)		**(738)**	(2,236)
Proceeds from sale of associate		**–**	2,224
Proceeds from sale of available-for-sale investment	17	**–**	1,000
Proceeds from sale of other financial assets		**–**	320
Acquisition of convertible note	18	**–**	(511)
Acquisition of listed equity securities	18	**(168)**	–
Net cash generated from investing activities		**3,718**	1,017
Cash Flows from Financing Activities			
Proceeds from share placement		**4,219**	1,875
Proceeds from exercise of warrants		**–**	7
Share issue expenses		**(208)**	(60)
Repayment of finance lease liabilities		**(144)**	(67)
Net cash generated from financing activities		**3,867**	1,755
Net increase/(decrease) in cash and cash equivalents		**2,123**	(1,928)
Effect of exchange rate changes on balances of cash held in foreign currencies		**38**	13
Cash and cash equivalents at the beginning of the financial year		**868**	2,783
Cash and cash equivalents at the end of the financial year	19	**3,029**	868

Note A:

	Group 2016 S$'000	Group 2015 S$'000
Plant and equipment acquired during the year (Note 10)	**912**	2,436
Amount financed by hire purchase	**(174)**	(200)
Amount of cash paid	**738**	2,236

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1 CORPORATE INFORMATION

Metech International Limited (the "Company") is incorporated and domiciled in Singapore with its principal place of business and registered office at 65 Tech Park Crescent Singapore 637787. The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are primarily the provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials (Note 11).

The consolidated financial statements relate to the Company and its subsidiaries (collectively the "Group").

The financial statements for the financial year ended 30 June 2016 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the reporting dates, and the reported amounts of revenues and expenses during the relevant periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Going Concern

For the financial year ended 30 June 2016, the Group incurred a net loss and a total comprehensive loss of S$7,097,000 and S$7,190,000 respectively, and as of that date, the Group's accumulated losses amounted to S$166,831,000. Further, the Group has negative operating cash flows from its operating activities amounting to S$5,462,000 during the financial year ended 30 June 2016.

The directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 30 June 2016 is appropriate after taking into consideration the following factors:

(i) Management is presently evaluating various strategies to improve the profitability and generate positive cash flows from the Group's current business activities, including obtaining alternative sources of finance.

(ii) The Group will continue to implement measures to tighten cost controls over its various operating expenses. Management has also prepared a cash flow projection, which shows the Group will have adequate cash resources to satisfy its day-to-day operations for the next twelve months from 30 June 2016, and to meet its obligations as and when they fall due.

(c) Adoption of New/Revised Singapore Financial Reporting Standards

Adoption of New or Revised FRS

For the financial year ended 30 June 2016, there were no new or revised standards which are effective and mandatory for application for the financial year, and relevant to the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Adoption of New/Revised Singapore Financial Reporting Standards (Continued)

New or Revised FRS issued but not yet effective

As at the date of authorisation of these financial statements, the following new or revised standards have been issued and are relevant to the Group, but not yet effective:

		Effective for accounting periods beginning on or after
Amendment to FRS 1	*Disclosure Initiative*	1 January 2016
Amendment to FRS 27	*Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28	*Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7	*Statement of Cash Flows*	1 January 2017
Amendments to FRS 12	*Income taxes – Recognition of deferred tax assets for unrealised losses*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018
FRS 115	*Revenue from Contracts with Customers*	1 January 2018
FRS 116	*Leases*	1 January 2019

Amendment to FRS 1 *Disclosure Initiative*

The amendment to FRS 1 is designed to further encourage entities to apply professional judgment in determining what information to disclose in their financial statements. The amendment also clarifies that entities should use professional judgment in determining where and in what order information is presented in the financial disclosures.

As this is a disclosure standard, it will not have any impact on the financial performance of the Group or the financial positions of the Group and the Company when implemented.

Amendment to FRS 27 *Equity Method in Separate Financial Statements*

The amendment to FRS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in the entities' separate financial statements. This is in addition to the accounting policy choice to account for such investments at cost less impairment, or fair value (in accordance with FRS 39 or FRS 109), which currently exists and will continue to be available.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Adoption of New/Revised Singapore Financial Reporting Standards (Continued)

New or Revised FRS issued but not yet effective (Continued)

Amendment to FRS 27 *Equity Method in Separate Financial Statements* (Continued)

Management does not expect any material impact on the financial performance of the Group or the financial positions of the Group and of the Company upon adoption of this amendment.

Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments to FRS 110, FRS 112 and FRS 28 regarding consolidation exception are listed below:

- An intermediate parent that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements, even if its investment entity parent measures all of its subsidiaries at fair value.
- A parent company should not consolidate a subsidiary that provides services related to the investment activities of the parent if that subsidiary is an investment entity.
- A non-investment entity investor that applies the equity method to an associate/joint venture investment entity may retain the fair value measurement applied to the subsidiaries of the associate/joint venture investment entity.

An investment entity that measures all of its subsidiaries at fair value should disclose the information that is required by FRS 112 *Disclosure of Interests in Other Entities*.

The Group is of the view that the amendments will not have any material impact on the financial performance of the Group or the financial positions of the Group and of the Company on initial application.

Amendments to FRS 7 *Statement of Cash Flows*

The amendments require new disclosure about changes in liabilities arising from financing activities in respect of:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Adoption of New/Revised Singapore Financial Reporting Standards (Continued)

New or Revised FRS issued but not yet effective (Continued)

Amendments to FRS 7 *Statement of Cash Flows* (Continued)

- the effect of changes in foreign exchange rates;
- changes in fair values; and
- other changes.

The above disclosure also applies to changes in financial assets if cash flows from those financial assets are included in cash flows from financing activities.

The Group is of the view that the amendments will not have any impact on the financial performance of the Group or the financial positions of the Group and of the Company on initial application.

Amendments to FRS 12 *Income taxes – Recognition of deferred tax assets for unrealised losses*

The amendments clarify the application of FRS 12 to unrealised losses on debt investments, and the assessment of future taxable profits against which deferred tax assets can be recognised. Specifically:

- Deductible temporary differences will result from unrealised losses on debt investments measured at fair value in financial statements, but measured at cost for tax purposes. This is regardless of how the entity intends to realise the investment.
- Estimates of future taxable profits used to assess recoverability of deferred tax assets resulting from deductible temporary differences:
  - includes profits on the recovery of assets for more than their carrying amount if such recovery is probable;
  - includes only income types against which those temporary differences qualify to be deducted under tax legislation; and
  - excludes tax deductions resulting from the reversal of those temporary differences.

The Group is of the view that the amendments will not have any impact on the financial performance of the Group or the financial positions of the Group and of the Company on initial application.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Adoption of New/Revised Singapore Financial Reporting Standards (Continued)

New or Revised FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 prescribes the accounting requirements for financial instruments and replaces the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. FRS 109 prescribes a new classification and measurement framework for financial instruments, requires financial assets to be impaired based on a new expected credit loss model, changes the hedge accounting requirements, and carries forward the recognition and de-recognition requirements for financial instruments from FRS 39.

Management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 109 will have an impact on the Group.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a revised framework for revenue recognition based on the following five-step approach:

- Identification of the contracts
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations
- Recognition of revenue when (or as) an entity satisfies a performance obligation

FRS 115 will replace the existing revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and INT FRS 113 *Customer Loyalty Programs*.

Management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Adoption of New/Revised Singapore Financial Reporting Standards (Continued)

New or Revised FRS issued but not yet effective (Continued)

FRS 116 *Leases*

FRS 116 will fundamentally alter the impact of leases on lessee's profit or loss and statement of financial position -the current divide between finance and operating lease is removed, along with the off-balance sheet treatment for lessees in the latter. FRS 116 introduces a single on-balance sheet lease accounting model for lessees that is similar to current finance lease accounting. FRS 116 largely preserved the accounting for lessor other than enhanced disclosures about their risk exposures, in particular residual value risk. Lessors continue to assess whether an arrangement is an operating or a finance lease by using criteria similar to the current lease classification test.

Management is currently evaluating the impact of FRS 116 on the financial statements on adoption of this standard.

(d) Basis of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give power, including:

– the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Company, other vote holders or other parties;

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of Consolidation (Continued)

Subsidiaries (Continued)

– rights arising from other contractual agreements; and

– any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of Consolidation (Continued)

Subsidiaries (Continued)

Change in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

Associates are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting.

Investments in associates in the consolidated statement of financial position includes goodwill (net of any accumulated impairment losses) identified on acquisition and is assessed for impairment.

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associates represents the excess of the cost of acquisition of the associates over the Group's share of the fair value of the identifiable net assets of the associates and is included in the carrying amount of the investments in associates.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Basis of Consolidation (Continued)

Associates (Continued)

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in equity directly.

These post-acquisition movements are adjusted against the carrying amount of the investments in associates. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as at the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Dilution gains and losses arising from investment in an associate are recognised in profit or loss.

Investment in an associate is derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currency

(i) Functional and presentation currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Singapore Dollar ("S$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

All values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

(ii) Transactions and balances

In preparing the financial statements of the individual Group entities, transactions in currencies other than the Group entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Foreign Currency (Continued)

(iii) Translation of Group entities' financial statements

The results and financial position of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated currency translation differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any currency translation differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

(f) Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Property, Plant and Equipment (Continued)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

	Years
Leasehold properties	30 to 53.5 years
Plant and equipment	2 to 10 years
Furniture and fixtures	3 to 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, where shorter, the term of the relevant lease.

Plant under construction represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress consists of construction costs including other attributable direct cost and finance costs incurred during the period of construction.

Plant under construction is classified to the appropriate category of property, plant and equipment when completed and ready for use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The residual value, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Subsequent expenditure related to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Plant under construction is not depreciated as these assets are not available for use. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments in Subsidiaries and Associate

Investments in subsidiaries and associate are carried at cost less accumulated impairment losses in the Company's statement of financial position.

On disposal of investments in subsidiaries and associate, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(h) Impairment of Non-Financial Assets

Property, plant and equipment and investments in subsidiaries and associate are tested for impairment whenever there is any objective evidence or indications that these assets may be impaired.

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and investments in subsidiaries and associate to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of Non-Financial Assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

(i) Offsetting Financial Instruments

Financial assets and financial liabilities are offset and net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(j) Financial Assets

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

Financial assets carried at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling it in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial Assets (Continued)

(i) ***Classification*** (Continued)

Financial assets carried at fair value through profit or loss (Continued)

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets.

Loans and receivables are presented as "trade and other receivables" (excluding prepayments) and "cash and cash equivalents" on the statement of financial position.

Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

(ii) ***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On derecognition of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial Assets (Continued)

(iii) Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit and loss, which are recognised at fair value.

Transaction cost for financial assets at fair value through profit and loss is recognised immediately as expenses.

(iv) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve.

Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(v) Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial Assets (Continued)

(v) ***Impairment*** (Continued)

Loans and receivables (Continued)

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Financial assets, available-for-sale

In addition to the objective evidence of impairment described above, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any objective evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(k) Financial liabilities and Equity Instruments Issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial liabilities and Equity Instruments Issued by the Group (Continued)

Financial liabilities

An entity shall recognise a financial liability on its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Financial liability is recognised initially at fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue.

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit and loss when the liabilities are derecognised, and through amortisation process.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Trade and other payables

Financial liabilities include trade and other payables, which are initially measured at fair value, plus transactions costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected useful lives of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

(l) Borrowing Costs

Borrowing costs are recognised in profit or loss as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on a weighted average cost method and comprises all costs of purchase and other related charges incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling prices for inventories less all estimated costs of completion and costs necessary to make the sale in the normal course of business after allowing for obsolete, slow-moving and defective inventories.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, fixed deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(o) Financial Instruments

Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

Fair value changes on derivatives that are not designated nor do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial Instruments (Continued)

Derivatives (Continued)

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Combined Financial Instruments

When the Group becomes a party to a combined financial instrument that contains one or more embedded derivatives, the Group is required to identify any such embedded derivative, and assess whether it is required to be separated from the host contract.

The separate recognition of an embedded derivative requires the following three conditions to be satisfied:

– The economic characteristics and risks of the embedded derivative must not be closely related to the economic characteristics and risks of the host contract;

– A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

– The combined instrument is not measured at fair value with changes in fair value recognised in profit or loss.

When the Group assess the embedded derivative to be separated, it measures the embedded derivative on initial recognition at fair value with fair value gains and losses recognised in profit or loss. The initial carrying amount of the host instrument is the residual amount after separating out the embedded derivative and the fair value is likely to be constantly remeasured. However, if the embedded derivative cannot be reliably measured because it will be settled by delivery of an unquoted financial instruments whose fair value cannot be reliably measured, the entire contract is designated as a financial instrument measured at fair value through profit or loss.

The embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the financial instrument is more than twelve months. The Group classifies the host contract as financial asset, available-for-sale if it has no intention and ability to hold the financial instrument for the foreseeable future or until maturity.

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(q) Employee Benefits

Employee benefits are recognised as an expense, unless the costs qualifies to be capitalised as an asset.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contribution to national pension schemes is recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

(r) Leases

(i) When the Group is the lessee

Lessee – Operating leases

Leases of office premises, factory and equipment where substantially all the risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Leases (Continued)

(i) When the Group is the lessee (Continued)

Lessee – Operating leases (Continued)

When an operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which the termination of the operating lease takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statement of financial position as plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) When the Group is a lessor

Lessor – Operating leases

Leases of office building units where the Group retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Revenue

Revenue for the Group comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of business, net of goods and services tax and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectibility of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(i) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Revenue is recognised net of sales commission, material claims, discounts and returns.

(ii) Rendering of services

Revenue from services is recognised upon the receipt of materials from customers. Where the collection of materials is subjected to additional specific contractual terms such as completion of treatment and recovery processes, recognition of the processing fee is deferred until the completion of such activities.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight line basis over the lease term as set out in specific rental agreements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income Taxes (Continued)

(ii) ***Deferred tax*** (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(iii) ***Current and deferred tax for the year***

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(iv) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

(v) Share Capital and Share Issue Expenses

Ordinary shares are classified as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(w) Warrants Reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share capital upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

(x) Related Parties

A related party is defined as follows:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

a. A person or a close member of that person's family is related to a reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to a reporting entity if any of the following conditions applies:

   i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

   ii. one entity is an associated or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Related Parties (Continued)

b. An entity is related to a reporting entity if any of the following conditions applies: (Continued)

iii. both entities are joint ventures of the same third party;

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

vi. the entity is controlled or jointly controlled by a person identified in (i);

vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

viii. the entity or any member of a group of which is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

Management makes estimates, assumptions and judgments concerning the future. These affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. These estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are revised on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical Judgments in Applying Accounting Policies

Other than disclosed in Note 2(b) to the financial statements, the application of judgements that are expected to have a significant effects on the amounts recognised in the financial statements are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)

(a) Critical Judgments in Applying Accounting Policies (Continued)

Impairment of trade and other receivables

Management reviews trade and other receivables for objective evidence of impairment on a periodic basis. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant adverse changes in the technology, market, economic or legal environment in which the debtor operates. Where there is objective evidence of impairment, management judge whether an impairment loss should be recorded against the receivable.

During the financial year ended 30 June 2016, there was an allowance for impairment loss amounting to S$254,000 (2015: S$196,000) recognised on trade and other receivables (see Note 30(b)). In addition, the Group made a reversal of allowance for impairment loss of trade receivables amounting to S$378,000 (2015: Nil) (see Note 30(b)). Certain trade receivables previously impaired amounting to S$15,000 (2015: S$207,000) were written off as management have deemed the amounts to be non-recoverable (see Note 30(b)).

The carrying amount of the Group's allowance for impairment of trade and other receivables as at 30 June 2016 was S$249,000 (2015: S$382,000) (Note 14) and the carrying amount of the Group's trade and other receivables was SS$7,392,000 (2015: S$8,261,000) (Note 14).

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 53.5 years (2015: 2.5 to 53.5 years). These are common lives expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised. As disclosed in Note 10, the carrying amount of the Group's property, plant and equipment as at 30 June 2016 was S$2,215,000 (2015: S$7,441,000). In addition, a review on the Group's plant and equipment was conducted during the current financial year ended 30 June 2016 and the estimate useful lives of certain equipment were revised (see Note 10(d)). If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's loss for the year will increase/decrease by approximately S$104,000 (2015: S$119,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

Impairment of property, plant and equipment

At the reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

Impairment assessment of property, plant and equipment includes considering certain indications such as significant changes in asset usage, significant decline in market value, obsolescence or physical damage of an asset, significant under performance relative to the expected historical or future operating results and significant negative industry or economic trends.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Group's property, plant and equipment as at 30 June 2016 and 2015 and the related accumulated impairment losses recognised is disclosed in Note 10.

Impairment of investment in subsidiaries

The Company assesses at each reporting date whether there is objective evidence that its investments in subsidiaries (including loan receivables from subsidiaries which are in substance part of the net investments in subsidiaries) are impaired. If any such indication exists, the Company shall estimate the recoverable amount of the investment based on value-in-use calculations which requires the Company to estimate the future cash flows expected from the relevant cash-generating units and an appropriate discount rate to calculate the present value of these future cash flows.

The carrying amounts of the Company's investments in subsidiaries as at 30 June 2016 and 2015 are disclosed in Note 11. During the financial year ended 30 June 2016, there was an allowance for impairment loss amounting to S$21,900,000 (2015: Nil) recognised on investments in subsidiaries as disclosed in Note 11(e).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

Provision for fire incident cost

On 23 April 2016, the Group suffered a fire (the "Fire Incident") at one of its premises located in Gilroy, California. Settlements for damages by a third party in relation to property damage were filed against the Group and the Group is required to rectify the environmental damage caused by the Fire Incident in accordance with the environmental regulations (collectively the "Settlements").

As at 30 June 2016, the Settlements arising from the Fire Incident have been estimated by the management. The Group's loss as a result of the Fire Incident was substantially covered by insurance claims.

The Group exercises judgment in measuring and recognising provisions and the exposure to additional Settlements made against the Group due to the Fire Incident. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision. The future outcome of the Settlements against the Group may result in additional liabilities.

The carrying amounts of the Group's provision for fire incident costs are disclosed in Note 23. During the financial year ended 30 June 2016, there was a provision for fire incident cost amounting to S$1,079,000 (2015: Nil) recognised (see Note 7).

4 REVENUE

	Group	
	2016	**2015**
	S$'000	**S$'000**
Sale of goods	**32,596**	36,696
Rendering of services	**8,005**	7,265
	40,601	43,961

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

5 OTHER INCOME

	Group	
	2016	**2015**
	S$'000	**S$'000**
Rental income	**446**	191
Realised gain on investment in future contracts, net	**23**	25
Unrealised gain on investment in future contracts	**34**	–
Interest income	**17**	13
Currency gain – realised	**108**	19
Currency gain – unrealised	**267**	81
Gain on disposal of available-for-sale investment	**–**	69
Reversal of allowance for impairment loss on trade and other receivables	**378**	–
Gain on disposal of property, plant and equipment	**194**	–
Insurance claim	**2,018**	–
Government grant	**118**	–
Other miscellaneous income	**21**	94
	3,624	492

During the financial year ended 30 June 2016, the Group recognised other income amounting to S$2,018,000 (2015: Nil) arising from an insurance claim. The insurance claim is in connection with the compensation awarded to the Group for the damages incurred due to the fire incidents at the premises of two subsidiaries located in Singapore and the United States of America as disclosed in Note 25.

6 FINANCE COSTS

	Group	
	2016	**2015**
	S$'000	**S$'000**
Finance lease interest	**9**	4
Other finance costs	**96**	234
	105	238

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

7 LOSS BEFORE INCOME TAX

	Group	
	2016	**2015**
	S$'000	**S$'000**
In addition to the disclosures made elsewhere, this is arrived at after charging/(crediting):		
Operating lease expense		
– included in cost of sales	**2,796**	2,271
– included in administrative expenses	**1,123**	1,155
Depreciation of property, plant and equipment		
– included in cost of sales	**1,034**	740
– included in administrative expenses	**9**	450
Employee benefits (including Directors' remuneration)		
– included in cost of sales	**8,403**	6,860
– included in administrative expenses	**2,341**	2,322
– included in distribution expenses	**1,114**	1,461
Allowance of impairment of plant and equipment	**–**	246
Loss on disposal of plant and equipment	**–**	900
Plant and equipment written off	**818**	786
Allowance for impairment loss on trade and other receivables	**254**	196
Inventory written down	**–**	253
Reversal of inventory previously written down to net realisable value	**(253)**	–
Directors' fees paid – Directors of the Company	**93**	99
Unrealised loss on investments in future contracts	**–**	89
Fees on audit services payable/paid to:		
– Auditors of the Company	**190**	100
– Other auditors	**–**	54
Bad debts written off (trade)	**27**	11
Allowance for impairment loss on other financial assets	**177**	–
Provision for restoration cost	**250**	–
Provision for fire incident cost	**1,079**	–
Loss on disposal of other financial assets	**–**	68

There were no non-audit fees paid/payable to the Company's auditors during the financial year ended 30 June 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

8 INCOME TAX

	Group	
	2016	**2015**
	S$'000	**S$'000**
Current income tax expense/(credit)	**5**	(9)

A reconciliation of the applicable tax rate to the Group's effective tax rate applicable to loss before income tax for the financial year is as follow:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Loss before income tax	**(7,092)**	(11,144)
Tax rate at the applicable tax rate of 17% (2015: 17%)	**(1,206)**	(1,894)
Effect of different tax rates operating in other jurisdictions	**(692)**	(874)
Income not subject to taxation	**(416)**	(79)
Tax effect of non-deductible items*	**978**	406
Exempt income	**–**	(26)
Deferred tax benefits not recognised	**1,356**	2,458
Utilisation of tax benefits previously not recognised	**(15)**	–
	5	(9)

* Mainly relates to provisions for fire incident cost and restoration cost (see Note 7) and expenses derived by those entities of the Group, whose principal activities are those of investment holding that do not qualify for deduction/are not taxable as they are capital in nature, in accordance with the relevant tax regulation.

The applicable tax rate used for the reconciliations above is the corporate tax rate of 17% (2015: 17%) payable by corporate entities in Singapore on taxable profits under tax law in that jurisdiction. The applicable tax rate for entities in the United States of America is 34% (2015: 34%).

The remaining entities of the Group operating in jurisdictions other than the above have either no taxable income or are not material.

As at the reporting date, the Group has unutilised tax losses of approximately S$55,514,000 (2015: S$47,626,000) that are available for offset against future taxable profits of those companies of the Group in which these tax losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these unutilised tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies of the Group operate. The unutilised tax losses have no expiry dates.

The deferred tax assets arising from these unutilised tax losses of approximately S$9,437,000 (2015: S$8,096,000) have not been recognised in accordance with the accounting policy in Note 2(t).

NOTES TO THE FINANCIAL STATEMENTS

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9 LOSS PER SHARE

Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share

The Company's dilutive potential ordinary shares are the warrants. The diluted loss per share is the same as basic loss per share as the exercise of the warrants is anti-dilutive.

	Group
2016	
Net loss attributable to owners of the Company (S$'000)	**(7,097)**
Weighted average number of ordinary shares for the purpose of computation of basic and diluted loss per share ('000)	**3,849,723**
Basic and diluted loss per share (S$ cents per share)	**(0.184)**
2015	
Net loss attributable to owners of the Company (S$'000)	(11,135)
Weighted average number of ordinary shares for the purpose of computation of basic and diluted loss per share ('000)	2,475,668
Basic and diluted loss per share (S$ cents per share)	(0.450)

NOTES TO THE FINANCIAL STATEMENTS

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10 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S$'000	Plant and equipment S$'000	Furniture and fixtures S$'000	Plant under construction S$'000	Total S$'000
Group					
Cost					
At 1 July 2014	5,799	8,001	325	67	14,192
Additions	–	2,353	12	71	2,436
Disposal	(220)	(2,278)	(2)	–	(2,500)
Written off	(19)	(852)	–	–	(871)
Transfer	60	57	21	(138)	–
At 30 June 2015	5,620	7,281	356	–	13,257
Additions	125	782	5	–	912
Disposal	(5,418)	(486)	–	–	(5,904)
Written off	(18)	(1,747)	(23)	–	(1,788)
Effect of foreign currency exchange difference	112	232	18	–	362
At 30 June 2016	**421**	**6,062**	**356**	**–**	**6,839**
Accumulated depreciation					
At 1 July 2014	1,292	4,329	224	–	5,845
Depreciation for the year	188	954	48	–	1,190
Disposals	(219)	(1,160)	(1)	–	(1,380)
Written off	–	(85)	–	–	(85)
Impairment	–	246	–	–	246
At 30 June 2015	1,261	4,284	271	–	5,816
Depreciation for the year	146	862	35	–	1,043
Disposals	(1,192)	(282)	–	–	(1,474)
Written off	(16)	(935)	(19)	–	(970)
Effect of foreign currency exchange difference	52	146	11	–	209
At 30 June 2016	**251**	**4,075**	**298**	**–**	**4,624**
Net book value					
At 30 June 2016	**170**	**1,987**	**58**	**–**	**2,215**
At 30 June 2015	4,359	2,997	85	–	7,441

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and equipment S$'000	Furniture and fixtures S$'000	Total S$'000
Company			
Cost			
At 1 July 2014, 30 June 2015 and 2016	1,279	36	1,315
Accumulated depreciation			
At 1 July 2014	1,261	36	1,297
Depreciation for the year	2	–	2
At 30 June 2015	1,263	36	1,299
Depreciation for the year	3	–	3
At 30 June 2016	**1,266**	**36**	**1,302**
Net book value			
At 30 June 2016	**13**	**–**	**13**
At 30 June 2015	16	–	16

(a) Purchase of equipment by finance lease

As at 30 June 2016, the Group has equipment acquired by finance lease with a net book value of S$249,000 (2015: S$90,000).

(b) Disposal of a leasehold property

During the financial year ended 30 June 2016, the Group disposed a leasehold property in the United States of America (the "Disposal") for a cash consideration of S$4,518,000. The gain on disposal recognised on the Disposal amounted to S$292,000 and the Group has received full payment during the financial year ended 30 June 2016.

(c) Fixed assets written off

During the financial year ended 30 June 2016, the Group wrote off fixed assets amounting to S$818,000 (2015: S$786,000). Fixed assets written off were mainly in relation to technically obsolete plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

10 PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Change in estimated useful lives of plant and equipment

During the financial year ended 30 June 2016, the Group conducted a review on its plant and equipment and revised the estimated useful lives of certain equipment from 8 to 2 years. The revision in estimate has been applied on a prospective basis with effect from 1 July 2015. The effects of the above revision on depreciation charge in current and future periods are as follows:

	2016 S$'000	2017 S$'000	Later S$'000
Increase in depreciation expenses	**226**	195	–

(e) Impairment of property, plant and equipment

The estimated recoverable amount of the property, plant and equipment was based on the value-in-use calculations of the relevant cash generating units, and determined using a discount rate of 7.4%, derived from the cash flow projections of these cash-generating units. Assumptions used in projecting the cash flows include average growth rate in revenue of 2.6% and a gross margin of 18% based on the 5 year period budget approved by management, and zero growth rate for the year thereafter up to the period which the Group expects to derive economic benefits from its property, plant and equipment.

Based on management's assessment, the carrying amount of the Group's property, plant and equipment was determined to be lower than the recoverable amount, and accordingly, no allowance for impairment loss was recognised as at 30 June 2016 (2015: S$246,000).

Management has considered the possibility of an increase or decrease in the estimated growth rate and discount rate used in the foregoing value-in-use calculations. A 1% decrease in the estimated growth rate and increase in the estimated discount rate would not result in the recoverable amount lower than the carrying amount of the Group's property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	2016	2015
	S$'000	S$'000
Equity investments, at cost	**22,700**	1,200
Loans	**19,967**	19,967
	42,667	21,167
Impairment losses on loans	**(19,967)**	(19,967)
Impairment losses on equity investments	**(21,900)**	–
	800	1,200
Impairment losses on loans		
At the beginning and the end of the financial year	**19,967**	19,967
Impairment losses on equity investments		
At the beginning of the financial year	**–**	–
Impairment for the financial year	**21,900**	–
At the end of the financial year	**21,900**	–

(a) Incorporation of subsidiaries

During the financial year ended 30 June 2015, the Company incorporated two wholly owned subsidiaries, Metech Reverslog Pte. Ltd. and Metech Solutions Pte. Ltd., with an initial paid-up capital of S$100,000 each.

(b) Loans to a subsidiary

The loans to a subsidiary of S$19,967,000 (2015: S$19,967,000) as at 30 June 2016 are unsecured and non-interest bearing. The settlement of the loans was neither planned nor likely to occur in the foreseeable future. As these amounts were, in substance, a part of the Company's net investment in the subsidiary, they were stated at cost less impairment losses. The amount of S$19,967,000 was impaired fully in the previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

11 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Composition of the Group

The details of the subsidiaries are as follow:

Name of Company/ country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by the Company			
Metech Recycling (Singapore) Pte. Ltd.[1] Singapore	Provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials	**100**	100
Metech Recycling (USA) Pte. Ltd.[1] Singapore	Investment holding and those relating to the business of refining and recycling metals, used components of computers and peripherals	**100**	100
Metech Recycling (Malaysia) Pte. Ltd.[1] Singapore	Investment holding and those relating to the business of refining and recycling metals, used components of computers and peripherals	**100**	100
Metech Reverslog Pte. Ltd.[1] Singapore	General wholesale trade (including general importers and exporters) and repair and maintenance of computer hardware, data processing equipment and computer peripherals	**100**	100
Metech Solutions Pte. Ltd.[1] Singapore	General wholesale trading including general importers and exporters and wholesale on a fee or contract basis	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

11 INVESTMENTS IN SUBSIDIARIES (Continued)

(c) Composition of the Group (Continued)

The details of the subsidiaries are as follow: (Continued)

Name of Company/ country of incorporation	Principal activities	Proportion of ownership interest 2016 %	2015 %
Held by Metech Recycling (USA) Pte. Ltd.			
Metech Recycling, Inc.[(2)] United States of America	Comprehensive end-of-life electronic equipment recycling of precious and non-precious metal scrap and other recyclable materials for subsequent reclamation	**100**	100
Metech Metal, Inc.[(2)] United States of America	Purchase of metal commodity for recycling and smelting	**100**	100
Held by Metech Recycling (Malaysia) Pte. Ltd.			
Metech Recycling, (Malaysia) Sdn. Bhd.[(3)] Malaysia	Provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials	**100**	100
Held by Metech Reverslog Pte. Ltd.			
Metech Global (Shanghai) Co., Ltd.[(2)] People's Republic of China	General wholesale trade	**100**	100

(1) Audited by Moore Stephens LLP Singapore

(2) Not required to be audited under the laws of the country of incorporation, but audited by Moore Stephens LLP for consolidation purposes.

(3) Audited by Chan & Co, Malaysia

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

11 INVESTMENTS IN SUBSIDIARIES (Continued)

(d) Capitalisation of amounts due from a subsidiary

During the financial year ended 30 June 2016, the Company was issued fully paid ordinary shares in Metech Recycling (Singapore) Pte. Ltd. ("Metech Singapore") pursuant to the capitalisation of an amount due from Metech Singapore, which amounted to S$21,500,000.

(e) Impairment losses on equity investments

During the financial year ended 30 June 2016, certain of the Group's subsidiaries continued to incur operating losses. This has caused management to assess the recoverable amount of the Company's net investments in subsidiaries as at the reporting date.

The estimated recoverable amount of the investment was based on the value-in-use calculations of the relevant cash generating units, and determined using a discount rate of 7.4%, derived from the cash flow projections of these cash-generating units. Assumptions used in projecting the cash flows include average growth rate in revenue of 2.6% and a gross margin of 18% based on the 5 year period budget approved by management, and zero growth rate for the year thereafter up to the period which the Company expects to derive economic benefits from its investments in subsidiaries.

Based on management's assessment, the carrying amount of the Company's net investments in subsidiaries was determined to be higher than the recoverable amount, and accordingly, an allowance for impairment loss of S$21,900,000 was recognised as at 30 June 2016. The allowance had no impact on the Group's consolidated financial statements.

Management has considered the possibility of an increase or decrease in estimated growth rate and discount rate used in the foregoing value-in-used calculations. A 1% change in the estimated growth rate and the discount rate would not results in the recoverable amount being lower than the carrying amount of the Group's net investments in subsidiaries.

12 ASSOCIATE

	Group	
	2016 S$'000	2015 S$'000
At the beginning of the financial year	–	2,224
Share of profit of associate	–	–
Disposal	–	(2,224)
At the end of the financial year	–	–

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

12 ASSOCIATE (Continued)

(a) Disposal of the associate

During the financial year ended 30 June 2015, the Group entered into a sale and purchase agreement (the "Agreement") with a third party (the "Purchaser") for the disposal of its 49% equity interest in the associate for a cash consideration of S$2,224,000 (the "Consideration"), which was derived from arm's length negotiations between the Purchaser and the Company, and on a 'willing-buyer, willing-seller' basis.

The Consideration was settled in cash in 10 equal instalments of S$200,000 and an 11th instalment of S$224,000.

The repayment period for the Consideration was as follows:

(i) First instalment payable on 2 October 2014;

(ii) Second instalment payable within 30 days of the date of the Agreement; and

(iii) Subsequent instalments payable within succeeding periods of 30 days each.

The Purchaser was required to procure the payment of the outstanding debt of S$177,000 (the "Debt") due from Apzenith Capital Pte. Ltd. ("Apzenith") to the Company on or before 27 July 2015, failing which it would pay such sum itself on behalf of Apzenith.

During the financial year ended 30 June 2015, the Group had received full payment of the Consideration and the Debt.

(b) Share of the associate's post acquisition profits prior to the date of disposal

During the financial year ended 30 June 2015, the Group's share of the associate's results amounted to S$Nil (2014: share of profit amounting to S$19,000), prior to the date of disposal, as management was of the view that the share of the associate's results was immaterial on the Group's statement of comprehensive income.

13 RESTRICTED CASH HELD IN TRUST

	Group	
	2016	**2015**
	S$'000	**S$'000**
Non-current		
Cash held in trust for closure costs	**326**	315

NOTES TO THE FINANCIAL STATEMENTS

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13 RESTRICTED CASH HELD IN TRUST (Continued)

As a licensed TSD (Treatment, Storage and Disposal of hazardous waste) facility in the State of California in the United States of America, the subsidiary, Metech Recycling Inc ("MRI") is required to maintain a certain amount of funds in trust to cover potential environmental closeout costs of the MRI facility in California and Utah. The Trust Fund Agreement with the State of California Department of Toxic Substance Control and the Escrow Bond Agreement with the Salt Lake Valley Health Department provide assurance that funds will be available when needed for closure and/or post closure care of the facility. These funds are held in a separate trust account and are not available for routine operating expenses.

The restricted cash held in trust has been reclassified as a non-current asset due to additional obligations imposed and anticipated delay in its final release arising from changes in applicable regulations.

14 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Amounts due from subsidiaries (non-trade)	(a)	**–**	–	**22,301**	42,020
Trade receivables	(b)	**5,075**	5,798	**–**	–
Margin trading account	(c)				
– Margin deposit		**99**	491	**–**	–
– Unrealised gain/(loss) on derivative contracts		**34**	(89)	**–**	–
		133	402	**–**	–
Other receivables	(d)	**838**	677	**144**	182
Deposits	(e)	**1,595**	1,766	**563**	565
		7,641	8,643	**23,008**	42,767
Less: Allowance for impairment losses		**(249)**	(382)	**(13,778)**	(27,387)
Loans and receivables		**7,392**	8,261	**9,230**	15,380
Prepayments		**188**	333	**24**	30
		7,580	8,594	**9,254**	15,410
Less: Current portion		**(7,580)**	(8,594)	**(651)**	(777)
Non-current portion		**–**	–	**8,603**	14,633

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

14 TRADE AND OTHER RECEIVABLES (Continued)

(a) The amounts due from subsidiaries are unsecured, interest-free and repayable on demand except as follows:

(i) As at 30 June 2015, included in amounts due from subsidiaries is an interest-bearing amount due from a subsidiary amounting to S$9,162,000 and the interest rate was between 3% to 3.07% per annum;

(ii) During the financial year ended 30 June 2016, the amount due from a subsidiary amounting to S$21,500,000 was capitalised via the issuance of fully paid ordinary shares in the subsidiary (see Note 11(d)).

As at 30 June 2016, management assessed the repayment terms of the amounts due from subsidiaries and determined that the amounts are not likely to be repaid within the next 12 months. Accordingly, the amounts due from subsidiaries of S$8,603,000 (2015: S$14,633,000) have been classified as non-current as at 30 June 2016.

(b) The credit period generally granted for trade receivables is 30 to 60 days (2015: 30 to 60 days).

(c) Precious metals traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Company purchases derivative contracts with the purpose of managing market exposure to adverse price movements in the precious metals.

The details of the derivative contracts outstanding as at the reporting date are as follows:

	2016		**2015**	
	Contract notional amount S$	**Fair value S$**	**Contract notional amount S$**	**Fair value S$**
Derivative contracts	**2,132,000**	**34,000**	2,650,000	(89,000)

Information about the fair value hierarchy of the derivative contracts is disclosed in Note 30(e).

(d) As at 30 June 2016, included in other receivables is an insurance claim receivable of S$540,000 recognised by the Group for the insurance claim arising from the damages caused by the fire to the Group's premises located in the United States of America during the financial year ended 30 June 2016 (see Note 25(b)).

(e) As at 30 June 2016, deposits mainly relate to deposits paid by the Group for the leasing of the office and factory premises located in Singapore and United States of America.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

14 TRADE AND OTHER RECEIVABLES (Continued)

(f) The financial assets and financial liabilities of the Company subject to offsetting and enforceable master netting arrangements are as follow:

	Gross amounts of recognised financial assets S$'000	Gross amounts of recognised financial liabilities offset in the statement of financial position S$'000	Net amounts of financial assets recognised in the statement of financial position S$'000
2016			
Financial assets			
Amounts due from subsidiaries (non-trade)	**22,385**	**(84)**	**22,301**
Financial liabilities			
Amount due to subsidiaries (non-trade)	**(84)**	**84**	**–**
2015			
Financial assets			
Amounts due from subsidiaries (non-trade)	42,206	(186)	42,020
Financial liabilities			
Amount due to subsidiaries (non-trade)	(186)	186	–

NOTES TO THE FINANCIAL STATEMENTS

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15 INVENTORIES

	Group	
	2016	2015
	S$'000	S$'000
At cost:		
Raw materials	**1,742**	1,174
Finished goods	**893**	–
	2,635	1,174
At net realisable value:		
Raw materials	**171**	1,468
Finished goods	**–**	116
	171	1,584
	2,806	2,758

During the current financial year, raw materials and semi-finished goods recognised in cost of sales amounted to S$26,646,000 (2015: S$31,033,323).

During the financial year ended 30 June 2016, there was a reversal of allowance of inventories obsolescence amounting to S$253,000 (2015: Nil) because of the change in the estimate of the future demand of the Group's inventory based on a review carried out by the management as at 30 June 2016.

16 DERIVATIVE FINANCIAL INSTRUMENT

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Derivatives that are not designated in hedge accounting relationship	**–**	–	**–**	–

During the financial year ended 30 June 2015, the Group entered into a "Put and Call Agreement" (the "Agreement") with a third party for the quoted equity shares held by the Group (see Note 18). The summary of the Agreement was as follows:

(a) The Group had the right and option from 15 August 2014 up to 15 November 2014 (the "Put Option") to sell to the third party and to cause the third party to purchase from the Group up to 528,000,000 Shares and the sale price per Share shall equal S$0.0025; and

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

16 DERIVATIVE FINANCIAL INSTRUMENT (Continued)

(b) The third party had the right and option from 15 August 2014 up to 15 November 2014 (the "Call Option") to buy from the Group and to cause the Group to sell up to 300,000,000 Shares and the purchase price per Share shall equal S$0.0030.

During the financial year ended 30 June 2015, the Group had exercised the right and option to sell to the third party and the third party purchased 528,000,000 shares from the Group at a sale price of S$0.0025 per Share (Note 17).

17 AVAILABLE-FOR-SALE INVESTMENT

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Quoted investments, at fair value	–	–	–	–
At the beginning of the financial year	–	1,200	–	1,200
Disposal	–	(1,200)	–	(1,200)
Fair value gain	–	–	–	–
At the end of the financial year	–	–	–	–

Available-for-sale investment was in relation to equity securities listed on the Singapore Stock Exchange.

During the financial year ended 30 June 2015, the Group had disposed available-for-sale investment for a cash consideration amounting to S$1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

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18 OTHER FINANCIAL ASSETS

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Classified as:				
Current	–	9	–	9
Non-current	511	511	511	511
	511	520	511	520
Comprise:				
Listed equity securities				
– Singapore	–	9	–	9
Convertible note				
– Malaysia	511	511	511	511
	511	520	511	520
Designated as:				
At fair value on initial recognition	511	520	511	520

Movements in the financial assets, at fair value through profit or loss are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
At the beginning of the financial year	520	397	520	397
Addition	168	511	168	511
Disposal	–	(388)	–	(388)
Fair value loss	(177)	–	(177)	–
At the end of the financial year	511	520	511	520

Other financial assets comprised financial assets carried at fair value through profit or loss, and are in relation to equity securities listed on the Singapore Stock Exchange and convertible note issued by Pulai Mining Sdn. Bhd ("Pulai Mining"), an entity incorporated in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

18 OTHER FINANCIAL ASSETS (Continued)

(a) Listed Equity Securities

2016

During the financial year ended 30 June 2016, the listed equity securities are suspensed for trading and the fair value loss is recorded in "Loss before Income Tax" in the statement of comprehensive income (Note 7).

2015

During the financial year ended 30 June 2015, the Group disposed listed equity securities (the "Disposal") for a cash consideration amounting to S$320,000. The Group received full payment in the financial year of the Disposal.

(b) Convertible Note

During the financial year ended 30 June 2015, the Group acquired an unsecured convertible note (the "Convertible Note") with a principal amount of MYR1,300,000 (S$511,000) issued by Pulai Mining. The Convertible Note bears interest at the rate of 5% per annum and the interest is payable on a semi-annual basis. The maturity date (the "Maturity Date") of the Convertible Note is 22 September 2017.

The Group shall be obliged to convert the entire Convertible Note and the applicable interest outstanding into ordinary shares of Pulai Mining if the following events occur on or prior to the Maturity Date:

(i) The lodgement by Pulai Mining or any vehicle (the "Listco") of the prospectus or offer document to be issued by the Listco in connection with a proposed initial public offering on the Singapore Stock Exchange;

(ii) Delivery by Pulai Mining to the holders of the Convertible Note, a copy of the written agreement between the Listco, its shareholders and the target listed company pursuant to a reverse takeover of and/or acquisition or investment by the target listed company; or

(iii) The trade sale of Pulai Mining.

The conversion price of each ordinary share of Pulai Mining is equivalent to a discount of 50% to the price of each ordinary share of Pulai Mining on the conversion date calculated based on the independent valuation but in any event shall not be lower than the par value of the ordinary share of Pulai Mining.

The Group will redeem this convertible note in due course.

NOTES TO THE FINANCIAL STATEMENTS

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19 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprised:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Cash and bank balances	**3,029**	868	**116**	80

Bank balances are interest-bearing but the interest earned during the current and previous financial years is not significant.

20 SHARE CAPITAL

	Group and Company			
	2016		2015	
	No. of shares '000	Amount S$'000	No. of shares '000	Amount S$'000
Issued and fully paid:				
At the beginning of the financial year	**2,812,372**	**172,335**	2,343,398	170,513
Share placement	**1,406,186**	**4,219**	468,668	1,875
Exercise of warrants	**–**	**–**	306	7
Share issue expenses	**–**	**(208)**	–	(60)
At the end of the financial year	**4,218,558**	**176,346**	2,812,372	172,335

Ordinary shares of the Company have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 6 October 2015 and 19 March 2015, the proposed placement shares exercise was completed whereby 1,406,186,305 and 468,668,000 new ordinary shares in the Company were issued at the issue price of S$0.003 and S$0.004 per ordinary share respectively.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

21 OTHER RESERVES

Movements in reserves for the Group is set out in the consolidated statements of changes in equity.

(i) Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

(ii) Warrants reserve

Proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve. Warrants reserve is non-distributable and will be transferred to share capital upon the exercise of warrants. Balance of warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to retained earnings.

2016

During the financial year ended 30 June 2016, the Company has issued 1,406,186,305 warrants. There were no warrants exercised during the financial year ended 30 June 2016.

2015

During the financial year ended 30 June 2015, 305,740 warrants were exercised. As at 30 June 2015, there were no outstanding warrants as the remaining warrants amounting to 826,921,539 had expired on 26 June 2015.

(iii) Fair value reserve

The fair value reserve represents accumulated gains arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of and/or are determined to be impaired.

During the financial year ended 30 June 2015, the Group disposed all available-for-sale financial assets (Note 17) and the accumulated gains arising from the revaluation of the Group's available-for-sale financial assets are reclassified to profit or loss on the date of disposal.

NOTES TO THE FINANCIAL STATEMENTS

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22 TRADE AND OTHER PAYABLES

		Group		Company	
		2016	2015	2016	2015
		S$'000	S$'000	S$'000	S$'000
Trade payables	(a)	**2,191**	3,408	**–**	–
Deposits	(b)	**83**	1,125	**74**	211
Accrued operating expenses		**1,358**	1,635	**59**	86
Sundry creditors	(c)	**600**	437	**365**	139
Accrual for					
– professional fees		**336**	148	**209**	114
– staff costs		**575**	559	**118**	121
Deferred income		**14**	76	**–**	–
Others		**22**	–	**–**	–
		5,179	7,388	**825**	671

(a) Trade payables are non-interest bearing and are generally settled on 30 to 90 days terms.

(b) As at 30 June 2015, included in deposits is a security deposit placed by a customer amounting to S$504,000. The security deposit was fully repaid to the customer during the current financial year ended 30 June 2016.

(c) The sundry creditors are non-interest bearing, unsecured and repayable on demand.

23 PROVISIONS

		Group		Company	
		2016	2015	2016	2015
		S$'000	S$'000	S$'000	S$'000
Provision for fire incident cost	(a)	**1,079**	–	**–**	–
Provision for restoration cost	(b)	**250**	–	**–**	–
		1,329	–	**–**	–

(a) The provision is the estimated cost of settlements for damages by a third party in relation to property damage filed against the Group and the requirement of the Group to rectify the environmental damage caused by the fire incident at the Group's premises located in Gilroy, California on 23 April 2016 (see Note 25).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

23 PROVISIONS (Continued)

(b) The Group makes full provision for the future cost of dismantling and removing the items and restoring the site (the "Provision") relating to the leasehold property on a discounted basis. The Provision represents the present value of the restoration costs relating to the leasehold property held by the Group.

As per the lease agreement, the Group is required to bear the cost of dismantling and removing the items and restoring the leasehold property to its original state at the end of the lease period in 2017.

24 FINANCE LEASE LIABILITIES

The Group has plant and equipment under hire purchase arrangement for a lease term of three to seven years (2015: three years). The lease bears an effective interest rate of 2% to 2.78% per annum (2015: 1.88% per annum). Future minimum finance lease payments under hire purchase together with the present value of the net minimum lease payments are as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Minimum lease payment payables:		
– within one year	**45**	71
– between two and five years	**109**	70
– more than five years	**28**	–
Total minimum lease payments	**182**	141
Less:		
Future finance charges	**(19)**	(8)
Present value of minimum lease payments	**163**	133

The present value of minimum lease payment are analysed as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Within one year	**41**	67
Between two and five years	**98**	66
More than five years	**24**	–
Total	**163**	133

The fair value of the finance lease liability is approximately equal to the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

25 FIRE INCIDENTS

(a) Fire Incident at 65 Tech Park Crescent, Singapore 637787

On 26 January 2015, a minor fire incident occurred at the Group's premises located at 65 Tech Park Crescent in Singapore. During the financial year ended 30 June 2015, the Group has taken steps to assess and filed an insurance claim in respect to the fire incident (the "Insurance Claim").

During the financial year ended 30 June 2016, the Insurance Claim was submitted and finalised. The Group recognised insurance claim of S$906,000 as other income and as at 30 June 2016, the Group has received full repayment from the insurance company.

(b) Fire Incident in Gilroy, California

The provision is the estimated cost of settlements for damages by a third party in relation to property damage filed against the Group and the requirement of the Group to rectify the environmental damage caused by the fire incident at the Group's premises located in Gilroy, California on 23 April 2016.

On 23 April 2016, the Group suffered a fire (the "Fire Incident") at one of its premises located in Gilroy, California.

Settlements for damages by a third party in relation to property damage were filed against the Group and the Group is required to rectify the environmental damage caused by the Fire Incident in accordance with the environmental regulations (collectively the "Settlements"). The Group has filed for insurance claims to cover substantially the Group's loss as a result of the Fire Incident.

During the financial year ended 30 June 2016, the Group recognised insurance claim of S$1,112,000 as other income and made a provision of S$1,079,000 (Note 23(a)) for the estimated Settlements to be incurred by the Group. As at 30 June 2016, an outstanding insurance claim receivable of S$540,000 (Note 14(d)) is included in Other Receivables.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

26 COMMITMENTS

Where the Group is a lessor

As at 30 June 2016, the future minimum lease receivables under a non-cancellable operating lease on certain office and factory premises with terms of more than one year of the Group are as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Within 1 year	**258**	58
After 1 year but within 5 years	**554**	–
	812	58

Where the Group is a lessee

The Group leases and subleases certain warehouse, factory facilities and equipment under operating leases. These leases have a tenure period of between 1 and 6 years. There are no restrictions placed upon the Group or Company by entering into these leases.

Future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Within 1 year	**3,331**	2,320
After 1 year but within 5 years	**6,925**	6,594
After 5 years	**–**	308
	10,256	9,222

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

27 EMPLOYEE BENEFITS

	Group	
	2016	2015
	S$'000	S$'000
Employee benefits expense		
Salaries and bonuses	**9,915**	9,826
Central Provident Fund contributions	**470**	136
Other short-term employee benefits	**1,473**	681
	11,858	10,643

28 RELATED PARTIES TRANSACTIONS

There are transactions and arrangements between the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. In addition to the transactions and balances disclosed elsewhere in the financial statements, related party transactions include the following:

(a) Key Management Personnel Compensation

	Group	
	2016	2015
	S$'000	S$'000
Key management personnel compensation comprised:		
Short-term employee benefits	**619**	562
Central Provident Fund contributions	**38**	22
Fees to directors of the company	**93**	99
	750	683
Comprised amounts paid to:		
Directors of the Company	**554**	432
Other key management personnel	**196**	251
	750	683

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

28 RELATED PARTIES TRANSACTIONS (Continued)

(b) Other Related Party Transactions

During the financial year ended 30 June 2016, the Group entered into the following trading transactions with a related party related to the directors that is not a member of the Group on terms agreed between the parties:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Accounting fee income	**45**	90
Rental income	**25**	49

29 OPERATING SEGMENTS

The Group has four reportable segments, United States of America, Singapore, China and Malaysia which are the Group's strategic business units. The strategic business units offer similar products and services, being the provision of a one-stop recycling and processing service centre for the electronics industry and the trading of plastics and non-precious metal materials, and are managed separately based on their geographical locations/markets. For each of the strategic business units, the Group's Chief Executive Officer (CEO) reviews internal management reports on a monthly basis to make strategic decisions.

The accounting policies of the reportable segments are the same as described in Note 2(u).

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

As compared to the financial year ended 30 June 2015, there are no significant differences in the basis of segmentation or in the basis of measurement of segment profit or loss presented above.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

29 OPERATING SEGMENTS (Continued)

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	United States of America S$'000	Singapore S$'000	China S$'000	Malaysia S$'000	Total S$'000
2016					
External revenues	**16,518**	**18,098**	**5,562**	**423**	**40,601**
Interest expense	**(70)**	**(30)**	**(5)**	**–**	**(105)**
Depreciation	**(470)**	**(573)**	**–**	**–**	**(1,043)**
Reporting segment (loss)/profit before tax	**(3,960)**	**(1,403)**	**(230)**	**28**	**(5,565)**
Reportable segments assets	**6,462**	**7,510**	**2,214**	**105**	**16,291**
Capital expenditure	**420**	**492**	**–**	**–**	**912**
Reporting segment liabilities	**19,678**	**7,461**	**1,814**	**80**	**29,033**
2015					
External revenues	20,271	23,690	–	–	43,961
Interest expense	(217)	(21)	–	–	(238)
Depreciation	(737)	(453)	–	–	(1,190)
Reporting segment loss before tax	(4,898)	(4,329)	–	–	(9,227)
Reportable segments assets	9,905	9,175	–	–	19,080
Capital expenditure	313	2,123	–	–	2,436
Reporting segment liabilities	19,148	29,223	–	–	48,371

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

29 OPERATING SEGMENTS (Continued)

	2016 S$'000	2015 S$'000
Revenues		
Total revenue for reportable segments	**40,601**	43,961
Profit or loss		
Total profit or loss for reportable segments	**(5,565)**	(9,227)
Corporate and other unallocated items	**(14,212)**	(683)
Elimination of inter-segment profit or loss items	**12,685**	(1,234)
Consolidated loss before income tax	**(7,092)**	(11,144)
Assets		
Total assets for reportable segments	**16,291**	19,080
Corporate and other unallocated items	**13,284**	18,746
Elimination of inter-segment assets	**(13,108)**	(17,330)
Consolidated total assets	**16,467**	20,496
Liabilities		
Total liabilities for reportable segments	**29,033**	48,371
Corporate and other unallocated items	**17,028**	12,293
Elimination of inter-segment liabilities	**(39,390)**	(53,143)
Consolidated total liabilities	**6,671**	7,521

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

29 OPERATING SEGMENTS (Continued)

	Total reportable segments S$'000	Adjustments S$'000	Consolidated total S$'000
Material non-cash items in 2016			
Gain on disposal of property, plant and equipment	**(194)**	**–**	**(194)**
Allowance for impairment loss on other financial assets	**177**	**–**	**177**
Property, plant and equipment written off	**818**	**–**	**818**
Reversal of inventory previously written down to net realisable value	**(253)**	**–**	**(253)**
Allowance for impairment loss on trade and other receivables	**254**	**–**	**254**
Reversal of allowance for impairment loss on trade and other receivables	**(378)**	**–**	**(378)**
Bad debts written off	**27**	**–**	**27**
Depreciation	**1,043**	**–**	**1,043**
Provision for restoration cost	**250**	**–**	**250**
Provision for fire incident cost	**1,079**	**–**	**1,079**
Unrealised foreign exchange gain	**(267)**	**–**	**(267)**
Material non-cash items in 2015			
Loss on disposal of property, plant and equipment	900	–	900
Property, plant and equipment written off	786	–	786
Inventory written down to net realisable value	253	–	253
Allowance for impairment loss on trade and other receivables	196	–	196
Bad debts written off (trade)	11	–	11
Depreciation	1,190	–	1,190
Impairment of property, plant and equipment	246	–	246
Unrealised foreign exchange gain	(81)	–	(81)

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

29 OPERATING SEGMENTS (Continued)

Products and services segments

	2016 S$'000	2015 S$'000
Revenue		
Precious metals	**6,756**	2,652
Trading	**17,327**	21,038
Recycling of end-of-life electronics	**16,518**	20,271
	40,601	43,961

Major customer

Included in revenue arising from recycling of end-of-life electronics segment of S$16,518,000 (2015: S$20,271,000) are revenue of approximately S$7,379,000 (2015: S$3,440,000) which arose from sales to four major customers of the Group during the financial year ended 30 June 2016.

30 FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Group is exposed to financial risks arising from its operations. The key financial risks include price risk, credit risk, foreign currency risk and liquidity risk.

Financial risk management is carried out by management under policies approved by the Board of Directors. The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group.

(a) Price Risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

As at 30 June 2016, the Group has outstanding derivative products to hedge the commodity price risk of the outstanding contracts. Accordingly, this acts as a natural hedge against significant price variance. If the commodities' prices for the Group's derivative contracts change by 10%, the effect on the loss before tax would be an increase/decrease of S$3,400 (2015: S$8,900).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from its trade and other receivables. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other debtors at the reporting date is as follows:

	Group	
	2016	**2015**
	S$'000	**S$'000**
Trade and other receivables by country:		
United States of America	**3,255**	2,567
Singapore	**2,185**	5,694
China	**1,952**	–
	7,392	8,261

Financial assets that are neither past due nor impaired

Trade and other debtors that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and bank balances held by the Group are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history or default.

As at 30 June 2016, trade and other receivables which are neither past due nor impaired amounted to S$3,972,000 (2015: S$6,577,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(b) ***Credit Risk*** (Continued)

Financial assets that are past due but not impaired

There is no other class of the Group's and the Company's financial assets that is past due but not impaired except for trade and other receivables as set out below. These trade and other receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade receivables past due:				
– Past due 0 – 30 days	**1,932**	383	**–**	–
– Past due 31 – 120 days	**1,488**	1,255	**–**	–
– More than 120 days	**–**	46	**–**	–
	3,420	1,684	**–**	–

Financial assets that are past due and impaired

The Group's and the Company's trade and other receivables that are determined to be individually impaired at the reporting date are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade and other receivables	**249**	382	**13,778**	27,387
Less: Allowance for impairment	**(249)**	(382)	**(13,778)**	(27,387)
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(b) *Credit Risk* (Continued)

The movements in the allowance account used to record the impairment are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance at 1 July	**382**	378	**27,387**	27,421
Translation difference	**6**	15	**–**	–
Addition	**254**	196	**6,238**	–
Written off	**(15)**	(207)	**(447)**	(34)
Reversal	**(378)**	–	**(19,400)**	–
Balance at 30 June	**249**	382	**13,778**	27,387

Trade and other receivables which are impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted in payments. These trade and other receivables are not secured by any collateral.

(c) *Foreign Currency Risk*

The Group operates in various countries. It is exposed to foreign exchange risk as it maintains its assets and liabilities in various currencies. Exposure to currency risk is monitored on an on-going basis and the Group endeavors to keep its net exposure at an acceptable level.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, US dollar ("USD"), Renminbi ("RMB") and Malaysian Ringgit ("MYR").

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(c) *Foreign Currency Risk* (Continued)

To manage the foresaid foreign currency risk, the Group maintains a natural hedge, whenever possible, by depositing foreign currency proceeds from sales into foreign currency bank accounts which are primarily used for payments of purchases in the same currency denomination.

	2016				2015	
	SGD S$'000	**USD S$'000**	**RMB S$'000**	**MYR S$'000**	**SGD S$'000**	**USD S$'000**
Group						
Financial assets						
Other financial asset	**–**	**–**	**–**	**511**	520	–
Trade and other receivables	**813**	**6,309**	**270**	**–**	821	7,440
Cash and cash equivalents	**650**	**2,024**	**250**	**105**	273	595
	1,463	**8,333**	**520**	**616**	1,614	8,035
Financial liabilities						
Trade and other payables	**(1,393)**	**(3,768)**	**(14)**	**(4)**	(1,671)	(5,717)
Provisions	**(250)**	**(1,079)**	**–**	**–**	–	–
Finance lease liabilities	**(163)**	**–**	**–**	**–**	(133)	–
	(1,806)	**(4,847)**	**(14)**	**(4)**	(1,804)	(5,717)
Net financial assets/ (liabilities)	**(343)**	**3,486**	**506**	**612**	(190)	2,318
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currencies	**(343)**	**113**	**506**	**101**	(190)	(2,861)
Currency exposure	**–**	**3,373**	**–**	**511**	–	5,179

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(c) *Foreign Currency Risk* (Continued)

If the following currencies strengthen by 5% (2015: 5%) against S$ at the reporting date, with all other variables being held constant, the effect arising from the net financial assets position will be as follows:

	Group (Increase)/decrease in loss before tax	
	2016	**2015**
	S$'000	**S$'000**
USD	**169**	259
MYR	**26**	–
	195	259

A 5% weaken of S$ against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The Company has not disclosed its exposure to foreign currency as the Company's risk exposure is not significant.

(d) *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(d) *Liquidity Risk* (Continued)

Further discussion on the Group's liquidity is disclosed in Note 2(b).

Other than finance lease liabilities, the financial liabilities of the Group and the Company as at 30 June 2016 and 2015 are repayable on demand or within one year from the reporting date.

(e) *Fair Value of Financial Instruments*

Fair value measurements recognised in the statement of financial position

The Group has established control framework with respect to the measurement of fair values. This frame includes a valuation team that reports directly to the Group Financial Controller, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

The financial instruments that are measured subsequent to initial recognition at fair value are required disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(e) *Fair Value of Financial Instruments* (Continued)

Fair value measurements recognised in the statement of financial position (Continued)

The following table presents the financial assets and financial liabilities measured at fair value on a recurring basis as at the reporting date:

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group and Company				
At 30 June 2016				
Financial assets				
Derivative contracts	**34**	**–**	**–**	**34**
Convertible note	**–**	**–**	**511**	**511**
At 30 June 2015				
Financial assets				
Derivative contracts	(89)	–	–	(89)
Convertible note	–	–	511	511
Listed equity securities, at fair value through profit or loss	9	–	–	9

The fair values of listed equity securities and derivative contracts traded in active markets are based on quoted market prices at the reporting date. These financial assets are included in Level 1.

The following table shows the significant unobservable input used in Level 3:

Description	Valuation technique	Significant unobservable input
Convertible Note	Discounted cash flow	Most advantageous equivalent borrowing rates*

* Any significant isolated increases/(decreases) in the input would result in a significant lower/(higher) fair value measurement.

There was no transfer between Level 1 and 2 during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

30 FINANCIAL RISK MANAGEMENT (Continued)

(e) Fair Value of Financial Instruments (Continued)

Other financial assets and financial liabilities

The fair values of other financial assets and liabilities with a maturity of less than one year, which are primarily cash and cash equivalents, trade and other receivables, finance lease liability and trade and other payables are assumed to approximate their carrying amounts because of the short-term maturity of these financial instruments. Restricted cash held in trust are valued at amortised cost, which approximates the carrying amount as at the reporting date.

The fair value of non-current trade and other receivables and finance lease liabilities are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the reporting date. The carrying amounts of financial assets and financial liabilities are assumed to approximate their respective fair values. The Group does not anticipate that the carrying amounts recorded at the reporting date would be significantly different from the values that would eventually be received or settled.

31 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital with reference to a net debt-to-equity ratio. The Group's strategies are to maintain a prudent balance between the advantage and flexibility afforded by a strong capital position and the higher return on equity that are possible with greater leverage. The Group's overall strategy remains unchanged from the previous financial year.

The net debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total financial liabilities less cash and cash equivalents. Total equity includes all capital and reserves of the Group that are managed as capital.

	2016 S$'000	2015 S$'000
Net debts	**3,642**	6,653
Total equity	**9,796**	12,975
Net debt to equity ratio	**37.2%**	51.3%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2016

32 EVENT AFTER THE REPORTING PERIOD

On 30 September 2016, the Company entered into a Term Sheet Agreement (the "Term Sheet Agreement") with a crowdfunding platform, to issue non-convertible bonds (the "Bond Issue") for a sum of S$2,000,000 (the "Loan").

For this Bond Issue, the crowdfunding platform is the arranger where it invites accredited investors to subscribe to the Bond Issue. If the Bond Issue is successful, the crowdfunding platform will be paid an administrative fee which is a percentage of the sum raised. The crowdfunding platform will hold the investors' funds until the Bond Issue is closed and it has appointed a Security Trustee (the "Trustee") to handle the funds.

The Company will have to enter into a Loan Agreement (the "Loan Agreement") with the Trustee before the Loan can be disbursed. The Loan Agreement serves to regulate the bondholders' rights and obligations in relation with the Bond Issue. The Trustee enters into the Loan Agreement on behalf of the bondholders and is granted authority to act on behalf of the bondholders to the extent provided for in the Loan Agreement.

The terms of the Term Sheet Agreement are as follows:

(a) Tenure

The tenure for the Loan is 24 months where 50% of the principal is due in 12 months and the next 50% in the next 12 months. The Company has the option to repay the full sum in 12 months without any penalty.

(b) Coupon Rate

The Coupon Rate is 8% per annum (the "Coupon Rate") which will be paid out quarterly on the last day of the month. Interest of 12% will be imposed on late payment and will apply to the Coupon Rate as well as the principal sum.

(c) Administration Fee

The crowdfunding platform charges an administration fee of 1.5% per annum of the Loan amount. If the Loan is fully repaid after 12 months, administration fee will not apply to next 12 months.

(d) Security

The Loan is secured by the equity interests held in the Company by a director.

STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2016

No. of Shares issued	:	4,218,558,916
Voting Rights	:	1 Vote per share
Class of Shares	:	Ordinary shares
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	21	0.17	445	0.00
100 – 1,000	1,426	11.67	1,014,720	0.02
1,001 – 10,000	5,041	41.27	25,239,606	0.60
10,001 – 1,000,000	5,456	44.67	564,703,459	13.39
1,000,001 AND ABOVE	271	2.22	3,627,600,686	85.99
TOTAL	**12,215**	**100.00**	**4,218,558,916**	**100.00**

Based on the information available to the Company as at 21 September 2016, approximately 73.8% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WENG HUA YU @ SIMON ENG	490,000,000	11.62
2	LIM LIANG MENG	330,000,000	7.82
3	TAN SIJI MACARTHUR	207,300,000	4.91
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	186,143,400	4.41
5	APZENITH CAPITAL PTE LTD	161,814,100	3.84
6	LEE SAI TEOW ALICE	160,500,000	3.80
7	TAN NG KUANG	155,792,000	3.69
8	SONG TANG YIH	124,214,295	2.94
9	KGI FRASER SECURITIES PTE LTD	120,000,000	2.84
10	BELLE FORTE LTD	112,463,903	2.67
11	FORT CANNING (ASIA) PTE LTD	107,800,000	2.56
12	DBS NOMINEES (PRIVATE) LIMITED	86,019,852	2.04
13	OCBC SECURITIES PRIVATE LIMITED	68,212,080	1.62
14	ASCENDENZ CONSULTING PTE LTD	56,000,000	1.33
15	ENG WAH LEN ANDREW	51,985,339	1.23
16	FAN WING FATT	43,799,900	1.04
17	PAN ASIA WINGS PTE LTD	42,627,000	1.01
18	SUNRISE INVESTORS PTE LTD	38,618,000	0.92
19	RHB SECURITIES SINGAPORE PTE. LTD.	34,745,500	0.82
20	LEE AI NI	33,303,000	0.79
	TOTAL	**2,611,338,369**	**61.90**

STATISTICS OF SHAREHOLDINGS

AS AT 21 SEPTEMBER 2016

Substantial Shareholders

	Direct Interest		Deemed Interest	
	No of Shares	**%**	**No of Shares**	**%**
Weng Hua Yu @ Simon Eng	490,000,000	11.62	112,463,903[1]	2.67
Lim Liang Meng	330,000,000	7.82	–	–

1 The deemed interest of Mr. Simon Eng in the Company is held through Belle Forte Ltd where he is a director and shareholder.

STATISTICS OF WARRANTHOLDINGS

AS AT 21 SEPTEMBER 2016

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 – 99	6	0.98	300	0.00
100 – 1,000	10	1.63	8,350	0.00
1,001 – 10,000	75	12.19	459,800	0.03
10,001 – 1,000,000	453	73.66	72,268,616	5.14
1,000,001 AND ABOVE	71	11.54	1,333,449,239	94.83
TOTAL	**615**	**100.00**	**1,406,186,305**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	WENG HUA YU @ SIMON ENG	251,689,441	17.90
2	LIM LIANG MENG	230,000,000	16.36
3	FORT CANNING (ASIA) PTE LTD	97,400,000	6.93
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	92,297,000	6.56
5	APZENITH CAPITAL PTE LTD	84,754,018	6.03
6	TAN SIJI MACARTHUR	69,100,000	4.91
7	LEE SAI TEOW ALICE	53,500,000	3.80
8	KGI FRASER SECURITIES PTE. LTD.	40,000,000	2.84
9	FAN WING FATT	38,134,000	2.71
10	BELLE FORTE LTD	37,504,959	2.67
11	OCBC SECURITIES PRIVATE LIMITED	30,129,160	2.14
12	RHB SECURITIES SINGAPORE PTE. LTD.	30,000,000	2.13
13	SUNRISE INVESTORS PTE LTD	26,250,000	1.87
14	DBS NOMINEES (PRIVATE) LIMITED	24,240,500	1.72
15	MRS CHAU-CHAN SUI YUNG	21,000,000	1.49
16	NUR KHAYATI	20,000,000	1.42
17	ASCENDENZ CONSULTING PTE LTD	19,500,000	1.39
18	DIANA SNG SIEW KHIM	17,580,500	1.25
19	ENG WAH LEN ANDREW	17,328,446	1.23
20	PAN ASIA WINGS PTE LTD	14,209,000	1.01
	TOTAL	**1,214,617,024**	**86.36**

CORPORATE INFORMATION

BOARD OF DIRECTORS
Simon Eng
(Executive Director/Chairman)

Andrew Eng
(Executive Director/Chief Executive Officer)

Francis Lee
(Independent Non-Executive Director)

Derek Loh
(Independent Non-Executive Director)

Ricky Sim
(Independent Non-Executive Director)

AUDIT COMMITTEE
Francis Lee (Chairman)

Derek Loh

Ricky Sim

NOMINATING COMMITTEE
Ricky Sim (Chairman)

Francis Lee

Derek Loh

REMUNERATION COMMITTEE
Derek Loh (Chairman)

Francis Lee

Ricky Sim

COMPANY SECRETARY
Shirley Lim

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65 Tech Park Crescent
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Tel: 65 62644338
Fax: 65 68632035
Email: info@metechinternational.com
Website: www.metechinternational.com

AUDITORS
Moore Stephens LLP
10 Anson Road #29-15
International Plaza
Singapore 079903

AUDIT PARTNER-IN-CHARGE
Chris Johnson

(Appointed since 2012)

PRINCIPAL BANKERS
Overseas-Chinese Banking Corporation Limited

CONTINUING SPONSOR
Stamford Corporate Services Pte Ltd
10 Collyer Quay #27-00
Ocean Financial Centre
Singapore 049315

SHARE REGISTRAR
RHT Corporate Advisory Pte Ltd
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

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Website: **www.metechinternational.com**