



(Company Registration No. 199206445M)

## **Metech International Limited**

(Incorporated in the Republic of Singapore)

### Condensed interim financial statements For the six months and full year ended 30 June 2023

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

*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.*

*The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.*

## Table of contents

	<b>Page</b>
A. Condensed interim consolidated statement of profit or loss and other comprehensive income	<b>1</b>
B. Condensed interim statements of financial position	<b>2</b>
C. Condensed interim statements of changes in equity	<b>3</b>
D. Condensed interim consolidated statement of cash flows	<b>4</b>
E. Notes to the condensed interim consolidated financial statements	<b>5</b>
F. Other information required pursuant to Appendix 7C of the Catalist Rules	<b>22</b>

## UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (“2H2023”) AND FINANCIAL YEAR ENDED 30 JUNE 2023 (“FY2023”).

### A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group		Inc/(Dec) %	The Group		Inc/(Dec) %
		6 months ended 30/06/2023	6 months ended 30/06/2022		12 months ended 30/06/2023	12 months ended 30/06/2022	
		S\$'000	S\$'000		S\$'000	S\$'000	
<b>Revenue</b>	4	3	1,933	(99.84)	3	5,224	(99.94)
Cost of sales		(2)	(1,840)	(99.89)	(2)	(5,173)	(99.96)
<b>Gross profit</b>		1	93	(98.92)	1	51	(98.04)
<b>Gross profit margin</b>		33.3%	4.8%		33.3%	1.0%	
Other income:							
Others	6	63	226	(72.12)	92	224	(58.93)
Interest income		24	2	n.m	42	2	n.m
Expenses:							
Administrative expenses		(1,741)	(1,782)	(2.30)	(3,039)	(2,670)	13.82
Impairment losses on trade and other receivables		-	-	n.m	(105)	-	n.m
Other expenses	7	(80)	(107)	(25.23)	(5,042)	(338)	n.m
Finance costs		(13)	(21)	(38.10)	(31)	(32)	(3.13)
<b>Loss before income tax</b>	8	<b>(1,746)</b>	<b>(1,589)</b>		<b>(8,082)</b>	<b>(2,763)</b>	
Income tax expense	9	-	-	n.m	-	-	n.m
<b>Loss from continuing operations</b>		<b>(1,746)</b>	<b>(1,589)</b>		<b>(8,082)</b>	<b>(2,763)</b>	
<b>Profit from discontinued operations</b>	10	-	41	(100.00)	-	168	(100.00)
<b>Loss after income tax</b>		<b>(1,746)</b>	<b>(1,548)</b>		<b>(8,082)</b>	<b>(2,595)</b>	
Other comprehensive (loss)/income, net of income tax:							
Foreign currency translation difference		(18)	(162)	(88.89)	159	(183)	n.m
<b>Total comprehensive loss, for the financial period/year</b>		<b>(1,764)</b>	<b>(1,710)</b>		<b>(7,923)</b>	<b>(2,778)</b>	
<b>Loss attributable to:</b>							
Equity holders of the Company		(1,665)	(938)	77.51	(5,553)	(1,910)	n.m
Non-controlling interest		(81)	(610)	(86.72)	(2,529)	(685)	n.m
		<b>(1,746)</b>	<b>(1,548)</b>		<b>(8,082)</b>	<b>(2,595)</b>	
<b>Total comprehensive loss attributable to:</b>							
Equity holders of the Company		(1,683)	(1,098)	53.28	(5,394)	(2,093)	n.m
Non-controlling interest		(81)	(612)	(86.76)	(2,529)	(685)	n.m
		<b>(1,764)</b>	<b>(1,710)</b>		<b>(7,923)</b>	<b>(2,778)</b>	
<b>Total earnings/(loss) per share (cents per share) attributable to the owners of the company</b>							
Basic and diluted, from continuing operations		<b>(1.0986)</b>	<b>(0.6354)</b>		<b>(3.6640)</b>	<b>(1.4999)</b>	
Basic and diluted, from discontinued operations		-	<b>0.0165</b>		-	<b>0.0753</b>	

*nm = not meaningful*

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at	As at	As at	As at
		30/06/2023	30/06/2022	30/06/2023	30/06/2022
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	13	2,603	6,403	154	-
Investments in subsidiaries	14	-	-	20	-
		<u>2,603</u>	<u>6,403</u>	<u>174</u>	<u>-</u>
<b>Current Assets</b>					
Inventories	15	275	483	-	-
Trade and other receivables	16 & 17	1,109	285	718	10,560
Cash and bank balances	18	1,161	6,053	272	629
		<u>2,545</u>	<u>6,821</u>	<u>990</u>	<u>11,189</u>
<b>Total Assets</b>		<b><u>5,148</u></b>	<b><u>13,224</u></b>	<b><u>1,164</u></b>	<b><u>11,189</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	20	189,134	189,134	189,134	189,134
Translation reserve		2	(157)	-	-
Other reserve	21	(319)	-	-	-
Accumulated losses		<u>(184,589)</u>	<u>(179,036)</u>	<u>(188,587)</u>	<u>(178,388)</u>
		4,228	9,941	547	10,746
Non controlling interest	22	<u>(447)</u>	<u>1,763</u>	<u>-</u>	<u>-</u>
<b>Total Equity</b>		<b><u>3,781</u></b>	<b><u>11,704</u></b>	<b><u>547</u></b>	<b><u>10,746</u></b>
<b>LIABILITIES</b>					
<b>Non-Current Liabilities</b>					
Lease liabilities	23	297	600	-	-
Provisions	24	75	75	-	-
		<u>372</u>	<u>675</u>	<u>-</u>	<u>-</u>
<b>Current Liabilities</b>					
Trade and other payables	25	819	642	617	443
Contract liabilities	4	15	15	-	-
Lease liabilities	23	161	188	-	-
		<u>995</u>	<u>845</u>	<u>617</u>	<u>443</u>
<b>Total Liabilities</b>		<b><u>1,367</u></b>	<b><u>1,520</u></b>	<b><u>617</u></b>	<b><u>443</u></b>
<b>Total Equity and Liabilities</b>		<b><u>5,148</u></b>	<b><u>13,224</u></b>	<b><u>1,164</u></b>	<b><u>11,189</u></b>

\*Less than S\$1,000

## C. Condensed interim statements of changes in equity

The Group	Share Capital	Translation Reserve	Accumulated Losses	Other reserves	Total equity attributable to owner of the company	Non controlling interest	Total
	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000	S\$000
<b>2022</b>							
<b>Balance at 1 July 2021</b>	179,010	26	(177,126)	-	1,910	-	1,910
Loss for the financial year	-	-	(1,910)	-	(1,910)	(685)	(2,595)
Other comprehensive loss -							
Foreign currency translation	-	(183)	-	-	(183)	-	(183)
<b>Total comprehensive loss for the financial year</b>	-	(183)	(1,910)	-	(2,093)	(685)	(2,778)
Issuance of ordinary shares	10,248	-	-	-	10,248	-	10,248
Less: Share issuance expenses	(124)	-	-	-	(124)	-	(124)
Investment in subsidiaries by NCI	-	-	-	-	-	2,555	2,555
Disposal of subsidiary	-	-	-	-	-	(107)	(107)
<b>Balance at 30 June 2022</b>	189,134	(157)	(179,036)	-	9,941	1,763	11,704
<b>2023</b>							
<b>Balance at 1 July 2022</b>	189,134	(157)	(179,036)	-	9,941	1,763	11,704
Loss for the financial year	-	-	(5,553)	-	(5,553)	(2,529)	(8,082)
Other comprehensive (loss)/income -							
Foreign currency translation	-	159	-	-	159	-	159
<b>Total comprehensive income/(loss) for the financial year</b>	-	159	(5,553)	-	(5,394)	(2,529)	(7,923)
Acquisition additional interest from non-controlling interest	-	-	-	(319)	(319)	319	-
<b>Balance at 30 June 2023</b>	189,134	2	(184,589)	(319)	4,228	(447)	3,781

  

The Company	Share Capital	Accumulated Losses	Total
	S\$000	S\$000	S\$000
<b>2022</b>			
<b>Balance at 1 July 2021</b>	179,010	(177,051)	1,959
Loss for the financial year	-	(1,337)	(1,337)
<b>Total comprehensive loss for the financial year</b>	-	(1,337)	(1,337)
Issuance of ordinary shares	10,248	-	10,248
Less: Share issuance expenses	(124)	-	(124)
<b>Balance at 30 June 2022</b>	189,134	(178,388)	10,746
<b>2023</b>			
<b>Balance at 1 July 2022</b>	189,134	(178,388)	10,746
Loss for the financial year	-	(10,199)	(10,199)
<b>Total comprehensive loss for the financial year</b>	-	(10,199)	(10,199)
<b>Balance at 30 June 2023</b>	189,134	(188,587)	547

## D. Condensed interim consolidated statement of cash flows

Note	The Group		The Group	
	6 months ended	6 months ended	12 months ended	12 months ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities</b>				
	(1,746)	(1,589)	(8,082)	(2,763)
	-	41	-	168
Adjustments for:				
Depreciation of property, plant and equipment	276	140	472	190
Gain on disposal of a subsidiary	-	(1)	-	(1)
Loss on disposal of property, plant and equipment	-	-	30	-
Impairment on property, plant and equipment	(390)	-	3,383	-
Impairment losses on trade and other receivables	-	-	14	-
Impairment on advances (non-trade)	-	-	91	-
Provision for inventory loss	(483)	-	-	-
Written off on PPE	1	-	1	-
Written off on inventory	483	-	483	-
Waiver of debts	(30)	-	(30)	-
Loss on foreign currency exchange - unrealised	(79)	(113)	83	(97)
Interest income	(24)	(2)	(42)	(2)
Interest expense	13	21	31	32
	(1,979)	(1,503)	(3,566)	(2,473)
<b>Changes in operating assets and liabilities</b>				
Inventories	(209)	539	(275)	(483)
Trade and other receivables	(802)	2,982	(887)	(268)
Trade and other payables and contract liabilities	517	6	327	113
<b>Cash (used in) / generated from operations</b>	(2,473)	2,024	(4,401)	(3,111)
Interest received	24	2	42	2
Interest paid	(13)	(21)	(31)	(32)
Income tax paid	-	-	-	-
<b>Net cash (used in) / generated from operating activities</b>	(2,462)	2,005	(4,390)	(3,141)
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(234)	(2,849)	(328)	(3,360)
Proceeds from disposal of property, plant and equipment	-	-	242	-
Acquisition of a subsidiary	10	-	-	(507)
Disposal of a subsidiary	10	567	-	567
<b>Net cash (used in) / generated from investing activities</b>	(234)	(2,282)	(86)	(3,300)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares, net of expenses	-	-	-	6,879
Proceeds from issuance of warrant shares	-	(1)	-	3,245
Adoption of FRS116 on operating lease	-	-	-	-
Repayment of lease liabilities	(88)	(81)	(333)	(110)
Subscription of interest in subsidiaries by non-controlling interests	-	-	-	245
<b>Net cash (used in) / generated from financing activities</b>	(88)	(82)	(333)	10,259
<b>Net (decrease) / increase in cash and cash equivalents</b>	(2,784)	(359)	(4,809)	3,818
<b>Cash and cash equivalents at beginning of financial period / year</b>	4,163	6,332	6,053	2,138
<b>Effect of currency translation on cash and cash equivalents</b>	(218)	80	(83)	97
<b>Cash and cash equivalents at end of the financial period / year</b>	1,161	6,053	1,161	6,053

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate information**

Metech International Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are listed and publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The registered office and principal place of business at 100G Pasir Panjang Road, #04-07 Interlocal Centre, Singapore 118523.

These condensed interim consolidated financial statements as at and for the six months and twelve months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The primary activity of the Company is that of investment holding. The principal activities of the subsidiaries are as follows:

- (a) Manufacturing and distribution of lab-grown diamonds
- (b) General wholesale trading of metals products
- (c) Provision of management and advisory of recycling and supply chain services.

### **2. Basis of preparation**

The condensed interim financial statements for the six months and twelve months ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollar which is the Company’s functional currency.

#### **2.1 New and amended standards adopted by the Group**

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Other than as disclosed in the condensed interim consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following note:

- Note 13 - Impairment for property, plant and equipment

Management reviews the Group’s property, plant and equipment at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to determine the amount of impairment.

During the current financial year, based on external/and or internal sources of information, there are impairment indicators for the Group's property, plant and equipment. The Group's management determined the recoverable amounts of the individual cash-generating units using value-in-use calculations, which involved significant judgements and estimates in estimating the gross and profit margins, expected growth rate and discount rate.

As at the reporting date, the net carrying amount of the Group's property, plant and equipment is disclosed in Note 13.

- Note 15 - Valuation of inventories

The Group measures the inventories in accordance with the accounting policy as disclosed in Note 2. The Group's management measured the inventories at the lower of cost and net realisable value. In ascertaining net realisable value, significant judgements and estimates are involved in estimating the expected selling prices less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

There was a provision made for inventory loss during the financial year which is on the basis of the purchase price of the inventory. The net carrying amount of the Group's inventories is disclosed in Note 15.

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 4. Segment and revenue information

The Group has three reportable segments as follows:

- Manufacturing and distribution of lab-grown diamonds;
- Supply-Chain Management and Service segment which provides general wholesale trading of metal products and the management and advisory of recycling and supply chain services; and
- Corporate segment which consists of an investment holding company which does not meet any of its quantitative thresholds for determining a reporting segment .

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

#### 4.1 Reportable segments

	Lab-grown Diamond		Supply-Chain Management		Corporate/other		Per consolidated financial statements	
	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	3	1,722	-	211	-	-	3	1,933
Depreciation and amortisation	(239)	(115)	(28)	(25)	(9)	-	(276)	(140)
Gain on disposal of a subsidiary	-	-	-	-	-	1	-	1
Loss on disposal of plant and equipment	-	-	-	-	-	-	-	-
Unrealised loss on future contracts	-	-	-	-	-	-	-	-
Loss allowance on trade and other receivables	-	-	-	-	-	-	-	-
Payables written off	-	-	-	-	-	-	-	-
Finance cost	(12)	(14)	(1)	(7)	-	-	(13)	(21)
Segment (loss)/profit	(369)	(1,414)	(139)	108	(1,238)	(283)	(1,746)	(1,589)



	Lab-grown Diamond		Supply-Chain Management		Corporate/other		Per consolidated financial statements	
	12 months ended	12 months ended	12 months ended	12 months ended	12 months ended	12 months ended	12 months ended	12 months ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	3	2,782	-	2,442	-	-	3	5,224
Depreciation and amortisation	(403)	(115)	(60)	(75)	(9)	-	(472)	(190)
Gain on disposal of a subsidiary	-	-	-	-	-	1	-	1
Gain on disposal of plant and equipment	-	-	(30)	-	-	-	(30)	-
Impairment on plant and equipment	(3,383)	-	-	-	-	-	(3,383)	-
Unrealised loss on future contracts	-	-	-	-	-	-	-	-
Loss allowance on trade and other receivables	(103)	-	(2)	-	-	-	(105)	-
Payables written off	-	-	-	-	-	-	-	-
Finance cost	(25)	(14)	(6)	(18)	-	-	(31)	(32)
Segment (loss)/profit	(5,225)	(1,672)	(674)	(33)	(2,183)	(1,058)	(8,082)	(2,763)
Segment assets	3,270	8,334	1,159	3,414	719	1,476	5,148	13,224
Segment liabilities	(652)	(870)	(95)	(304)	(620)	(346)	(1,367)	(1,520)

## 4.2 Disaggregation of revenue

	Group		Group	
	6 months ended	6 months ended	12 months ended	12 months ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Principal geographical market</i>				
People's Republic of China	-	1,916	-	1,916
Singapore	3	-	3	3,291
Others	-	17	-	17
Total	3	1,933	3	5,224
<i>Major product or service line and time of recognition</i>				
<u>Performance obligations satisfied at a point in time</u>				
Sale of goods - Nickel, Gold Ingot and Jewellery setting	-	211	-	2,442
Sale of goods - Lab-grown diamonds	3	1,722	3	2,782
Total	3	1,933	3	5,224

A breakdown of sales:

	<b>Group</b>		<b>Inc/(Dec) %</b>
	<b>Financial year ended 30/06/2023</b>	<b>Financial year ended 30/06/2022</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Sales reported for the first half year	-	3,291	(100.0)
Operating loss after tax before deducting non-controlling interests reported for first half year	(6,336)	(1,174)	n.m
Sales reported for the second half year	3	1,933	(99.8)
Operating loss after tax before deducting non-controlling interests reported for second half year	(1,746)	(1,589)	9.9

*nm = not meaningful*

Contract balances

	<b>Group</b>		<b>Company</b>	
	<b>6 months ended 30/06/2023</b>	<b>6 months ended 30/06/2022</b>	<b>6 months ended 30/06/2023</b>	<b>6 months ended 30/06/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Contract liabilities</b>				
Advances from customers	15	15	-	-

Advances from customers relate to deposits received from customers. The advances from customers are interest-free and are not secured by any collateral.

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 30 June 2022:

	Group		Company	
	As at	As at	As at	As at
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets measured at amortised cost</b>				
Trade and other receivables #	1,039	252	187	-
Cash and cash equivalents	1,161	6,053	272	629
Amount due from subsidiaries	-	-	501	10,546
	<u>2,200</u>	<u>6,305</u>	<u>960</u>	<u>11,175</u>
<b>Financial liabilities measured at amortised cost</b>				
Trade and other payables *	(819)	(614)	(607)	(275)
Amount due to subsidiaries	-	-	(10)	(152)
Lease liabilities	(458)	(788)	-	-
	<u>(1,277)</u>	<u>(1,402)</u>	<u>(617)</u>	<u>(427)</u>

# Excludes prepayments and GST

\* Excludes deferred income and GST

## 6. Other income

	Group			
	6 months	6 months	12 months	12 months
	ended	ended	ended	ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Other income:				
Others				
- Foreign exchange gain/(loss)	-	220	-	213
- Gain on disposal of property, plant and equipment	-	-	-	-
- Gain on disposal of a subsidiary	-	1	-	1
- Waiver of debts	30	-	30	-
- Government grant	33	5	52	10
- Miscellaneous	-	-	10	-
	<u>63</u>	<u>226</u>	<u>92</u>	<u>224</u>

## 7. Other expenses

	Group			
	6 months ended 30/06/2023	6 months ended 30/06/2022	12 months ended 30/06/2023	12 months ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Other expenses				
- Foreign exchange gain/(loss)	-	-	(304)	-
- Impairment on plant and equipment	390	-	(3,383)	-
- Loss on disposal of property, plant and equipment	-	-	(30)	-
- Loss on termination of right-of-use assets	-	-	(14)	-
- Professional expenses	(456)	(106)	(791)	(337)
- Provision for inventory loss	483	-	-	-
- Written off on PPE	(1)	-	(1)	-
- Written off on inventory	(483)	-	(483)	-
- Miscellaneous	(13)	(1)	(36)	(1)
	<u>(80)</u>	<u>(107)</u>	<u>(5,042)</u>	<u>(338)</u>

## 8. Loss before income tax

### 8.1 Significant items

	Group			
	6 months ended 30/06/2023	6 months ended 30/06/2022	12 months ended 30/06/2023	12 months ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment				
- included in administrative expenses	276	140	472	190
Impairment on property, plant and equipment	(390)	-	3,383	-
Impairment on trade and other receivables	-	-	105	-
Loss on termination of right-of-use assets	-	-	14	-
Provision for inventory loss	(483)	-	-	-
Written off on inventory	483	-	483	-
Interest expenses on lease liabilities	13	21	31	27
Interest expenses on loan from third party	-	-	-	5
Professional expenses				
- included in other expenses	456	106	791	337
- included in administrative expenses	385	136	636	313

## 8.2 Related party transactions

	Group			
	6 months ended 30/06/2023	6 months ended 30/06/2022	12 months ended 30/06/2023	12 months ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-controlling interests</u>				
Sale	-	-	-	1,061
Purchase (trade)	-	(770)	-	(770)
Board Adviser fees*	-	(36)	-	(36)
Consultant fees*	-	(49)	-	(49)
Purchase of property, plant and equipment	-	(4,678)	-	(4,678)
Purchase of inventories	-	(314)	-	(314)
Advances	-	(138)	-	(138)

\* Paid for the financial year ended 30 June 2022.

The board of directors is of the opinion that the transactions above have been entered in normal course of businesses and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

## 9. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended 30/06/2023	6 months ended 30/06/2022	12 months ended 30/06/2023	12 months ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense				
Current year	-	-	-	-
Reversal of prior year provision	-	-	-	-
	-	-	-	-

## 10. Profit from discontinued operations

### (a) Disposal of a subsidiary

On 21 September 2021, the Company's wholly-owned subsidiary, Metech Recycling (Singapore) Pte. Ltd. acquired 60% of Blufu Water (Xinmin) Co., Ltd., ("Blufu") a company incorporated in People's Republic of China for a consideration of S\$516,000 in cash. Blufu was subsequently disposed on 23 May 2022 for a consideration of S\$618,000 in cash.

The above disposal was constituted as a discontinued operation of the Group and has been completed in the financial year ended 30 June 2022. All of the cash considerations for the disposal have also been fully received by the Group.

### (b) Results of discontinued operations

	Group			
	6 months ended 30/06/2023	6 months ended 30/06/2022	12 months ended 30/06/2023	12 months ended 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	-	81	-	388
Expenses	-	(40)	-	(221)
Other income	-	-	-	1
Loss before income tax	-	41	-	168
Income tax expense	-	-	-	-
Loss after income tax	-	41	-	168

(c) Movement in goodwill

	Group	
	As At 30/06/2023	As At 30/06/2022
	S\$'000	S\$'000
At 1 July 2021	-	-
Acquisition of a subsidiary	-	456
Disposal of a subsidiary	-	(456)
	-	-

(d) Assets and liabilities recognised as a result of the acquisition/disposal

	Date of acquisition S\$'000	Date of disposal S\$'000
<u>Carrying amounts of assets and liabilities</u>		
Cash and bank balances	9	51
Intangible assets - goodwill	-	456
Property, plant and equipment (Note 13)	5	5
Trade and other receivables	268	647
Contract asset	336	-
Trade and other payables	(518)	(435)
Total identifiable net assets recognised/de-recognised	100	724
Less: Non-controlling interests		(107)
Total net assets disposed off		617
Purchase consideration	516	
Plus: non-controlling interests	40	
Less: fair value of identifiable net assets acquired	(100)	
Goodwill arising on acquisition	456	
Net assets disposed off		617
Gain on disposal of a subsidiary		1
Cash proceeds on disposal		618
<u>Effect on cash flows of the Group</u>		
Cash (paid)/received	(516)	618
Add/Less: Cash and cash equivalents	9	(51)
Cash	(507)	567

## 11. Dividends

No dividend for the period ended 30 June 2023 (30 June 2022: Nil) is recommended.

## 12. Net asset value

	Group		Company	
	As At 30/06/2023	As At 30/06/2022	As At 30/06/2023	As At 30/06/2022
Net asset value per ordinary shares (cents per share)	2.7897	6.5593	0.3609	7.0905

The calculation of net asset value per ordinary share was based on 151,555,655 shares as at 30 June 2023 (30 June 2022: 151,555,655).

## 13. Property, plant and equipment

	Group					
	Leasehold buildings S\$'000	Renovation S\$'000	Plant and equipment S\$'000	Motor Vehicle S\$'000	Furniture and fittings and office equipment S\$'000	Total S\$'000
<u>Cost</u>						
Balance at 1 July 2021	163	-	-	-	-	163
Additions	634	765	4,720	300	24	6,443
Additions through business combination	-	-	-	5	-	5
Disposal of a subsidiary	-	-	-	(5)	-	(5)
Balance at 30 June 2022	797	765	4,720	300	24	6,606
Additions	-	37	128	153	10	328
Impairment	-	-	(3,383)	-	-	(3,383)
Disposal / Written off	-	-	-	(300)	(2)	(302)
Balance at 30 June 2023	797	802	1,465	153	32	3,249
<u>Accumulated depreciation and impairment</u>						
Balance at 1 July 2021	13	-	-	-	-	13
Depreciation for the year	116	12	39	22	1	190
Balance at 30 June 2022	129	12	39	22	1	203
Depreciation for the year	183	145	121	15	8	472
Disposal	-	-	-	(28)	(1)	(29)
Balance at 30 June 2023	312	157	160	9	8	646
<u>Carrying amount</u>						
Balance at 30 June 2023	485	645	1,305	144	24	2,603
Balance at 30 June 2022	668	753	4,681	278	23	6,403

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. During the current financial year, the Group acquired assets amounting to S\$328,000 (30 June 2022: S\$6,448,000) and disposed the motor vehicle with a net book value of S\$272,000 (30 June 2022: Nil).

## 14. Investment in Subsidiaries

	Company	
	As At	As At
	30/06/2023	30/06/2022
	S\$'000	S\$'000
Equity investments, at cost	22,600	22,600
Add: Further investment	3,920	-
Less: Disposal of subsidiary	(22,500)	-
Less: Impairment losses	(4,000)	(22,600)
	20	-
Impairment losses on equity investments	(4,000)	(22,600)

\* Less than S\$1,000

(a) The details of the subsidiaries held by the Group and the Company are as follows:

Name of Company / Country of Incorporation	Principal activities	Percentage of effective equity interest held by the Group	
		30/06/2023 %	30/06/2022 %
<i><u>Held by the Company</u></i>			
<u>Metech Recycling (Singapore) Pte. Ltd.</u> <i>Singapore</i>	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
<u>Metech Dynamics Pte Ltd.</u> <i>Singapore</i>	General wholesale trade (including general importers and exporters) and wholesale trade of a variety of goods without a dominant product.	100	100
<u>Asian Green Tech Pte. Ltd.</u> <i>Singapore</i>	Engineering design and consultancy services in energy management and clean energy system.	100	100
<u>Metech Diamond Pte. Ltd.</u> <i>Singapore</i>	Promoting and selling lab-grown diamonds and gemstones over the internet	100	-
<u>Metech Diamond Solutions Pte. Ltd.</u> <i>Singapore</i>	Provision of one-stop training or solutions in relation to production of lab-grown diamonds.	100	-
<i><u>Held by Metech Dynamics Pte. Ltd.</u></i>			
<u>Zhongxin Minghua (Shanghai) International Trade Co., Ltd.</u> <i>People's Republic of China</i>	General wholesale trade	100	100
<i><u>Held by Asian Green Tech Pte. Ltd.</u></i>			
<u>Asian Eco Technology Pte. Ltd.</u> <i>Singapore</i>	Manufacturing and distribution of lab-grown diamonds	80	51



- (b) On 3 March 2023, the Company's wholly owned subsidiary, Asian Green Tech Pte. Ltd. had completed the acquisition of 1,488,468 shares in Asian Eco Technology Pte. Ltd., increasing its stake by 29%, representing approximately 80% of the total issued share capital of Asian Eco Technology Pte. Ltd.
- (c) On 10 April 2023, the Company incorporated a wholly owned subsidiary, Metech Diamond Solutions Pte. Ltd. in Singapore. Metech Diamond Solutions Pte. Ltd. has an initial issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares.
- (d) On 14 April 2023, the Company decided to strike off Metech Recycling (Singapore) Pte. Ltd. ("**MRS**") as it had been dormant for more than a year. The Company had subsequently made an application to Accounting and Corporate Regulatory Authority ("**ACRA**") for MRS to be struck off. MRS was struck off from the register of ACRA on 7 August 2023.
- (e) On 19 April 2023, the Company incorporated a wholly owned subsidiary, Metech Diamond Pte. Ltd. in Singapore. Metech Diamond Pte. Ltd. has an initial issued and paid-up capital of S\$10,000 comprising 10,000 ordinary shares.
- (f) On 20 June 2023, the Company increased its shareholding in Metech Dynamics Pte. Ltd. from S\$100,000 to S\$4,000,000 by way of subscription of 3,900,000 ordinary shares. The consideration of S\$3,900,000 was satisfied by the capitalisation of amount owing by Metech Dynamics Pte. Ltd. to the Company.

## 15. Inventories

	Group	
	As At	As At
	30/06/2023	30/06/2022
	S\$'000	S\$'000
Raw materials	38	314
Finished goods	237	169
	<u>275</u>	<u>483</u>
Provision for inventory loss	-	-
	<u>275</u>	<u>483</u>

	Group	
	30/06/2023	30/06/2022
	S\$'000	S\$'000
Beginning of interim period	-	-
Provision for inventory loss	483	-
Write off on inventory	(483)	-
End of interim period	<u>-</u>	<u>-</u>

For the current financial year ended 30 June 2023, finished goods recognised in cost of sales amounted to S\$2,000 (30 June 2022: S\$5,173,000).

## 16. Trade receivables

	Group		Company	
	As At	As At	As At	As At
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	-	14	-	-

Trade receivables are non-interest bearing and generally has credit of 30 to 120 (2022: 30 to 120) day terms. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses.

The Group's credit risk exposure in relation to trade receivables are set out in the provision matrix as presented below. The Group's provision for loss allowance is based on past due as the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments.

	Lifetime expected loss rate	Gross carrying amounts	Lifetime expected credit losses	Net carrying amounts
	%	S\$'000	S\$'000	S\$'000
Group				
<u>As at 30/06/2023</u>				
> 120 days	100	14	(14)	-
<u>As at 30/06/2022</u>				
Current	*	14	*	-
* insignificant expected credit loss rate				

The movements in the allowance account used to record the impairment loss during the financial year are as follows:

	Group	
	30/06/2023	30/06/2022
	S\$'000	S\$'000
Balance at 1 July	-	101
Impairment loss recognised in profit or loss	14	-
Write off impairment losses	-	(101)
Balance at 30 June	14	-

## 17. Other receivables

	Group		Company	
	As At 30/06/2023	As At 30/06/2022	As At 30/06/2023	As At 30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Amount due from subsidiaries (non-trade)	(a) -	-	8,327	15,149
Other receivables - third parties	(b) 1	1,238	-	-
Advances	(c) 239	138	-	-
Deposit	(d) 890	102	187	-
	1,130	1,478	8,514	15,149
Less: Allowance for impairment losses	(91)	(1,226)	(7,826)	(4,603)
Financial assets	1,039	252	688	10,546
Prepayments	49	18	18	14
GST receivable	21	1	12	-
	1,109	271	718	10,560

### (a) Amounts due from subsidiaries (non-trade)

Except for a non-trade balance of S\$2,720,000 (2022: S\$3,450,000) due from subsidiaries as at 30 June 2023, which is non-trade in nature, unsecured, interest bearing at 6% per annum and repayable by 22 October 2023, the remaining non-trade balance of S\$5,607,000 (2022: S\$11,699,000) due from subsidiaries are unsecured, interest-free and repayable on demand.

The movements in the allowance account used to record the impairment loss during the financial period/year are as follows:

	<b>Company</b>	
	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 July	4,603	4,296
Allowance for the year	3,223	307
Balance at 30 June	<u>7,826</u>	<u>4,603</u>

(b) Other receivables – third parties

As at 30 June 2023 and 30 June 2022, included in other receivables were amounts totaling S\$1,162,000 due from a former subsidiary that was disposed of in the financial year ended 30 June 2019. The gross amounts of S\$1,162,000 has been fully impaired in the financial year ended 30 June 2019.

The total impairment loss S\$1,226,000 was then subsequently written off during the year.

	<b>Group</b>	
	<b>30/06/2023</b>	<b>30/6/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 July	1,226	1,226
Written off	(1,226)	-
Balance at 30 June	<u>-</u>	<u>1,226</u>

(c) Advances

Advance payments of S\$148,000 in FY2023 consist of payment to vendors for inventories. Advance payments of S\$138,000 in FY2022 consist of payment to non-controlling interests in relation to advance payments for supply of inventories and business travel expenses.

(d) Deposits

Deposits mainly relate to deposits paid by the Group for the leasing of the office, factory premises, plant and equipment, payment to vendor for new machines and professional services.

The movements in the allowance account used to record the impairment loss during the financial period/year are as follows:

	<b>Group</b>	
	<b>30/06/2023</b>	<b>30/6/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 July	-	-
Allowance for the year	91	-
Balance at 30 June	<u>91</u>	<u>-</u>

## 18. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>As At</b>	<b>As At</b>	<b>As At</b>	<b>As At</b>
	<b>30/06/2023</b>	<b>30/06/2022</b>	<b>30/06/2023</b>	<b>30/06/2022</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances	<u>1,161</u>	<u>6,053</u>	<u>272</u>	<u>629</u>

Bank balances are interest-bearing. Interest earned during the current financial period/year and previous financial period/year are considered insignificant.

## 19. Borrowings

The Group had no borrowings as at 30 June 2023 and 30 June 2022.

## 20. Share capital

	30/06/2023		30/06/2022	
	No. of shares	Amount S\$'000	No. of shares	Amount S\$'000
Beginning and end of financial period/year	<u>151,555,655</u>	<u>189,134</u>	<u>151,555,655</u>	<u>189,134</u>

There was no change in the Company's share capital since 31 December 2022.

As at 30 June 2023, the Company has 8,503,750 warrants which were issued in October 2021 outstanding that are convertible into 8,503,750 ordinary shares (30 June 2022: 8,503,750) approximately 5.6% (30 June 2022: 5.6%) of the Company's total issued share capital as of 30 June 2023, excluding treasury shares and subsidiary holdings, at the exercise price of S\$0.21 per share.

The total number of ordinary shares issued, excluding treasury shares and subsidiary holdings as at 30 June 2023 and 30 June 2022 were 151,555,655.

The Company had no treasury shares as at 30 June 2023 and 30 June 2022.

The Company had no subsidiary holdings as at 30 June 2023 and 30 June 2022.

There were no sales, transfers, cancellation and/or use of treasury shares or subsidiary holdings during the six-month period ended and as at 30 June 2023.

## 21. Other reserves

	Group	
	30/06/2023 S\$'000	30/06/2022 S\$'000
Balance at 1 July	-	-
Acquisition of additional interests from NCI	(319)	-
Balance at 30 June	<u>(319)</u>	<u>-</u>

## 22. Non-controlling interest

(a) The Group has the following subsidiaries that have material non-controlling interests as at the reporting date:

	Asian Eco Technology Pte. Ltd.	
	(20%) 30/06/2023 S\$'000	(49%) 30/06/2022 S\$'000
Accumulated non-controlling interest as at 1 July	1,763	2,515
Acquisition of additional interests from NCI	319	-
Loss allocate to non-controlling interests	(2,529)	(752)
Balance as at 30 June	<u>(447)</u>	<u>1,763</u>

- (b) Summarised financial information (before intragroup eliminations) in respect of subsidiaries with material non-controlling interests is set out below:

	Asian Eco Technology Pte. Ltd.	
	<u>30/06/2023</u>	<u>30/06/2022</u>
	S\$'000	S\$'000
<u>Summarised Statement of Financial Position</u>		
Non-current assets	2,404	6,028
Current assets	355	2,306
Non-current liabilities	(3,092)	(488)
Current liabilities	(1,904)	(4,248)
Net (liabilities)/asset	<u>(2,237)</u>	<u>3,598</u>
<u>Summarised Statement of Profit or Loss and Other Comprehensive Income</u>		
Revenue	-	2,782
Expenses	(5,835)	(4,317)
Loss and total comprehensive loss for the year	<u>(5,835)</u>	<u>(1,535)</u>
<u>Summarised Cash Flow</u>		
Net cash used in operating activities	(1,524)	(1,860)
Net cash used in investing activities	(164)	(3,239)
Net cash generated from financing activities	<u>217</u>	<u>6,680</u>

## 23. Lease liabilities

The Group has made period lease payments in relation to leasehold buildings, and motor vehicle. These are recognised within property, plant and equipment (Note 13).

The carrying amounts of right-of-use assets classified within property, plant and equipment are as follows:

	Group	
	<u>As At</u>	<u>As At</u>
	<u>30/06/2023</u>	<u>30/06/2022</u>
	S\$'000	S\$'000
Leasehold buildings	485	668
Motor Vehicle	-	278
	<u>485</u>	<u>946</u>

Depreciation charges on right-of-use assets classified within property, plant and equipment during the financial period/year are as follows:

	Group			
	<u>6 months</u>	<u>6 months</u>	<u>12 months</u>	<u>12 months</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>30/06/2023</u>	<u>30/06/2022</u>	<u>30/06/2023</u>	<u>30/06/2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Leasehold buildings	93	72	183	116
Motor Vehicle	-	16	6	22
	<u>93</u>	<u>88</u>	<u>189</u>	<u>138</u>

Amounts recognised in the consolidated statement of comprehensive income and consolidated statements of cash flows are as follows:

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Interest expenses on lease liabilities	13	21	31	27
Total cash outflows for leases (excluding short-term leases)	88	81	333	110

The Group recognised lease liabilities as follows:

	Group	
	As At	As At
	30/06/2023	30/06/2022
	S\$'000	S\$'000
Lease liabilities:		
Current	161	188
Non-current	297	600
	458	788

Other than as disclosed, the Group has no other third-party borrowings.

## 24. Provision

The provision relates to the future cost of dismantling and removing the items and restoring the site of the Group's leased factory premises in Singapore. The provision is assessed by management with reference to quotation obtained from third party contractor.

## 25. Other payables

	Group		Company	
	As At	As At	As at	As at
	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	S\$'000	S\$'000	S\$'000	S\$'000
Sundry creditors	107	237	93	29
Accruals for:				
- professional fees	407	166	234	133
- staff costs	273	141	248	77
- other costs	32	65	32	36
Deposits	-	5	-	-
Amount due to subsidiaries (non-trade)	-	-	10	152
GST payable	-	28	-	16
	819	642	617	443

The non-trade balances due to subsidiaries are unsecured, interest-free and repayable on demand.

## 26. Subsequent events

As announced on 13 March 2023, Asian Eco Technology Pte. Ltd. ("AET") commenced legal action in the General Division of the High Court of Republic of Singapore against Mr Deng Yiming ("Mr Deng") in relation to the missing diamond seeds and loose diamonds.

On 10 August 2023, the Judge of the High Court of the Republic of Singapore granted summary judgement against Mr Deng and has ordered Mr Deng to pay AET, costs totalling S\$34,000, excluding disbursements, in relation to AET's claim relating to the missing diamond seeds and loose diamonds.

The Judge further declared that Mr Deng holds the diamond seeds and loose diamonds as a constructive trustee for AET and ordered for damages to be assessed and be paid by Mr Deng to AET.

In addition, as announced on 21 March 2023, AET commenced legal proceedings against Mr Deng in relation to the breaches of his fiduciary duties owed to AET in connection with the sale and purchase of 5 machines at an inflated price. The legal proceedings in respect of the foregoing are currently underway.

On 14 April 2023, the Company decided to strike off Metech Recycling (Singapore) Pte. Ltd. ("**MRS**") as it had been dormant for more than a year. The Company had subsequently made an application to Accounting and Corporate Regulatory Authority ("**ACRA**") for MRS to be struck off. MRS was struck off from the register of ACRA on 7 August 2023

Except as stated and elsewhere in this set of interim financial statements, no adjustments have been made to this set of interim financial statements with respect to the above subsequent events.

## OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

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

The condensed interim consolidated statement of profit or loss and other comprehensive income of Metech International Limited (the “**Company**”, and its subsidiaries, collectively, the “**Group**”) as at 30 June 2023 and the related condensed interim consolidated statements of financial position, condensed interim consolidated statement of changes in equity and condensed profit or loss and other comprehensive income consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

**2. Where the figures have been audited or reviewed, the auditors’ report (including any modifications or emphasis of a matter).**

Not applicable.

**2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The audited financial statements for the financial year ended 30 June 2022 were not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

**3. 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**

***Review for the performance of the Group for the half year ended 30 June 2023 (“2H2023”) and the full year ended 30 June 2023 (“FY2023”)***

**(i) Revenue**

The Group’s revenue for 2H2023 decreased by S\$1.930 million (99.84%) from S\$1.933 million in 2H2022 to S\$3,000 in 2H2023. The full year revenue decreased by S\$5.221 million (99.94%) from S\$5.224 million in FY2022 to S\$3,000 in FY2023. The significant decrease in revenue was mainly due to numerous issues and irregularities relating to the joint venture subsidiary, Asian Eco Technology Pte. Ltd. (“**AET**”) which the Group’s then-joint venture partner, X Diamond Capital Pte. Ltd. (“**XDC**”) and XDC’s appointed directors in AET had failed to address to, which was announced on 17 January 2023.

**(ii) Gross profit**

The Group earned a gross profit of S\$1,000 in 2H2023, as compared to S\$93,000 in 2H2022. In FY2023, the Group earned a gross profit of S\$1,000 as compared to S\$51,000 in FY2022. The significant decrease in gross profit earned in 2H2022 was due to lower revenue earned in the period resulting in the lower gross profit margin.

**(iii) Other income**

Other income decreased by S\$163,000 from S\$226,000 in 2H2022 to S\$63,000 in 2H2023 and decreased by S\$132,000 from S\$224,000 in FY2022 to S\$92,000 in FY2023. The decrease in other income was mainly due to the absence of substantial foreign exchange gain which was present in 2H2022 and FY2022 and was partially offset by an increase in government grants.

**(iv) Administrative expenses**

Administrative expenses decreased by S\$41,000 from S\$1.782 million in 2H2022 to S\$1.741 million in 2H2023. The full year administrative expenses increased by S\$369,000 from S\$2.670 million to S\$3.039 million.



million in FY2023. The increase was largely due to (A) the depreciation of plant and equipment being categorised under administrative expense in view of the absence of revenue as explained under (i) above, (B) increase in the employee expenses which is in line with the increased in manpower, (C) operating costs of factory which involves insurance, utilities and repair and maintenance and were partially offset by lower advertising and exhibition and travel expenses.

**(v) Other expenses**

Other expenses were S\$80,000 in 2H2023 compared to S\$107,000 in 2H2022. The changes were due to partial reversal of provision for impairment loss on plant and equipment that was provided in 1H2023 which offset by increase in legal and professional expenses. Other expenses increased by S\$4.704 million from S\$338,000 in FY2022 to S\$5.042 million in FY2023. The increase was mainly due to (A) higher foreign exchange loss, (B) write-off for impairment loss of plant and equipment in relation to the machines supplied by XDC at inflated prices, (C) legal and professional fees incurred for matters relating to the corporate actions and termination of JVA and (D) write-off for inventory loss in relation to the unaccounted-for missing diamond seeds and loose diamonds. In relation to the machines supplied by XDC at inflated prices, the write-off for impairment loss amount had been finalised upon the receipt of the valuation report in 2H2023.

**(vi) Finance costs**

Finance cost slightly decreased by S\$8,000 (38.10%) from S\$21,000 in 2H2022 to S\$13,000 in 2H2023 and S\$1,000 (3.13%) from S\$32,000 in FY2022 to S\$31,000 in FY2023. The finance costs in 2H2023 and FY2023 are mainly interest expense on lease liabilities.

**(vii) Loss after income tax**

The Group reported a net loss after income tax from continuing operations of S\$1.746 million in 2H2023 as compared to S\$1.589 million in 2H2022. The net loss after income tax from continuing operations for FY2023 is S\$8.082 million as compared to S\$2.763 million in FY2022. Higher losses were mainly due to the absence of revenue as well as the increased operating costs of lab-grown diamond factory, and the write down of plant and machinery and provision for inventory loss arising from the issues with and irregularities of XDC.

**(viii) Foreign currency translation difference**

Foreign currency translation difference was a loss of S\$18,000 in 2H2023 as compared to a loss of S\$162,000 in 2H2022. Further, in FY2023, there was a gain in foreign currency translation difference of S\$159,000 as compared to a loss of S\$183,000 in FY2022. This was mainly due to the fluctuation of foreign currency exchange rates between the US Dollar and Singapore Dollar during the financial period.

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

**Condensed interim statements of financial position**

**(i)** Property, plant and equipment decreased by S\$3.800 million due to the (A) provision of impairment loss on plant and machinery of S\$3.383 million, arising from the write-off as the machines were supplied to the Group at inflated prices (B) disposal of motor vehicle with net book value of S\$272,000, (C) disposal of furniture and fittings and office equipment with net book value of S\$1,000 and (D) depreciation charge of S\$472,000 which was partially offset by addition of property, plant and equipment of S\$328,000.

**(ii)** After write-off for inventory loss of S\$483,000, the value of existing inventories as at 30 June 2023 is S\$275,000 which consisted of (A) diamond seeds and raw materials for production use and (B) loose diamonds.

**(iii)** The outstanding trade receivables of S\$14,000 was brought forward from previous financial year are impaired as no payment was received as at 30 June 2023.

**(iv)** Trade and other receivables increased by S\$824,000 to S\$1.109 million as at 30 June 2023 compared to S\$285,000 as at 30 June 2022. The increase was mainly attributed to (A) deposits for a new office and new machines, (B) advances for loose diamonds which was then offset by impairment of remaining advances made to acquire equipment.

**(v)** Changes in translation reserve of S\$2,000 was mainly due to the fluctuation of foreign currency exchange rates between the US Dollar and Singapore Dollar during the financial period.

**(vi)** Lease liabilities decreased by S\$330,000 through cash repayment.

- (vii) The provision of S\$75,000 is related to the future reinstatement of the factory premises at Kallang, which was leased for the lab-grown diamond business segment.
- (viii) Trade and other payables increased by S\$177,000 to S\$819,000 as at 30 June 2023 compared to S\$642,000 as at 30 June 2022. The increase was due to the increase in accruals for professional fees and staff costs which was offset partially by the settlement of balances before 30 June 2023.

## Condensed interim consolidated statement of cash flows

Net cash of S\$2.462 million was used in operating activities of the Group in 2H2023 as compared to S\$2.005 million which was generated in 2H2022. This was mainly due to net negative changes in receivables in 2H2023 as compared to net positive changes in receivables in 2H2022. In FY2023, net cash used in operating activities of the Group was S\$4.390 million as compared to S\$3.141 million in FY2022. The higher net cash used in operating activities was due to higher negative changes in receivables in FY2023 as compared to FY2022.

Net cash used in investing activities of the Group in 2H2023 was S\$234,000, which arose from the acquisition of property, plant and equipment. In FY2023, net cash used in investing activities was S\$86,000 which arose from the acquisition and disposal of property, plant and equipment.

Net cash used in financing activities of the Group in 2H2023 and FY2023 were S\$88,000 and S\$333,000, which was due to the repayment of lease liabilities.

As a result of the above, the Group's cash and cash equivalents as of 30 June 2023 decreased by S\$4.892 million from S\$6.053 million as at 30 June 2022 to S\$1.161 million as at 30 June 2023, after taking into consideration the loss due to effect of currency translation on cash and cash equivalents of S\$83,000.

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

Not applicable as no specific forecast or a prospect statement was previously issued.

## 5. 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 operating period and the next 12 months

In FY2023, the Group incorporated two wholly-owned subsidiaries, i.e., Metech Diamond Solutions Pte. Ltd. ("MDS") and Metech Diamond Pte. Ltd. ("MDD"). The new subsidiaries were incorporated for the purpose of (A) providing one-stop training or solutions in relation to production of lab-grown diamonds and (B) promoting and selling lab-grown diamonds and gemstones over the internet respectively.

The Company is in the process of recruiting more experienced personnel to oversee and enhance its current business and operations. Several cost-saving measures such as (A) reduction of travel costs, (B) investments in automation equipment, (C) increase in production efficiency, were implemented which were aimed at improving the financial performance and overall financial position of the Company.

The market for lab-grown diamonds is rapidly expanding, experiencing increased penetration in various regions, including the United States, China, Southeast Asia and the Middle East. This growth can be attributed to various factors such as the rise in spending power of millennials, a growing trend of self-indulgence, and the increasing consumer awareness about sustainability. Additionally, advancements in lab-grown diamond production techniques are expected to further fuel market growth.

The prices of lab-grown diamonds have stabilized after experiencing a significant decline due to over-investment. Furthermore, the technology in lab-grown diamond production has been continuously improving, leading to a higher colour and clarity grades, as well as larger carats in comparison to naturally mined diamonds. These factors are becoming essential for remaining competitive in the market.

In the future, companies with cutting-edge technologies will prioritize profitability and sustainability. Upgrades in production capabilities with the focus on reducing costs and increasing yields will replace outdated production capacities, driving an industry revolution. Furthermore, emerging high-tech applications will gradually open new market opportunities, driving further growth for the industry.

**6. If a decision regarding dividend has been made:**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**  
No.
- (b) (i) Amount per share**  
Not applicable.
- (ii) Previous corresponding period**  
No dividend has been declared or recommended for the previous corresponding period.
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**  
Not applicable.
- (d) The date the dividend is payable**  
Not applicable.
- (e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**  
Not applicable.

**7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or is recommended as the Group currently does not have accumulated profits available for the declaration of dividend.

**8. Interested person transactions (“IPTs”)**

There was no interested person transaction amounting to S\$100,000 and above during the financial period under review. The Group has not obtained a general mandate from its shareholders for IPTs.

**9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company hereby confirms that it has procured signed undertakings from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

**10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

As of the date of this announcement, there are no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

**On behalf of the Board of Directors**

**Wang Zhuo**

Executive Director & Chief Executive Officer

29 August 2023