

(Company Registration No. 199206445M)

UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2016 (“2Q2017”) AND HALF YEAR ENDED 31 DECEMBER 2016 (“1H2016”).

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR SECOND QUARTER RESULTS

1(a)(i). A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

	Note 8(a)	Group			Group		
		2Q2017 S\$'000	2Q2016 S\$'000	Inc/(Dec) %	1H2017 S\$'000	1H2016 S\$'000	Inc/(Dec) %
Revenue	(i)	30,289	9,826	208.3	50,176	21,460	133.8
Cost of sales		(29,078)	(10,088)	188.2	(47,857)	(22,347)	114.2
Gross profit/(loss)	(ii)	1,211	(262)	nm	2,319	(887)	nm
Gross profit/(loss) margin	(ii)	4.0 %	(2.7) %	nm	4.6 %	(4.1) %	
Other income - net	(iii)	472	(56)	nm	1,086	639	70.0
Distribution expenses	(iv)	(319)	(292)	9.3	(604)	(580)	4.1
Administrative expenses	(v)	(1,247)	(1,501)	(16.9)	(2,507)	(2,553)	(1.8)
Finance costs		10	(7)	nm	(20)	(49)	(59.2)
Profit/(Loss) before income tax		127	(2,118)	nm	274	(3,430)	nm
Income tax expense		(4)	-	nm	(4)	(5)	nm
Profit/(Loss) after income tax	(vi)	123	(2,118)	nm	270	(3,435)	nm
Other comprehensive profit/(loss), net of income tax:							
Foreign currency translation difference		140	(48)	nm	163	(95)	nm
Total comprehensive profit/(Loss) for the period attributable to the owners of the company		263	(2,166)	nm	433	(3,530)	nm

nm = not meaningful

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

	Group			Group		
	2Q2017 S\$'000	2Q2016 S\$'000	Inc/(Dec) %	1H2017 S\$'000	1H2016 S\$'000	Inc/(Dec) %
1.1 Profit/(Loss) before income tax is arrived at after charging the following:						
Depreciation of property, plant and equipment	221	235	(6.0)	435	448	(2.9)
Operating lease expenses	823	778	5.8	1,675	1,559	7.4
Interest expense	(10)	42	(123.8)	20	49	(59.2)
1.2 Other income - net comprises principally the following:						
Rental income	121	114	6.1	244	165	47.9
Interest income	10	10	-	16	10	60.0
Insurance claim	311	-	nm	724	906	(20.1)
Government grant	5	32	(84.4)	11	38	(71.1)
(Loss)/Profit on future contracts - realised	(92)	193	nm	(124)	(38)	nm
(Loss)/Gain on future contracts - unrealised	(36)	(156)	(76.9)	16	(20)	nm
Foreign currency exchange gain - realised	(11)	179	nm	14	34	nm
Foreign currency exchange gain/(loss) - unrealised	164	(187)	nm	178	(214)	nm
(Loss)/Gain on disposal of plant and equipment	-	(241)	nm	7	(242)	nm

nm = not meaningful

(Company Registration No. 199206445M)

1(b)(i).A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

		Group		Company	
		<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
		31-Dec-16 S\$'000	30-Jun-16 S\$'000	31-Dec-16 S\$'000	30-Jun-16 S\$'000
ASSETS	Note 8(b)				
Non-Current Assets					
Property, plant and equipment	(i)	2,001	2,215	11	13
Subsidiaries		-	-	800	800
Restricted cash held in trust	(ii)	350	326	-	-
Trade and other receivables		-	-	9,440	8,603
Other financial asset	(iii)	511	511	511	511
		<u>2,862</u>	<u>3,052</u>	<u>10,762</u>	<u>9,927</u>
Current Assets					
Inventories	(iv)	5,410	2,806	-	-
Trade receivables	(v)	17,806	4,826	-	-
Other receivables	(vi)	3,184	2,754	635	651
Cash and cash equivalents		1,937	3,029	101	116
		<u>28,337</u>	<u>13,415</u>	<u>736</u>	<u>767</u>
Total Assets		31,199	16,467	11,498	10,694
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		176,346	176,346	176,346	176,346
Other reserves	(vii)	444	281	-	-
Accumulated losses		(166,561)	(166,831)	(167,674)	(166,477)
Total Equity		10,229	9,796	8,672	9,869
LIABILITIES					
Non-Current Liabilities					
Non-convertible bond	(ix)	1,000	-	1,000	-
Finance lease liabilities		122	122	-	-
		<u>1,122</u>	<u>122</u>	<u>1,000</u>	<u>-</u>
Current Liabilities					
Trade and other payables	(viii)	18,827	6,508	826	825
Non-convertible bond	(ix)	1,000	-	1,000	-
Finance lease liabilities		21	41	-	-
		<u>19,848</u>	<u>6,549</u>	<u>1,826</u>	<u>825</u>
Total Liabilities		20,970	6,671	2,826	825
Total Equity and Liabilities		31,199	16,467	11,498	10,694

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

Bond issued	As at 31 December 2016		As at 30 June 2016	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Current	1,000	-	-	-
Non-current	1,000	-	-	-
Total	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Company Registration No. 199206445M)

1(c). A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Group	
	2Q2017 S\$'000	2Q2016 S\$'000	1H2017 S\$'000	1H2016 S\$'000
Cash flows from operating activities				
Profit/(Loss) before income tax	127	(2,118)	274	(3,430)
Adjustments for:				
Reversal of inventory written down	-	-	-	(253)
Depreciation and amortisation	221	213	435	448
Allowance for impairment loss on receivables	-	25	-	25
Loss/(Gain) on disposal of property, plant and equipment	-	241	(7)	242
Interest expense	(10)	7	20	49
Interest income	(10)	(10)	(16)	(10)
Loss/(Gain) on future contracts - unrealised	36	157	(16)	20
Gain on foreign currency exchange - unrealised	(164)	(187)	(178)	(214)
Operating cash flows before changes in working capital	200	(1,672)	512	(3,123)
Before working capital changes:				
Inventories	(2,551)	(245)	(2,604)	(342)
Trade and other receivables	(5,303)	(157)	(13,054)	720
Restricted cash held in trust	(20)	2	(24)	(25)
Trade and other payables	4,471	964	12,320	(205)
Cash generated used in operating activities	(3,203)	(1,108)	(2,850)	(2,975)
Interest paid	10	(7)	(20)	(49)
Interest received	10	10	16	10
Income tax paid	(4)	-	(4)	-
Net cash generated used in operating activities	(3,187)	(1,105)	(2,858)	(3,014)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(150)	(198)	(221)	(224)
Proceeds from sale of property, plant and equipment	-	95	7	96
Acquisition of other financial asset	-	(40)	-	(168)
Net cash used in investing activities	(150)	(143)	(214)	(296)
Cash flows from financing activities				
Advances received pertaining to the rights cum warrants subscription	-	(3,350)	-	-
Repayments of finance lease liability	(10)	(117)	(20)	(134)
Proceed from issuance of non-convertible bond	2,000	-	2,000	-
Proceed from rights cum warrants issuance, net of expenses	-	4,011	-	4,011
Net cash generated from financing activities	1,990	544	1,980	3,877
Net change in cash	(1,347)	(704)	(1,092)	567
Cash at beginning	3,284	2,237	3,029	966
Effect of currency translation on cash and cash equivalent	-	-	-	-
Cash at end	1,937	1,533	1,937	1,533

(Company Registration No. 199206445M)

1(d)(ii). Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital for the the relevant period ended 31 December 2016.

There were 1,406,186,305 outstanding warrants as at 31 December 2016. If converted, these warrants potentially represent an increase of 33.3% in ordinary shares, which will increase the total share capital of the company to 5,624,745,221 ordinary shares.

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The number of ordinary shares issued as at 31 December 2016 and 30 June 2016 stood at 4,218,558,916.

1(d)(iv). A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no treasury shares issued during the relevant period and as at 31 December 2016.

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

The figures had not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group had applied the same accounting policies and methods of computation to the financial statements in the current reporting period as with the audited financial statements for the year ended 30 June 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group had adopted the Singapore Financial Standards ("SFRS") including improvements to SFRS and interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2016. Where applicable, the application of these standards did not have any significant impact on the Group.

(Company Registration No. 199206445M)

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	Group		Group	
	2Q2017	2Q2016	1H2017	1H2016
	cents	cents	cents	cents
Earning/(Loss) per share for the Group attributable to equity holders of the Company				
i) Basic	0.0029	(0.0509)	0.0064	(0.0986)
ii) On a fully diluted basis	0.0022	(0.0509)	0.0048	(0.0986)

The earnings per share for continuing business in 2Q2017 was calculated based on the weighted average number of ordinary shares of 4,218,558,916 and 5,624,745,221 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) Current financial period reported on; and

(b) Immediately preceding financial year.

	Group		Company	
	31-Dec-16	30-Jun-16	31-Dec-16	30-Jun-16
	Cents	Cents	Cents	Cents
NAV per share based on issued share capital as at the end of the period	0.2425	0.2322	0.2056	0.2339

(Company Registration No. 199206445M)

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(i) Revenue from continuing operations

For the quarter ended 31 December 2016 ("2Q2017"), the Group's revenue increased by 206.1% quarter-on-quarter ("qoq") to S\$30.3 million and by 133.5% year-on-year ("yoy") to S\$50.2 million.

Sales by segments:

	2Q2017	2Q2016	Variance	1H2017	1H2016	Variance
	S\$' million	S\$' million	%	S\$' million	S\$' million	%
E-Waste management	6.5	6.3	3.2	13.9	12.9	7.8
Supply chain management	23.8	3.6	561.1	36.3	8.6	322.1
	30.3	9.9	206.1	50.2	21.5	133.5

Revenue from EWM segment slightly increased while SCM segment increased by 561.1% qoq. The increase in revenue under the SCM segment was largely due to the expansion in the trading of standardized exchange-traded metal products.

Sales by geographical locations:

	2Q2017	2Q2016	Variance	1H2017	1H2016	Variance
	S\$' million	S\$' million	%	S\$' million	S\$' million	%
US Operations	5.3	4.7	12.8	10.2	9.2	10.9
Asia Operations*	25.6	5.2	392.3	40.7	13.2	208.3
	30.9	9.9	212.1	50.9	22.4	127.2
Intersegment	(0.6)	-	nm	(0.7)	(0.9)	(22.2)
Group	30.3	9.9	206.1	50.2	21.5	133.5

(i)(a) Revenue from US operations increased by 12.8 % qoq.

The US EWM business increased its revenue in 2Q2017 by 12.8% mainly due to foreign translation of US operations and the signing of the offtake agreement on 3 May 2016, which provided a pre-agreed price and hence a hedge against metal price fluctuation.

(i)(b) Revenue from Asia operations* increased by 392.3% qoq.

The Asia operations contributed S\$23.8 million to the Group's revenue in 2Q2017 mainly due to increase trading volume of standardized exchange-traded metal products.

(Company Registration No. 199206445M)

(ii) Gross Profit

Gross profit by segments:

	2Q2017	2Q2016	Variance	1H2017	1H2016	Variance
	S\$' 000	S\$' 000	%	S\$' 000	S\$' 000	%
E-Waste management	785	12	6,441.7	1,784	(399)	nm
Supply chain management	426	(274)	nm	535	(488)	nm
	<u>1,211</u>	<u>(262)</u>	nm	<u>2,319</u>	<u>(887)</u>	nm

Gross profit by geographical locations:

	2Q2017	2Q2016	Variance	1H2017	1H2016	Variance
	S\$' 000	S\$' 000	%	S\$' 000	S\$' 000	%
US Operations	636	(96)	nm	1,057	(752)	nm
Asia Operations*	575	(166)	nm	1,262	(135)	nm
Group	<u>1,211</u>	<u>(262)</u>	nm	<u>2,319</u>	<u>(887)</u>	nm

*Asia operations include Singapore operations, China operations and Malaysia operations disclosed in previous announcement.

After undergoing operational restructuring and diversification over the last two years amidst the commodity rout, the Group has shown significant improvements in terms of revenue and profit.

(iii) Net Other Income

Net Other Income increased to S\$472,000 qoq and S\$1,086,000 yoy. The increase was due to receipt of insurance payouts and gain in foreign currency exchange.

(iv) Distribution expenses

Expenses resulting from the increase in revenue increased by 9.3% qoq and 4.1% yoy.

(v) Administrative expenses

Administrative expenses decreased by 16.9% qoq and 1.8% yoy mainly due to on-going operational restructuring.

(vi) Profit/(Loss) after income tax

As a result of the above, the Group reported profits after income tax of S\$123,000 in 2Q2017 and S\$270,000 in 1H2017 as compared to losses of S\$2.1 million in 2Q2016 and S\$3.4 million in 1H2016.

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

Balance Sheet

- (i) Property, plant and equipment decreased by S\$214,000 mainly due to depreciation.
- (ii) Change in the restricted cash held in trust for regulatory obligations was mainly due to unrealized gains in foreign exchange.
- (iii) Other financial assets pertained to investment in the form of convertible debt in a mining company.

(Company Registration No. 199206445M)

- (iv) Inventories increased by S\$2.6 million to S\$5.4 million as at 31 December 2016, which is attributable to increase in inventory level in the Singapore operations and China operations offset by decrease in inventory level in the US operations.
- (v) Trade receivables increased as at 31 December 2016 by S\$13.0 million as compared to 30 June 2016 which is in line with the increase in revenue in 2Q2017.
- (vi) Other receivables for the Group as at 31 December 2016 increased by S\$430,000 as compared to 30 June 2016 mainly due to the deposits placed with vendors.
- (vii) Other reserves comprised S\$444,000 in foreign exchange translation reserve.
- (viii) Trade and other payables as at 31 December 2016 increased by S\$12.3 million mainly due to increase in revenue.
- (ix) Non-convertible bond pertains to S\$2.0 million bond issued through crowdfunding platform.

Cash flow statement

Net cash used in operating activities of the Group in 2Q2017 was S\$3.2 million.

Net cash used in investing activities of the Group in 2Q2017 was S\$150,000 contributed by the acquisition of plant and equipment.

Net cash generated from financing activities of the Group in 2Q2017 was S\$2.0 million contributed by the issuance of non-convertible bond.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2016 increased by S\$404,000.

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

There is no material variance noted in previous prospect statement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In 2Q2017 the Group's revenue continued to grow strongly by 52% from the previous quarter to S\$30.3m; on a qoq basis, the increase was 206%. The expansion was mainly due to introduction of the SCM business which went up by 90% from the previous quarter or 561% qoq. Revenue from the EWM business, on the other hand, remained fairly consistent – down by 12% from the previous quarter but still up by 7.8% yoy. As a result of the rapid expansion in the SCM business, SCM's share of the total revenue as at end of 2Q2017 went up from 63% to 79% as compared to the previous quarter. Growth in the SCM business is expected to continue as the Group injects more capital into the business following its successful S\$2m bond issue.

The Group continued on its turn-around chalking up 2 consecutive profitable quarters after eight consecutive quarterly losses. With the off-take agreement and the ongoing restructuring and diversification effort, the Group is cautiously optimistic over the next few quarters barring any unforeseen circumstances.

(Company Registration No. 199206445M)

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale / distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Shareholders and potential investors are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions they should take.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date of payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or is recommended for the period under review.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1) (a) (ii).If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from its shareholders for IPTs. There were no IPT transactions for the period under review.

14. Statement by Directors

Negative confirmation pursuant to Rule 705(5)

We, Simon Eng, Chairman and Executive Director and Andrew Eng, Chief Executive Officer and Executive Director of Metech International Limited (the "Company") do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 December 2016 to be false or misleading in any material aspect.



(Company Registration No. 199206445M)

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

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

On behalf of the Board of Directors

Simon Eng
Chairman and Executive Director

Andrew Eng
CEO and Executive Director

9 February 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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

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