METech INTERNATIONAL

STEPPING UP!

ANNUAL REPORT **2015**

STEPPING UP!

STEPPING UP is the Theme of FY2015 and beyond..........

- We are stepping up from **ELECTRONIC WASTE RECYCLING** into **SUPPLY CHAIN** as our growth strategy.......
- We have stepped up from **4R (RECYCLE – RECOVER – REPAIR – REUSE)** to **2M (METALS – MINING)** in FY2015......

With our expertise and experience in metals, **2M** is a natural progression......

- In FY2015, we continue to recover **PRECIOUS METALS FROM ELECTRONIC WASTE**......
- In FY2015, we started to trade and supply **EXCHANGE-GRADED, STANDARD PACKAGED METALS**......
- In FY2015, we invested in a **GOLD MINING COMPANY** in Kelantan......

OUR **VISION** AND **MISSION** statements are now as follows.......

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.

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MESSAGE FROM CHAIRMAN

SIMON ENG
CHAIRMAN

DEAR SHAREHOLDERS,

I wish to begin by stating that FY2015 was a disappointing year. Though we had managed to increase revenue by about 10% from S$40 million in FY2014 to S$44 million in FY2015, the Group chalked up a loss of ca. S$11 million as compared to a profit of S$500,000 in the previous year. Our profitability was negatively affected by a number of factors, in a financial year full of challenges.

The Group's revenue in the US dropped by about 31%, from S$29 million in FY2014 to $20 million in FY2015. As a large part of the revenue was derived from the sale of precious and non-ferrous metals that we had harvested from electronic wastes, the severe fall in metal prices meant lower revenue amidst rising cost of operations in Singapore dollar term. The labour disputes and prolonged strikes at the Port of Oakland, California, disrupted export of our high value materials to overseas smelters and further dampened our sale. On the East Coast, extreme winter impeded collection and temporarily caused some of our plants to shut down.

Fortunately, the revenue loss in the US was accompanied by a revenue increase in Asia. In FY2015, the revenue in Singapore jumped by about 115% year-on-year to close at S$24 million. The big jump was due to the commencement of the new business of trading in standard and exchange-graded metal products from the second half of the year. The new business more than compensated for the termination of the non-ferrous scrap metal business and the temporary suspension of the precious metal recovery operations for six months as a result of a fire.

REBUILDING FOR THE FUTURE

Coming off from a poor year, we are determined to rebuild the Company and bring it back on the path of profitability again. As the largest shareholder of the Company, it is incumbent upon me to take the responsibility of turning the Company around. I re-joined the Board as the non-executive Chairman on 10 November 2014. Sensing the need to play a more active part in the day-to-day running of the company, I took on the additional job as an Executive Director at the end of December 2014. And to allow the incumbent Group CEO to focus on turning around our operations in the US, on 1 July 2015, I took over the Group CEO position from Mr Andrew Eng, who moved to the US to become the CEO of our US subsidiary, Metech Recycling, Inc. On that same day, we welcomed Mr Ricky Sim as a new Independent Non-Executive Director to the Board, replacing Mr Khor Check Kim. Mr Sim will be a valuable asset to the Group considering his extensive experience at the senior level in business and government as well as his strong network of contacts in the region.

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 less stringent listing regime would give the Company the necessary space to re-organise and re-position for a new, profitable future. It would also better allow the Company to attract investors.

The Company also embarked on major re-capitalisation exercises to raise funds for its current and new businesses. On 19 March 2015, the Company completed a private placement of 468,668,000 new ordinary shares in the capital of the Company at an issue price of S$0.004 per share which raised S$1.8m in net proceeds. 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. I am pleased that the Rights Shares had been over-subscribed by about 12%. If the warrants are fully converted too, the Issue will bring in a total of S$9.8 million.

On 21 May 2015, the Company established a new subsidiary in China by the name of Metech Global (Shanghai) Co., Ltd. The setting up of the new subsidiary in China followed from a contract with an American client based in Singapore to handle electronic wastes generated by its plants in China and Malaysia. The new subsidiary paves the way for our re-entry into China and will facilitate the new metal trading business.

NEW BUSINESS FOCUS

Both the US and Singapore operations in FY2015 experienced lower margins as compared to FY2014 for the various reasons I have explained earlier. Following a review, the Group introduced a number of measures to address our profitability. Presently, the bulk of our earnings come from the precious metals that we refine and the non-ferrous metals that we trade, which are exposed to price fluctuations on metal exchanges around the world. As we saw ourselves as a provider of electronic waste recycling services, we were ill-equipped to handle the sudden and severe fall in metal prices.

We have now positioned ourselves as a supply chain manager and built up the required expertise to manage the flow as well as pricing of materials more effectively. This new platform, coupled with a geographical footprint across the US as well as China, Malaysia and Singapore, allows us to focus on creating a synergistic value chain for our customers through our expertise in recycling and recovery of precious and non-ferrous metals as well as our network of logistical partners. The Group has also started exploring with like-minded industry players on the possibility of forming alliances or even a merger to bring the business to a more sustainable size and an optimal cost structure.

On 22 September 2014, the Company entered into a convertible loan agreement to invest Ringgit 1.30 million (about S$500,000) in Pulai Mining Sdn. Bhd., a gold mining company incorporated in the northern state of Kelantan, Peninsular Malaysia. If the prospect of uncovering gold further improves, the Company may consider increasing its investment in the Malaysian company, moving up the value chain in the metals and mining industry.

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. In particular, I would like to thank Mr Khor Check Kim for his contributions on our Board.

SIMON ENG

BOARD OF DIRECTORS

SIMON ENG

CHAIRMAN

ANDREW ENG

EXECUTIVE DIRECTOR

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 is concurrently the Chief Executive Officer. As the head of Management, he takes charge of the Group's operations and business development.

Mr Eng had 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 had also served Singapore Technologies Electronics Ltd as an advisor 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.

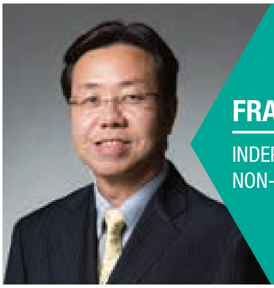
MR ANDREW ENG is an Executive Director and President of the Company. He is presently the Chairman and Chief Executive Officer of the Group's largest subsidiary, Metech Recycling Inc. of USA.

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 also 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.



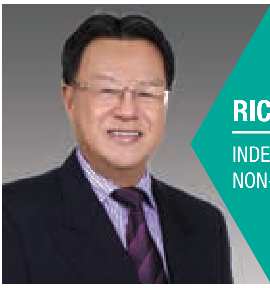
FRANCIS LEE

INDEPENDENT
NON-EXECUTIVE DIRECTOR

MR FRANCIS LEE is an Independent Non-Executive Director at Metech, 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 in the 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 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

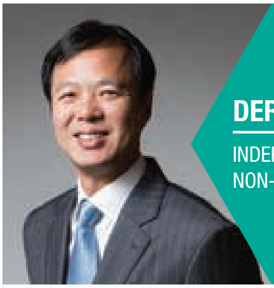
INDEPENDENT
NON-EXECUTIVE DIRECTOR

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 had 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 had been an Honorary Advisor to the Real Estate Developers Association of Singapore from 2005 to 2013.

Mr Ricky Sim is currently also an Independent Non-Executive Director of 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

SIMON ENG

CHIEF EXECUTIVE OFFICER

ANDREW ENG

PRESIDENT

BENNY LIM

GROUP CHIEF
FINANCIAL OFFICER

MR. BENNY LIM joined Metech in 2012 as the Group Financial Controller and was re-designated as Group Chief Financial Officer in 2013. As a key member of the Group's executive team, Mr. Lim sets and oversees its overall financial objectives. He also provides business planning and forecasting to supplement the Chairman's strategic plans. His responsibilities also include treasury duties and investor relations. In addition, Mr. Lim is Executive Director of Metech Recycling Inc., the Principal subsidiary of the Group and part of the US executive management team. In this capacity, he assists the management team of Metech Recycling U.S. to map financial plans and strategies to grow the U.S. business.

With more than 10 years of experience in the assurance and business advisory industry, Mr. Lim led teams at PricewaterhouseCoopers, Deloitte & Touche on business advisory engagements for financial institutions and MNCs across South East Asia. He also managed the Financial Risk Management desk, which provided advisory on financial and business risks to corporate treasuries.

Mr. Lim graduated from Nanyang Technological University with a Bachelor in Accountancy and is a member of the Institute of Singapore Chartered Accountants.

LEADERSHIP TEAMS

METECH RECYCLING, INC (USA)

Worcestor MA. Creedmoor NC. Denver CO. Salt Lake City UT. Gillroy CA.

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

Executive Chairman & Chief Executive Officer	ANDREW ENG
Chief Operating Officer	ANDREW MCMANUS
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

CORPORATE GOVERNANCE REPORT

The Board of Directors of Metech International Limited ("Metech" or the "Group") is committed to achieving and maintaining a high standard of corporate governance within the Metech Group. Metech 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 ("Code") closely and strive to continually review and improve on our practices.

We have adhered 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 FY2015, the Board of Directors (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 Group 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 group's assets;
- Review and guide the performance of the Management;
- Ensure that the Group'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 – Executive Director and President
- Derek Loh – Independent Non-Executive Director
- Francis Lee – Independent Non-Executive Director
- Khor Check Kim[2] – Independent Non-Executive Director
- Ricky Sim[2] – Independent Non-Executive Director

1 Mr Simon Eng joined the Board and assumed the Chairman role on 10 Nov 2014. He became an Executive Director on 30 Dec 2014.

2 Mr Khor Check Kim resigned from the Board with effect from 1 Jul 2015. Mr Ricky Sim replaced him on the Board on the same day.

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

CORPORATE GOVERNANCE REPORT

The Board has the assistance of the following Board Committees to help it discharge its responsibilities:–

- *Audit Committee ("AC")*
  The Chairman of the Audit Committee is Mr Francis Lee with Mr Derek Loh and Mr Ricky Sim serving as members of the Committee. Mr Ricky Sim replaced Mr Khor Check Kim on the Committee with effect from 1 Jul 2015. All the members of the AC are Independent, Non-Executive Directors. The Committee is well qualified with the Chairman working as a CFO for another company and both other members having financial management experience.

- *Nominating Committee ("NC")*
  The Chairman of the Nominating Committee is Mr Ricky Sim with Mr Francis Lee and Mr Derek Loh serving as members of the Committee. Mr Ricky Sim replaced Mr Khor Check Kim as Committee Chairman with effect from 1 Jul 2015. All the members of the NC are Independent, Non-Executive Directors. The NC Chairman has no direct association with any substantial shareholder.

- *Remuneration Committee ("RC")*
  The Chairman of the Remuneration Committee is Mr Derek Loh with Mr Francis Lee and Mr Ricky Sim serving as members of the Committee. Mr Ricky Sim replaced Mr Khor Check Kim on the Committee with effect from 1 Jul 2015. All the 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 number of Board and Committee Meetings in FY2015 and the attendance of the Directors at these meetings.

			Committees	
	Board	**Audit**	**Remuneration**	**Nominating**
No of Meetings Held	**4**	**4**	**1**	**2**
Directors		**No. of Meetings Attended**		
Simon Eng	3	NA	NA	NA
Andrew Eng	4	NA	NA	NA
Derek Loh	4	4	1	1
Francis Lee	4	4	1	2
Khor Check Kim	4	4	1	2
Ricky Sim	NA	NA	NA	NA

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

CORPORATE GOVERNANCE REPORT

The Board Meetings are held on a quarterly basis to review and approve the release of the quarterly financial results and discuss reports by the Management on the performance of the Group and its plans. Additional meetings are also held to discuss and consider specific issues that may arise from time to time. The Directors are encouraged to discuss and voice freely their views and concerns on proposals that are raised 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.

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

- approval of results announcement;
- 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 Group 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 Group to familiarize themselves with its history, strategic directions, business, industry knowledge, regulatory requirements, and corporate and governance practices. The Directors are also given opportunities to visit the Group's operational facilities and meet the Management to gain a better understanding of the Group'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 in the operating environment 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 the discussion and decision-making process will be very 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 the 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.

CORPORATE GOVERNANCE REPORT

In appointing Directors to the Board, the Board takes into consideration the background, skill-sets and experience of the candidate and whether the candidate is able to contribute to the growth of the Group. The NC is of the view that the current Board has the right mix of talent that has excelled in the business, government, finance and legal sector to lead the Group. The Board will continually review its composition and size to attain the right balance for the team.

Chairman and Chief Executive Officer

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

After the resignation of Mr Song Tang Yih as Chairman of the Company on 28 Feb 2014, the Chairman post was left vacant until Mr Simon Eng rejoined the Board as Chairman on 10 Nov 2014. During the time when the Chairman post was vacant, the duties of the Chairman were carried out by the Independent Directors on a rotational basis at each and every Board meeting.

Mr Simon Eng has served on a number of boards prior to his re-appointment, including in the role of a Chairman. Drawing on his past experience, Mr Simon Eng is able to create a culture of openness and debate on the Board. He sets the agenda for the meetings and always ensures that the board papers are given to the Directors in advance to read. Using a variety of means other than phone calls, he is in regular touch with the Directors to keep them updated and timely informed of plans, key events and corporate actions.

Mr Andrew Eng, the brother of Mr Simon Eng, was the Group Chief Executive Officer ("CEO") of the Company until 30 Jun 2015. As the Group CEO, he was responsible for the execution of the strategic directions set by the Board. Mr Andrew Eng had overall responsibility for the management and daily operations of the Group, and was supported by the Group CFO and other key members of the Management, none of whom is related to one another. Mr Simon Eng is the current Group CEO, having taken over from Mr Andrew Eng on 1 Jul 2015.

Considering that Mr Simon Eng and Mr Andrew Eng are immediate family members and that Mr Simon Eng has assumed both the Chairman and CEO role with effect from 1 Jul 2015, Mr Derek Loh's role as the Lead Independent Director has become even more important. He has been the Lead Independent Director since 24 Oct 2013, and is in regular communication and consultation with the other Independent Directors.

The Board is of the view that there is a sufficiently strong, independent presence on the Board to objectively debate and make decisions on key issues, considering the fact that the number of Independent Non-Executive Directors on the Board outnumbers the number of 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. Moreover, all the members of the NC, RC and AC are Independent Non-Executive Directors.

Board Membership

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

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

CORPORATE GOVERNANCE REPORT

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 at the AGM. It works within the terms of reference 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 review of independence of each director based on the criteria in the Code.

In the selection of candidates, the Board, through the NC, looks at the background, skill-sets, experience and professional qualifications of the individual that may benefit the Group's business, and how each director through his or her unique contributions can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. 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 business.

Other than the individual attributes, the following factors are also considered in the selection of candidates:–

- the geographical spread and diversity of the Groups' 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 able to devote sufficient time and attention to the Group.

Pursuant to the Company's Articles of Association, Mr Derek Loh is retiring by rotation and will submit himself for retirement and re-election by the shareholders at the forthcoming AGM. Mr Simon Eng and Mr Ricky Sim joined the Board after the last AGM and will also submit themselves for retirement and re-election at the forthcoming AGM.

Board Members

Directors	Position	Date of first appointment	Date of last re-election	Nature of appointment
Simon Eng[1]	Chairman	10 Nov 2015	–	non-independent/executive
Andrew Eng	Director (President)	1 Sep 2012	19 Oct 2012	non-independent/executive
Derek Loh[1]	Director	10 Feb 2010	24 Oct 2013	independent/non-executive
Francis Lee	Director	1 Aug 2012	29 Oct 2012	independent/non-executive
Khor Check Kim[2]	Director	5 July 20 13	24 Oct 2013	independent/non-executive
Ricky Sim[1]	Director	1 Jul 2015	–	independent/non-executive

[1] Due for re-election at AGM

[2] Resignation effective from 1 Jul 2015

CORPORATE GOVERNANCE REPORT

Board Performance

Formal assessment of the effectiveness of the board and its committees and the contribution by each director (Principle 5)

The Board has implemented an annual process 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 questions that are found on the assessment forms. The results of both assessments are then openly discussed and reviewed at the NC meeting. The final outcome of the assessment will be an action plan to improve on those areas that had low scores.

The assessment form on the effectiveness of the Board covers a total of 14 questions. The questions range from very fundamental issues such as whether the Board has full and common understanding of the roles and responsibilities of a board and whether the Board has clear goals and actions resulting from relevant and realistic strategic planning to very operational issues such as whether the Board has approved a succession plan for the CEO and Senior Management. The Directors are required to give their assessment based on a 5 grade scale ranging from Poor to Very Good to each and every question, which are then tallied and averaged out to give the overall view of the Board to that specific question.

The assessment form for self-appraisal by the individual Director on their personal performance on the Board and Committee is used in a different way from the one above. The Directors will still have to rate themselves against a list of 10 questions, but the scores are not tallied. The scores are for self-reflection and self-improvement. The 10 questions 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)

All Directors are, from time to time, furnished with information concerning the Group to enable them to be fully cognizant of the performance, decisions and actions of the Management. Generally, the Directors have unrestricted access to the Group's records and information. The Directors may also choose to speak directly to Senior Management anytime when they require additional information.

Directors are furnished with adequate and timely information on matters to be considered at Board Meetings through the comprehensive board papers that are circulated to all prior to the meetings. The board papers usually contain all the necessary facts and figures relating to the financial, business and corporate aspects of a proposal to enable the Directors to be better able to appreciate, understand and deliberate during the meetings. Where necessary, senior members of the Management or external consultants who are engaged on specific projects, are available to explain and provide additional information to the Directors.

During the quarterly review of financial results, the Group CEO and Group CFO are also present to address any queries that the Board may have. Further, internal procedures have been put in place to enable 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. Should there be any significant adverse issue raised by the AC or Board members which may affect the results in a material way, the date of the results announcement will be postponed to allow time for further investigation and review.

CORPORATE GOVERNANCE REPORT

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 Directors, in furtherance of their duties are allowed to seek and obtain legal and other independent professional advice, if necessary, at the Group's expense, concerning any aspect of the Group's operations or undertakings.

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 Group 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 Group and the individuals.

The RC recommends to the Board a framework of remuneration for the Directors and Management, 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, where applicable, have to be fair, and not overly generous.

To enable it to carry out its duties well, the RC has access to expert professional advice on human resource matters whenever there is a need to consult externally.

Both Executive Directors, Simon Eng, the Chairman and Group CEO, and Andrew Eng, President and CEO of Metech Recycling, Inc., do not receive any director's fee. As lead members of the Management, their remuneration consists of a basic salary component and a variable component (annual bonus), which is based on the Group's and their individual performance.

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

The Group does not presently make use of contractual provisions to allow it to reclaim incentive components of remuneration from executive directors and key management personnel because such incentive components had been insignificant.

CORPORATE GOVERNANCE REPORT

Director's fees totalled $99,000 in FY2015 (FY2014: $124,000) and were derived in accordance with the fee structure below:–

Board of Directors	2015	2014
• Basic Fee	$28,000	$28,000
• Chairman's allowance	$10,000	$10,000
Board Committees		
• Audit Committee Chairman's allowance	$8,000	$8,000
• Other Committee Chairman's allowance	$2,000	$2,000
• Committee member's allowance	$1,000	$1,000

Breakdown of Directors' Remuneration

Directors	Remuneration Band	Salary	Bonus	Fees	Other Benefits	Total
Simon Eng	Below $250,000	100	–	–	–	100
Andrew Eng	Above $250,000	93	–	–	7	100
Derek Loh	Below $250,000	–	–	100	–	100
Francis Lee	Below $250,000	–	–	100	–	100
Khor Check Kim	Below $250,000	–	–	100	–	100

Breakdown of Top Management's Remuneration

Name	Remuneration Band	Salary	Bonus/ Commission	Fees	Other Benefits	Total
Simon Eng	Below $250,000	100	–	–	–	100
Andrew Eng	Above $250,000	93	–	–	7	100
Benny Lim	Below $250,000	94	–	–	6	100

The total remuneration paid to Top Management in FY2015 was $562,800.

No employee in the Company whose remuneration exceeded S$50,000 in FY2015 is an immediate family member of any of the Directors.

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 is accountable to the Board. In this regard, it is the Board's responsibility, and also that of the Management, to provide a balanced and understandable assessment of the Group's performance, position and prospects. This responsibility extends to interim and price sensitive public reports, and reports to regulators, if required.

CORPORATE GOVERNANCE REPORT

The Board adheres to legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual with regards to such transparency. It aims to inform shareholders of the performance of the Group on a more frequent and timely manner, which the Board believes would also further enhance the Group's relationships with investors and the media.

Executive Directors are given detailed management accounts of the Group's performance, position and prospects on a monthly basis by the Management. Where there are any material deviation, all the 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 recognises that no cost effective 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 which is vital to the attainment of business objectives.

The Board has received assurances from the Group CEO and the Group CFO that the financial records of the Group have been properly maintained and the Group's financial statements give a true and fair view of the Group's operations and finances and the Group's risk management and internal control systems are adequate and effective.

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

Based on the internal controls established and maintained, work performed by the internal auditors, review by the Management, and the statutory audit by the external auditors, the Board and AC are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, are adequate.

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 FY2015, the AC held four meetings. The external auditors, Executive Directors and Group CFO were invited to attend the meetings.

CORPORATE GOVERNANCE REPORT

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:–

- reviews and evaluates the financial and operating results and accounting policies;
- reviews audit plans and scope of audit examination of the external audit and their evaluation of the internal controls relevant to the Group's preparation of the financial statement and audit reports and matters which the external auditors wish to raise;
- reviews the annual and quarterly financial statements and announcements to shareholders before submission to the Board for adoption;
- reviews the transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and where necessary, reviews and seeks approval for interested person transactions;
- reviews the non-audit services provided by the external auditors and whether the provision of such services affects their independence; and
- considers the appointment/re-appointments of external auditors and matters relating to the resignation or dismissal of external auditors.

The AC meets periodically with the Group's external auditors to review accounting, auditing and financial reporting matters. The AC has full access to the Management and also full discretion to invite any Director or Executive Officer 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 as recommended by the Code, at least once a year.

The Group 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 Group confirms that Rule 712 of the SGX-ST Listing Manual is complied with.

The external auditors of the Group's subsidiaries and associate are disclosed in Notes 11 and 12 to 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 Group. Accordingly Rule 716 of the SGX-ST Listing Manual is complied with. The Board and the AC also noted that adequate information had been received by its auditors from the Group's subsidiary in the US, Metech Recycling Inc, for the purpose of its audit of the Group's financial statements.

The AC has undertaken a review of all non-audit services provided by the external auditors and noted that during the financial year the external auditors did not provide any non-audit service.

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

CORPORATE GOVERNANCE REPORT

The Group has in place a whistle-blowing framework, 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 Group 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 or any other persons may address such concerns to the Company Secretary at integrity@metechinternational.com. Details on our whistle-blowing framework are available on our corporate website.

Internal Audit

Establishment of effective internal audit function (Principle 13)

The Group, upon the recommendation of the AC, appointed BDO LLP as internal auditors who had devised a three year internal audit plan for the Group. BDO LLP reports directly to the Chairman of the AC on any material weaknesses and risks identified in the course of the audit which will also be communicated to the Management. The Management would accordingly update the AC on the status of the remedial action plans.

The scope of the internal audit is to:–

- review the effectiveness of the Group's material internal controls;
- provide assurance that key business and operational risks are identified and managed;
- internal controls are in place and functioning as intended; and
- operations are conducted in an effective and efficient manner.

The AC reviews the activities of the internal auditor, including overseeing and monitoring the implementation of the improvements required on any internal control weaknesses that are surfaced. If there is a need, the AC may meet up with the internal auditors alone, without the presence of the Management.

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 Group recognises and strives to protect and facilitate the exercise of shareholders' rights and continually review and update such governance arrangements. The Company's Articles of Association 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.

CORPORATE GOVERNANCE REPORT

The Board believes in a timely and accurate dissemination of information to its shareholders and does not engage in selective disclosure. The Group adheres strictly to the continuous disclosure obligations of the Group 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 Group, annual reports, notices and circulars of general meetings and extraordinary meetings and other stipulated disclosures are made through SGXNet.

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 Group'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 Group encourages its shareholders to attend the AGM to ensure a high level of accountability and to stay informed of the Group's performance and plans. The Company's Articles of Association allows a shareholder to appoint one or two proxies to attend and vote on his or her behalf.

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

The Board welcomes questions and views of shareholders on matters pertaining to the Group that are raised either formally or informally before or during an AGM. All 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 questions pertaining to the conduct of audit and the preparation and content of the auditors' report. Minutes of the AGM are also taken and these are made available to shareholders upon request.

The Group maintains a website http://www.metechinternational.com where shareholders can access information on the Group.

DEALING IN SECURITIES

The Group has issued an internal policy on dealings in the securities of the Group to its Directors and officers of the Group. It has adopted a Best Practices Guide on Dealings in Securities.

Directors and staff of the Group are prohibited from dealing in the Group's securities for the period, which begins two weeks before the announcement of the Group's first three Quarterly Results or one month before the announcement of the Group's Full Year Results and ends on the date of the announcement of the results.

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

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with interested persons and has set out the procedures for review and approval of the Group's interested person transactions ("IPT"). 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.

During the financial period under review, there was no IPT involving transactions of more than S$100,000 and the Group did not have a shareholders' mandate pursuant to Rule 920 of the Listing Manual.

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

MATERIAL CONTRACTS

During FY2015, the Group did not enter into any material contracts involving the interests of any Directors or any controlling shareholders of the Group or its associates.

USE OF PROCEEDS

- **Use of proceeds from shares placement completed on 11 April 2013**

The Group completed a shares placement on 11 April 2013 with net proceeds amounting to S$7,045,800. The proceeds were fully utilized by 30 Sep 2014 and in accordance with the purposes set out in the Group's announcement of 12 Mar 2013.

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

The Group completed a shares placement on 19 May 2014 with net proceeds amounting to S$2,229,000. Approximately, S$892,000 were utilized for business expansion and S$1,337,000 for working capital. The proceeds were fully utilized by 30 Apr 2015 and in accordance with the purposes set out in the Group's announcement of 24 Apr 2014.

- **Use of proceeds from shares placement completed on 19 March 2015**

The Group completed a shares placement on 19 March 2015 with net proceeds amounting to S$1,815,000. Approximately, S$1,452,000 were utilized for working capital to purchase supplies and materials and S$363,000 for business expansion purpose. The proceeds were fully utilized by 30 Apr 2015 and in accordance with the purposes set out in the Group's announcement of 13 Feb 2015.

REPORT OF THE DIRECTORS

30 JUNE 2015

The directors present their report 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 2015 and the statement of financial position of the Company as at 30 June 2015.

1 Directors

The Directors of the Company in office at the date of this report are:

Simon Eng	*Executive Director*	*(Appointed on 10 November 2014)*
Andrew Eng	*Executive Director*	
Derek Loh	*Independent Director*	
Francis Lee Fook Wah	*Independent Director*	
Ricky Sim Eng Huat	*Independent 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.

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 in which directors are deemed to have an interest	
Name of Directors	**At the beginning of the financial year/date of appointment, if later**	**At the end of the financial year**
The Company		
Number of ordinary shares		
Simon Eng	238,310,559	313,269,503
Andrew Eng	114,656,893	114,656,893

REPORT OF THE DIRECTORS

30 JUNE 2015

3 Directors' Interests in Shares and Debentures (Continued)

There was no change in any of the above-mentioned interests at the end of the financial year and 21 July 2015.

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 report, 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.

4 Directors' Contractual Benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 27 to the financial statements, since the end of the previous financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

5 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.

REPORT OF THE DIRECTORS
30 JUNE 2015

6 Warrants

During the financial year, details of the outstanding warrants of the Company are as follows:

Date of issue	Warrants outstanding at 01/07/2014	Warrants issued	Warrants exercised	Warrants expired	Warrants outstanding at 30/6/2015	Date of expiration
28/06/2012	827,227,279	–	305,740	(826,921,539)	–	26/06/2015

Each warrant entitles the warrant holder to subscribe for one new ordinary share of the Company at the exercise price of $0.02 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.

As at 30 June 2015, there were no outstanding warrants as 305,740 warrants were exercised and 826,921,539 warrants expired during the financial year ended 30 June 2015.

7 Audit Committee

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

Francis Lee Fook Wah (Chairman)	*(Independent Non-Executive Director)*
Derek Loh	*(Independent Non-Executive Director)*
Khor Check Kim*	*(Independent Non-Executive Director)*

* Resigned effectively 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;

REPORT OF THE DIRECTORS
30 JUNE 2015

7 **Audit Committee** (Continued)

(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 the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual; and

(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. 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 independent auditors and has recommended to the Board of Directors the nomination of Moore Stephens LLP for their reappointment as independent auditors of the Company at the forthcoming Annual General Meeting.

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

REPORT OF THE DIRECTORS
30 JUNE 2015

8 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
2 October 2015

STATEMENT BY DIRECTORS

30 JUNE 2015

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 95 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2015 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.

On behalf of the Board of Directors,

....

Simon Eng
Director

....

Andrew Eng
Director

Singapore
2 October 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METECH INTERNATIONAL LIMITED

(Incorporated in Singapore)

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 95, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2015, 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 2015 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
2 October 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

		Group	
	Note	**2015**	2014
		S$'000	S$'000
Revenue	4	**43,961**	39,781
Cost of sales		**(46,240)**	(33,066)
Gross (loss)/profit		**(2,279)**	6,715
Other income	5	**492**	1,342
Other expenses		**(2,207)**	(275)
Distribution expenses		**(1,496)**	(2,170)
Administrative expenses		**(5,416)**	(5,451)
Finance costs	6	**(238)**	(65)
Share of results of associate		**–**	19
(Loss)/Profit before income tax	7	**(11,144)**	115
Income tax	8	**9**	(13)
(Loss)/Profit for the financial year		**(11,135)**	102
Other comprehensive income, net of income tax:			
Reversal of fair value gain from equity on disposal of available-for-sale investment		**(486)**	–
Items that may be reclassified subsequently to profit or loss			
– Net gain on fair value changes on available-for-sale investment		**–**	486
– Exchange differences on translating foreign operations		**57**	(46)
Other comprehensive income, net of income tax		**(429)**	440
Total comprehensive (loss)/income for the financial year attributable to owners of the Company		**(11,564)**	542
(Loss)/Earnings per share			
Basic and diluted (loss)/earnings per share (cents)	9	**(0.450)**	0.005

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Group 2015 S$'000	Group 2014 S$'000	Company 2015 S$'000	Company 2014 S$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	10	**7,441**	8,347	**16**	–
Subsidiaries	11	**–**	–	**1,200**	1,000
Associate	12	**–**	2,224	**–**	1,879
Restricted cash held in trust	13	**315**	299	**–**	–
Intangible asset	14	**–**	–	**–**	–
Trade and other receivables	15	**–**	–	**14,633**	9,244
Other financial assets	19	**511**	–	**511**	–
		8,267	10,870	**16,360**	12,123
Current Assets					
Inventories	16	**2,758**	2,445	**–**	–
Trade and other receivables	15	**8,594**	9,765	**777**	1,676
Derivative financial instrument	17	**–**	217	**–**	217
Available-for-sale investment	18	**–**	1,200	**–**	1,200
Other financial assets	19	**9**	397	**9**	397
Cash and cash equivalents	20	**868**	2,783	**80**	1,179
		12,229	16,807	**866**	4,669
Total Assets		**20,496**	27,677	**17,226**	16,792
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	**172,335**	170,513	**172,335**	170,513
Other reserves	22	**374**	3,250	**–**	2,933
Accumulated losses		**(159,734)**	(151,045)	**(155,780)**	(157,118)
Total Equity		**12,975**	22,718	**16,555**	16,328
LIABILITIES					
Non-Current Liability					
Finance lease liability	24	**66**	–	**–**	–
Current Liabilities					
Trade and other payables	23	**7,388**	4,959	**671**	464
Finance lease liability	24	**67**	–	**–**	–
		7,455	4,959	**671**	464
Total Liabilities		**7,521**	4,959	**671**	464
Total Equity and Liabilities		**20,496**	27,677	**17,226**	16,792

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	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						
2015						
At 1 July 2014	**170,513**	**317**	**2,447**	**486**	**(151,045)**	**22,718**
Loss for the financial year	**–**	**–**	**–**	**(486)**	**(11,135)**	**(11,621)**
Other comprehensive income, net of income tax						
Exchange differences on translating foreign operations (Note 22)	**–**	**57**	**–**	**–**	**–**	**57**
	–	**57**	**–**	**(486)**	**(11,135)**	**(11,564)**
Share placement (Note 21)	**1,875**	**–**	**–**	**–**	**–**	**1,875**
Share issue expenses	**(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**
2014						
At 1 July 2013	168,284	363	2,447	–	(151,147)	19,947
Profit for the financial year	–	–	–	–	102	102
Other comprehensive income, net of income tax						
Net gain on fair value changes on available-for-sale investment (Note 22)	–	–	–	486	–	486
Exchange differences on translating foreign operations (Note 22)	–	(46)	–	–	–	(46)
	–	(46)	–	486	102	542
Share placement (Note 21)	2,304	–	–	–	–	2,304
Exercise of warrants	–*	–	–*	–	–	–*
Share issue expenses	(75)	–	–	–	–	(75)
At 30 June 2014	170,513	317	2,447	486	(151,045)	22,718

* Amount less than S$1,000.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Group 2015 S$'000	Group 2014 S$'000
Cash Flows from Operating Activities			
(Loss)/Profit before income tax		**(11,144)**	115
Adjustments for:			
Loss/(Gain) on disposal of property, plant and equipment		**900**	–*
Gain on disposal of available-for-sale investment	5	**(69)**	–
Loss on disposal of other financial assets	7	**68**	–
Fair valuation gain on derivative instrument	17	**–**	(217)
Fair valuation gain on other financial assets	19	**–**	(161)
Profit guarantee income		**–**	(177)
Property, plant and equipment written off	10	**786**	–
Impairment of property, plant and equipment	10	**246**	–
Inventory written down to net realisable value		**253**	–
Write back of allowance for inventory obsolescence	16	**–**	(180)
Allowance for impairment loss on trade and other receivables		**196**	275
Bad debts written off		**11**	–
Depreciation of property, plant and equipment	10	**1,190**	728
Interest expense		**238**	65
Interest income		**(13)**	(5)
Share of result of associate		**–**	(19)
Unrealised loss/(gain) on investments in futures contracts		**89**	(42)
Unrealised foreign exchange (gain)/loss		**(81)**	5
Operating cash flows before changes in working capital		**(7,330)**	387
Working capital changes:			
Trade and other receivables		**943**	(3,344)
Inventories		**(566)**	(1,665)
Cash encumbered		**(16)**	381
Trade and other payables		**2,485**	258
Cash used in operating activities		**(4,484)**	(3,983)
Interest received		**13**	5
Interest paid		**(238)**	(65)
Income tax received/(paid)		**9**	(13)
Net cash used in operating activities		**(4,700)**	(4,056)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015
(Continued)

	Note	Group 2015 S$'000	Group 2014 S$'000
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		**220**	–
Purchase of property, plant and equipment (Note A)		**(2,236)**	(2,838)
Proceeds from sale of subsidiary		**–**	2,295
Proceeds from sale of associate		**2,224**	–
Proceeds from sale of available-for-sale investment	18	**1,000**	–
Proceeds from sales of other financial assets		**320**	–
Acquisition of available-for-sale investment	18	**–**	(714)
Acquisition of convertible note	19	**(511)**	–
Acquisition of listed equity securities	19	**–**	(236)
Net cash generated from/(used in) investing activities		**1,017**	(1,493)
Cash Flows from Financing Activities			
Proceeds from share placement		**1,875**	2,304
Proceeds from exercise of warrants		**7**	–*
Share issue expenses		**(60)**	(75)
Repayment of finance lease liability		**(67)**	–
Net cash generated from financing activities		**1,755**	2,229
Net decrease in cash and cash equivalents		**(1,928)**	(3,320)
Effect of exchange rate changes on balances held in foreign currencies		**13**	(7)
Cash and cash equivalents at the beginning of the financial year		**2,783**	6,110
Cash and cash equivalents at the end of the financial year	20	**868**	2,783

* Amount less than S$1,000

Note A:

	Group 2015 S$'000	Group 2014 S$'000
Property, plant and equipment acquired during the year (Note 10)	**2,436**	2,838
Amount financed by hire purchase	**(200)**	–
Amount of cash paid	**2,236**	2,838

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

These notes form 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 (together referred to as the Group).

The financial statements for the financial year ended 30 June 2015 were authorised for issue by the Board of Directors on the date of the Statement by Directors.

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 judgement or complexity, are disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(b) Going Concern

For the financial year ended 30 June 2015, the Group has incurred a net loss and total comprehensive loss of S$11,135,000 (2014: net profit of S$102,000) and S$11,564,000 (2014: total comprehensive income of S$542,000) respectively.

As at 30 June 2015, the Group's accumulated losses amounted to S$159,734,000 (30 June 2014: S$151,045,000). Further, the Group's negative operating cash flows used in the operating activities amounted to S$4,700,000 (2014: S$4,056,000) during the financial year ended 30 June 2015.

Management 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 2015 is appropriate, as management are of the view that the Group and the Company will be able to generate sufficient positive cash flows from operations for at least the next twelve months to meet the obligations as and when they fall due.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to the financial statements to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liability which may arise, and to reclassify non-current assets and non-current liability as current assets and current liability respectively. No such adjustments have been made to these financial statements.

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

Adoption of New/Revised FRS

For the financial year ended 30 June 2015, the Group and the Company have adopted the following new or revised FRS that are mandatory for application in the said year and which are relevant to the Group as follows:

		Effective for accounting periods beginning on or after
FRS 24 (Improvements)	*Related Party Disclosures*	1 July 2014
FRS 27 (Revised)	*Separate Financial Statements*	1 January 2014
FRS 36 (Amendments)	*Recoverable Amount Disclosure for Non-Financial Assets*	1 January 2014
FRS 108 (Improvements)	*Operating Segments*	1 July 2014
FRS 110	*Consolidated Financial Statements*	1 January 2014
FRS 112	*Disclosure of Interest in Other Entities*	1 January 2014

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

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

Adoption of New/Revised FRS *(Continued)*

Improvements to FRS 24 *Related Party Disclosures – Key Management Personnel*

The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or the parent company of the reporting entity. The amendments also clarify that the reporting entity that obtains the management personnel services from another entity (also referred to as the management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The application of this standard had no impact on the financial position or financial performance of the Group when implemented.

FRS 27 (Revised) *Separate Financial Statements*

FRS 27 (Revised) will now solely address separate financial statements, the requirements for which are substantially unchanged. There was no material impact on the financial position or financial performance of the Group when implemented.

Amendments to FRS *36 Recoverable Amount Disclosure for Non-Financial Assets*

The amendments to FRS 36 *Recoverable Amount Disclosure for Non-Financial Assets* restrict the requirement to disclose the recoverable amount of an asset or cash-generating unit (CGU) to periods in which an impairment loss has been recognised or reversed.

The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less costs of disposal. The application of this standard had no impact on the financial position or financial performance of the Group when implemented.

Improvements to FRS 108 *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total Reportable Segments' Assets to the Entity's Assets*

Amendments to FRS 108 require entities to disclose the judgement made by management by aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share economic characteristics. The amendment also clarifies that an entity shall provide reconciliations of the total reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. The application of this standard had no impact on the financial position or financial performance of the Group when implemented.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

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

Adoption of New/Revised FRS *(Continued)*

FRS 110 *Consolidated Financial Statements*

FRS 110 supersedes FRS 27 *Consolidated and Separate Financial Statements*. The standard changes the definition of control and applies it to all investees to determine the scope of consolidation. FRS 110 requirements requires an investor to reassess the decision whether to consolidate an investee when events indicate that there may be a change to one of the three elements of control, i.e. power, variable returns and the ability to use power to affect returns. The application of this standard had no impact on the financial position or financial performance of the Group when implemented.

FRS 112 *Disclosures of Interests in Other Entities*

FRS 112 combines the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities within a comprehensive disclosure standard. FRS 112 specifies minimum disclosures that an entity must provide. It requires an entity to provide summarised financial information about the assets, liabilities, profit or loss and cash flows of each subsidiary that has non-controlling interests that are material to the reporting entity and to disclose the nature of its interests in unconsolidated structured entities and the nature of the risks it is exposed to as a result; a schedule of the impact on the parent entity is required for changes in the ownership interest in a subsidiary without a loss of control; details of any gain/loss recognised on loss of control, and the line item of the income statement in which it is recognised; year ends of subsidiaries, joint arrangements or associates if different from the parent's that are consolidated using different year ends and the reasons for using a different date. As this is a disclosure standard, the application of this standard had no impact on the financial position or financial performance of the Group when implemented.

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
FRS 27 (Amendment)	*Equity Method in Separate Financial Statements*	1 January 2016
FRS 115	*Revenue from Contracts with Customers*	1 January 2017
FRS 109	*Financial Instruments*	1 January 2018
Amendments to FRS 1	*Presentation of Financial Statements: Disclosure Initiative*	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

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 27 (Amendment) *Equity Method in Separate Financial Statements*

The amendment 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), which currently exists and will continue to be available. Management does not expect any material impact on the financial performance of the Group or the financial positions of the Group and the Company upon adoption of this standard.

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*. These amendments are effective for annual periods beginning on or after 1 January 2017.

Management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115 will have an impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

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. These amendments are effective for annual periods beginning on or after 1 January 2018.

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

Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The amendment provides clarification on various aspects of financial statements presentation. Key clarifications relate to the interpretation of materiality requirements in FRS, extent of aggregation and disaggregation of financial information presented in the primary financial statements, presentation of sub-totals, and ordering of notes to the financial statements. The amendments also clarify that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will be subsequently be reclassified to profit or loss. Management is in the process of assessing the impact on the financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(d) Basis of Consolidation (Continued)

Subsidiaries *(Continued)*

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;

– 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(d) Basis of Consolidation (Continued)

Subsidiaries *(Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(d) Basis of Consolidation (Continued)

Associates *(Continued)*

An investment in associates 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 investment.

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 investment. 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 investment in its associates. The Group determines at each statement of financial position date whether there is any objective evidence that the investment in 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 associate are recognised in profit or loss.

Investment in 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 2015

2 Significant Accounting Policies (Continued)

(e) Foreign Currency

(i) Functional and presentation currency

The financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to each entity (the "functional currency"). The financial statements are presented in Singapore dollar ("SGD" or "S$"), which is the functional and presentation currency of the Company and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currency") are translated using the exchange rates prevailing at the dates of such transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. 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.

(iii) Translation of Group entities' financial statements

The results and financial position of 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(e) Foreign Currency (Continued)

(iii) Translation of Group entities' financial statements *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in the translation reserve. When a foreign operation is disposed of, such exchange differences are taken to profit or loss as part of the gain or loss on disposal.

(f) Property, Plant and Equipment

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

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

	Years
Leasehold properties	30 to 53.5 years
Plant and equipment	2.5 to 10 years
Furniture and fixtures	3 to 5 years

Asset 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 life 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(f) Property, Plant and Equipment (Continued)

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.

(g) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Negative goodwill

Where the cost of an acquisition is less than the fair value of the Group's share of the identifiable net assets and contingent liabilities of the subsidiary acquired, the difference ("negative goodwill") is recognised directly in profit or loss.

(h) 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(i) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and its value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised in profit or loss and is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(ii) Property, plant and equipment
Investments in subsidiaries and associate

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

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

(ii) Property, plant and equipment
Investments in subsidiaries and associate *(Continued)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(j) 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.

(k) 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.

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 statement of financial position 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 statement of financial position date which are presented as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(k) Financial Assets (Continued)

(i) Classification *(Continued)*

Loans and receivables *(Continued)*

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 statement of financial position 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(k) Financial Assets (Continued)

(iv) Subsequent measurement (Continued)

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 statement of financial position 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(k) Financial Assets (Continued)

(v) Impairment *(Continued)*

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.

(l) 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.

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.

Financial liabilities are classified as either financial liabilities at 'Fair Value Through Profit or Loss' or 'borrowings'.

Trade and other payables

Trade and other payables are initally measured at fair value and are subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(m) 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.

(n) 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 is the estimated selling price at which the inventories can be realised in the normal course of business after allowing for obsolete, slow-moving and defective inventories.

(o) 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.

(p) Financial Instruments

Derivative

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(p) Financial Instruments (Continued)

Derivative *(Continued)*

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.

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 Instrument

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 assessed 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 financial instruments 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 as it has no intention and ability to hold the financial instrument for the foreseeable future or until maturity.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(r) Employee Benefits

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 statement of financial position date.

(s) Leases

(i) As lessee

Leases of office premises and factory 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(s) Leases (Continued)

(ii) As lessor

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.

(t) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

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 completion of such activities.

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 Significant Accounting Policies (Continued)

(t) Revenue (Continued)

(iv) Commission income

Commission income is recognised when the Group's right to receive payment is established.

(v) 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(u) Income Taxes (Continued)

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

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

2 **Significant Accounting Policies** (Continued)

(u) **Income Taxes** (Continued)

(iii) 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.

(v) **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.

(w) **Share Capital and Share Issue Expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(x) **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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

2 Significant Accounting Policies (Continued)

(y) 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.

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').

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);

   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); or

   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).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

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

The estimates and underlying assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

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 2015, there was an allowance for impairment loss amounting to S$196,000 (2014: S$275,000) recognised on trade and other receivables (see Note 29(a)). Certain trade receivables amounting to S$207,000 (2014: S$3,831,000) were written off as management have deemed the amounts to be non-recoverable (see Note 29(a)).

The carrying amount of the Group's allowance for impairment of trade and other receivables as at 30 June 2015 was S$382,000 (2014: S$378,000) (Note 15) and the carrying amount of the Group's trade and other receivables was SS$8,261,000 (2014: S$9,298,000) (Note 15).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 2.5 to 53.5 years. These are common life 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 (excluding Plant under construction) at 30 June 2015 was S$7,441,000 (2014: S$8,280,000). If depreciation on property, plant and equipment increases/decreases by 10% from management's estimate, the Group's (loss)/profit for the year will increase/decrease by approximately S$119,000 (2014: Increase or decrease loss for the year by S$72,800).

Impairment of Property, Plant and Equipment

At the statement of financial position 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.

If the discount rate used in estimated future cash flows for the cash-generating units are increased/(decreased) by 1% compared to management's estimates, the net present value remains above the current book value and there would be no impact on the Group's results for the financial year ended 30 June 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

3 Critical Accounting Estimates, Assumptions and Judgments (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

Impairment of Investment in Subsidiaries

The Company assesses at each statement of financial position 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.

If the discount rate used in estimated future cash flows for the cash-generating units are increased/(decreased) by 1% compared to management's estimates, the net present value remains above the current book value.

The carrying amounts of the Company's investments in subsidiaries as at 30 June 2015 are disclosed in Note 11. During the financial year ended 30 June 2015, no additional allowance for impairment of investment in subsidiaries has been recognised (2014: Nil) to write down the carrying amount of the investment.

4 Revenue

	Group	
	2015 S$'000	**2014 S$'000**
Sale of goods	**36,696**	31,288
Rendering of services	**7,265**	8,493
	43,961	39,781

5 Other Income

	Group	
	2015 S$'000	**2014 S$'000**
Rental income	**191**	732
Gain on investment in future contracts, net	**25**	–
Interest income	**13**	5
Currency gain – realised	**19**	–
Currency gain – unrealised	**81**	–
Profit guarantee income	**–**	177
Fair value gain on financial assets carried at fair value through profit or loss (Note 17)	**–**	217
Fair value gain on financial assets classified as held for trading (Note 19)	**–**	161
Gain on disposal of available-for-sale investment	**69**	–
Other miscellaneous income	**94**	50
	492	1,342

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

6 Finance Costs

	Group	
	2015	**2014**
	S$'000	**S$'000**
Finance lease interest	**4**	–
Other finance costs	**234**	65
	238	65

7 (Loss)/Profit before Income Tax

	Group	
	2015	**2014**
	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	**2,271**	2,227
– included in administrative expenses	**1,155**	672
Depreciation of property, plant and equipment		
– included in cost of sales	**740**	464
– included in administrative expenses	**450**	264
Employee benefits		
– included in cost of sales	**6,860**	6,145
– included in administrative expenses	**2,322**	3,515
– included in distribution expenses	**1,461**	1,055
Allowance of impairment of plant and equipment	**246**	–
Loss on disposal of plant and equipment	**900**	–
Plant and equipment written off	**786**	–
Allowance for impairment of trade and other receivables	**196**	275
Inventory written down	**253**	–
Write back of allowance for inventory obsolescence (included in cost of sales)	**–**	(180)
Directors' remuneration – Directors of the Company	**333**	663
Directors' fees paid – Directors of the Company	**99**	124
Unrealised loss/(gain) on investments in future contracts	**89**	(42)
Realised (gain)/loss on investment in future contracts	**(25)**	174
Fees on audit services payable/paid to:		
– Auditors of the Company	**100**	106
– Other auditors	**54**	50
Bad debts written-off (trade)	**11**	–
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 2015 (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

8 Income Tax

	Group 2015 S$'000	Group 2014 S$'000
Current income tax (credit)/expense	**(9)**	13

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

	Group 2015 S$'000	Group 2014 S$'000
(Loss)/Profit before income tax	**(11,144)**	115
Tax rate at the applicable tax rate of 17% (2014: 17%)	**(1,894)**	20
Effect of different tax rates operating in other jurisdictions	**(874)**	(85)
Income not subject to taxation	**(79)**	(97)
Tax effect of non-deductible items*	**406**	331
Exempt income	**(26)**	(8)
Deferred tax benefits not recognised	**2,458**	–
Utilisation of tax benefits previously not recognised	**–**	(148)
	(9)	13

* Mainly relates to 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% (2014: 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% (2014: 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 statement of financial position date, the Group has unutilised tax losses of approximately S$47,626,000 (2014: S$33,167,000) 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 are 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$8,096,000 (2014: S$5,638,000) have not been recognised in accordance with the accounting policy in Note 2(u).

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

9 (Loss)/Earnings per Share

The (loss)/earnings per share is calculated by dividing the Group's net (loss)/profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group
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)**
2014	
Net profit attributable to owners of the Company (S$'000)	102
Weighted average number of ordinary shares for the purpose of computation of basic and diluted earnings per share ('000)	2,202,245
Basic and diluted earnings per share (S$ cents per share)	0.005

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding as at 30 June 2015 and 2014.

As at 30 June 2014, 827,227,279 potential ordinary shares (see Note 22 (ii)) were not included in the calculation of diluted earnings per share because they were anti-dilutive for the period presented, but which could potentially dilute basic earnings per share in the future.

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 2013	5,346	4,657	234	529	10,766
Reclassification	146	457	22	5	630
Additions	2	2,337	–	499	2,838
Written off	–	(42)	–	–	(42)
Transfer	305	592	69	(966)	–
At 30 June 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
Accumulated depreciation					
At 1 July 2013	968	3,390	171	–	4,529
Reclassification	142	471	17	–	630
Depreciation for the year	182	510	36	–	728
Written off	–	(42)	–	–	(42)
At 30 June 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
Net book value					
At 30 June 2015	4,359	2,997	85	–	7,441
At 30 June 2014	4,507	3,672	101	67	8,347

As at 30 June 2015, the Group has an equipment under a finance lease with a net book value of S$90,000.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

10 Property, Plant and Equipment (Continued)

	Plant and equipment S$'000	Furniture and fixtures S$'000	Total S$'000
Company			
Cost			
At 1 July 2013 and 30 June 2014	1,261	36	1,297
Additions	18	–	18
At 30 June 2015	1,279	36	1,315
Accumulated depreciation			
At 1 July 2013	1,261	36	1,297
Depreciation for the year	–	–	–
At 30 June 2014	1,261	36	1,297
Depreciation for the year	2	–	2
At 30 June 2015	1,263	36	1,299
Net book value			
At 30 June 2015	16	–	16
At 30 June 2014	–	–	–

11 Subsidiaries

	Company	
	2015 S$'000	2014 S$'000
Equity investments, at cost	**1,200**	1,000
Loans	**19,967**	19,967
	21,167	20,967
Impairment losses on loans	**(19,967)**	(19,967)
	1,200	1,000
Impairment losses on loans		
At the beginning and the end of the financial year	**19,967**	19,967

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.

NOTES TO THE FINANCIAL STATEMENTS

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11 Subsidiaries (Continued)

Loans to a subsidiary

The loans to a subsidiary of S$19,967,000 (2014: S$19,967,000) as at 30 June 2015 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.

The details of the subsidiaries are as follow:

Name of Company/ country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
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**	–
Metech Solutions Pte. Ltd.[1] Singapore	General wholesale trading including general importers and exporters and wholesale on a fee or contract basis	**100**	–

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

11 Subsidiaries (Continued)

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

Name of Company/ country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
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.(3) 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.(4) 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.(1)	General wholesale trade	**100**	–

(1) Audited by Moore Stephens LLP Singapore
(2) Audited by Fiondella, Milone & Lasaracina LLP, Connecticut, USA
(3) Not required to be audited under the laws of the country of incorporation
(4) Audited by Chan & Co, Malaysia

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12 Associate

	Group	
	2015	2014
	S$'000	S$'000
At the beginning of the financial year	**2,224**	2,205
Share of profit of associate	**–**	19
Disposal	**(2,224)**	–
At the end of the financial year	**–**	2,224

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 will be 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 is as follows:

(a) First instalment payable on 2 October 2014;

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

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

The Purchaser is 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 will pay such sum itself on behalf of Apzenith.

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

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 is of the view that the share of the associate's results is immaterial on the Group's statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

12 Associate (Continued)

Details of the associate as at 30 June are as follows:

Name of company and country of incorporation	Principal activities	Equity held by Group		Cost of investment	
		2015	2014	2015	2014
		%	%	S$'000	S$'000
Tongji Environment (Asia) Pte. Ltd.(1) (Formerly known as Tonkin Recycling Pte. Ltd.) Singapore	Investment holding and sludge treatment	–	49	–	2,205
				–	2,205

(1) For the financial year ended 30 June 2014, unaudited management accounts of the associate were used to apply the equity method to account for the Group's investment in the associate.

Summarised financial information in respect of the Group's associate company not adjusted for the proportion of ownership interest held by the Group is set out below:

	2015 S$'000	2014 S$'000
Total assets	–	5,375
Total liabilities	–	(2,442)
Net assets	–	2,933
Total revenue	–	1,636
Profit for the year	–	39

NOTES TO THE FINANCIAL STATEMENTS

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13 Restricted Cash held in Trust

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Non-current				
Cash held in trust for closure costs	**315**	299	**–**	–

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 provides 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 Intangible Asset

	Group	
	2015	**2014**
	S$'000	**S$'000**
Goodwill arising on consolidation	**19,289**	19,289
Impairment losses	**(17,720)**	(17,720)
Effect of movement in exchange rates	**(1,569)**	(1,569)
	–	–

Impairment test for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the related cash generating units ("CGU") identified. As at 30 June 2015, the goodwill is mainly allocated to the Group's operations in the United States of America.

The recoverable amount of the CGU was determined based on value-in-use calculations which use cash flow projections based on financial budgets approved by the management covering a five-year period. The key assumptions for the value-in-use calculations were discount rates, growth rates and expected changes to selling prices and direct costs. Management estimated discount rates to reflect risks specific to the CGU. The growth rates used were based on industry growth forecasts and took into account the strategic direction of the CGU. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market.

The goodwill had been fully impaired in the previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

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15 Trade and Other Receivables

		Group		Company	
		2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Amounts due from subsidiaries (non-trade)	(a)	**–**	–	**42,020**	36,631
Trade receivables		**5,798**	5,656	**–**	–
Amount due from related parties (non-trade)		**–**	368	**–**	368
Other receivables		**677**	1,053	**182**	270
Future deposit margin account	(b)	**402**	563	**5**	144
Deposits	(c)				
– Current		**1,766**	2,036	**560**	922
		8,643	9,676	**42,767**	38,335
Less: Allowance for impairment losses		**(382)**	(378)	**(27,387)**	(27,421)
Loans and receivables		**8,261**	9,298	**15,380**	10,914
Prepayments		**333**	467	**30**	6
		8,594	9,765	**15,410**	10,920
Less: Current portion		**(8,594)**	(9,765)	**(777)**	(1,676)
Non-current portion		**–**	–	**14,633**	9,244

(a) As at 30 June 2015, except for interest-bearing amounts due from a subsidiary of the Company amounting to S$9,162,000 (2014: S$9,162,000), the amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

The interest-bearing amounts due from a subsidiary bears interest of 3% to 3.07% per annum (2014: 3.00% to 3.07% per annum). Interest rate reprices annually and is based on the United States of America bank prime rate plus 0.5% per annum.

As at 30 June 2015, 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$14,819,000 (2014: S$9,244,000) have been classified as non-current as at 30 June 2015.

(b) As at 30 June 2015, the Group holds future contracts with notional amounts amounting to S$2,650,000 (2014: S$790,000) with unrealised fair value loss of approximately S$89,000 (2014: unrealised fair value gain of approximately S$42,000).

(c) As at 30 June 2015, deposits mainly relate to deposits paid by the Group for the leasing of the office and factory premises, which amounted to S$539,000 (2014: S$881,000).

NOTES TO THE FINANCIAL STATEMENTS
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15 Trade and Other Receivables (Continued)

(d) 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$	Gross amounts of recognised financial liabilities offset in the statement of financial position S$	Net amounts of financial assets recognised in the statement of financial position S$
2015			
Financial assets			
Amounts due from subsidiaries (non-trade)	42,206	(186)	42,020
Financial liabilities			
Amount due to subsidiaries (non-trade)	(186)	186	–
2014			
Financial assets			
Amounts due from subsidiaries (non-trade)	36,724	(93)	36,631
Financial liabilities			
Amount due to subsidiaries (non-trade)	(93)	93	–

NOTES TO THE FINANCIAL STATEMENTS
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16 Inventories

	Group	
	2015 S$'000	2014 S$'000
At cost:		
Raw materials	**1,174**	290
Semi-finished goods	**–**	1,207
Finished goods	**–**	948
	1,174	2,445
At net realisable value:		
Raw materials	**1,468**	–
Finished goods	**116**	–
	1,584	–
	2,758	2,445

During the current financial year, raw materials and semi-finished goods recognised in cost of sales amounted to S$31,033,323 (2014: S$14,256,000).

In the previous financial year, there was a reversal of allowance of inventories obsolescence amounting to S$180,000 because of the change in the estimate of the future demand of the Company's products based on a review carried out by the management as at 30 June 2014.

17 Derivative Financial Instrument

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Derivatives that are not designated in hedge accounting relationship	**–**	217	**–**	217

In the previous financial year, the Group entered into a "Put and Call Agreement" (the "Agreement") with a third party for the quoted equity shares held by the Group as at 30 June 2014 (see Note 19). 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

(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.

NOTES TO THE FINANCIAL STATEMENTS

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17 Derivative Financial Instrument (Continued)

As at 30 June 2014, the fair value of the put options and call options (collectively the "Options") was estimated using the Black-Scholes option valuation model and was affected by the stock price of the quoted equity shares as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but were not limited to the stock price volatility of the quoted equity shares over the term of the Options.

During the financial year ended 30 June 2015, the Group has 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 18).

18 Available-for-Sale Investment

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Quoted investments, at fair value	**–**	1,200	**–**	1,200
At the beginning of the financial year	**1,200**	–	**1,200**	–
(Disposal)/Addition	**(1,200)**	714	**(1,200)**	714
Fair value gain	**–**	486	**–**	486
At the end of the financial year	**–**	1,200	**–**	1,200

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 disposed available-for-sale investment for a cash consideration amounting to S$1,000,000.

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19 Other Financial Assets

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
Classified as:				
Current	**9**	397	**9**	397
Non-current	**511**	–	**511**	–
	520	397	**520**	397
Comprise:				
Listed equity securities				
– Singapore	**9**	397	**9**	397
Convertible note				
– Malaysia	**511**	–	**511**	–
	520	397	**520**	397
Designated as:				
At fair value on initial recognition	**520**	397	**520**	397

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

	Group		Company	
	2015 S$'000	2014 S$'000	2015 S$'000	2014 S$'000
At the beginning of the financial year	**397**	–	**397**	–
Addition	**511**	236	**511**	236
Disposal	**(388)**	–	**(388)**	–
Fair value gain	**–**	161	**–**	161
At the end of the financial year	**520**	397	**520**	397

During the financial year ended 30 June 2015, the Group disposed other financial asset for a cash consideration amounting to S$320,000.

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.

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19 Other Financial Assets (Continued)

Listed equity securities

Changes in fair value of the listed equity securities ("Equity Securities") through profit or loss (if any) are recorded in "Other Income" in the income statement (Note 5).

The fair value of the equity securities is based on the current bid price in an active market.

Acquisition of 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:

(a) 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;

(b) 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

(c) 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.

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20 Cash and Cash Equivalents

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash and bank balances	**868**	2,783	**80**	1,179

21 Share Capital

	Group and Company			
	2015		**2014**	
	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	**2,343,398**	**170,513**	2,183,388	168,284
Share placement	**468,668**	**1,875**	160,000	2,304
Exercise of warrants	**306**	**7**	10	–*
Share issue expenses	**–**	**(60)**	–	(75)
At the end of the financial year	**2,812,372**	**172,335**	2,343,398	170,513

* *Amount less than S$1,000.*

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 19 March 2015 and 19 May 2014, the proposed placement shares exercise was completed whereby 468,668,000 and 160,000,000 new ordinary shares in the Company were issued at the issue price of S$0.0040 and S$0.0144 per ordinary share respectively.

NOTES TO THE FINANCIAL STATEMENTS
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22 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.

During the financial year ended 30 June 2015, 305,740 warrants were exercised. As at 30 June 2015, there were no outstanding warrants (2014: 827,227,279) 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 18) 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.

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23 Trade and Other Payables

	Group		Company	
	2015	2014	2015	2014
	S$'000	S$'000	S$'000	S$'000
Trade payables	**3,408**	3,067	**–**	–
Deposits	**1,125**	381	**211**	140
Accrued operating expenses	**1,635**	757	**86**	101
Sundry creditors	**437**	144	**139**	43
Accrual for				
– professional fees	**148**	127	**114**	103
– staff costs	**559**	483	**121**	77
Deferred income	**76**	–	**–**	–
	7,388	4,959	**671**	464

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

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

24 Finance Lease Liability

The Group has plant and equipment under hire purchase arrangement for a lease term of three years. The lease bears an effective interest rate of 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	
	2015	2014
	S$'000	S$'000
Minimum lease payment payables:		
– within one year	**71**	–
– between two to five years	**70**	–
Total minimum lease payments	**141**	–
Less:		
Future finance charges	**(8)**	–
Present value of minimum lease payments	**133**	–

NOTES TO THE FINANCIAL STATEMENTS

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24 Finance Lease Liability (Continued)

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

	Group	
	2015	**2014**
	S$'000	**S$'000**
Within one year	**67**	–
Within two to five years	**66**	–
Total	**133**	–

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

25 Commitments

Where the Group is a lessor

As at 30 June 2015, 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	
	2015	**2014**
	S$'000	**S$'000**
Within 1 year	**58**	227
Within 2 to 5 years	**–**	45
	58	272

Where the Group is a lessee

The Group leases and subleases certain warehouse and factory facilities 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	
	2015	**2014**
	S$'000	**S$'000**
Within 1 year	**2,320**	1,783
After 1 year but within 5 years	**6,594**	3,198
After 5 years	**308**	-
	9,222	4,981

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26 Employee Benefits

	Group 2015 S$'000	Group 2014 S$'000
Employee benefits expense		
Salaries and bonuses	**9,826**	9,943
Central Provident Fund contributions	**136**	109
Other short-term employee benefits	**681**	663
	10,643	10,715

27 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 2015 S$'000	Group 2014 S$'000
Key management personnel compensation comprised:		
Short-term employee benefits	**381**	1,236
Central Provident Fund contributions	**21**	45
	402	1,281

(b) Other Related Party Transactions

During the financial year ended 30 June 2015, the Group entities entered into the following trading transactions with related parties that are not members of the Group on terms agreed between the parties:

	Group 2015 S$'000	Group 2014 S$'000
Accounting fee income	**90**	23
Rental income	**49**	–

NOTES TO THE FINANCIAL STATEMENTS

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28 Operating Segments

The Group has two reportable segments, United States of America and Singapore, 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(v).

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 2014, there are no significant differences in the basis of segmentation or in the basis of measurement of segment profit or loss presented above.

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	Total S$'000
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**
2014			
External revenues	28,835	10,946	39,781
Interest expense	(53)	(12)	(65)
Depreciation	(656)	(72)	(728)
Reporting segment profit before tax	518	863	1,381
Reportable segments assets	12,933	7,699	20,632
Capital expenditure	845	1,993	2,838
Reporting segment liabilities	16,388	23,418	39,806

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

28 Operating Segments (Continued)

	2015 S$'000	2014 S$'000
Revenues		
Total revenue for reportable segments	**43,961**	39,781
Profit or loss		
Total profit or loss for reportable segments	**(9,227)**	1,381
Corporate and other unallocated items	**(683)**	(1,532)
Elimination of inter-segment profit or loss items	**(1,234)**	266
Consolidated (loss)/profit before income tax	**(11,144)**	115
Assets		
Total assets for reportable segments	**19,080**	20,632
Corporate and other unallocated items	**18,746**	17,500
Elimination of inter-segment assets	**(17,330)**	(10,455)
Consolidated total assets	**20,496**	27,677
Liabilities		
Total liabilities for reportable segments	**48,371**	39,806
Corporate and other unallocated items	**12,293**	12,077
Elimination of inter-segment liabilities	**(53,143)**	(46,924)
Consolidated total liabilities	**7,521**	4,959

Other material items 2015

	Total reportable segments S$'000	Adjustments S$'000	Consolidated total S$'000
Interest expense	**763**	**(525)**	**238**
Depreciation	**1,190**	**–**	**1,190**

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

28 Operating Segments (Continued)

Other material items 2014

	Total reportable segments S$'000	Adjustments S$'000	Consolidated total S$'000
Interest expense	567	(502)	65
Depreciation	728	–	728

Products and services segments

	2015 S$'000	2014 S$'000
Revenue		
Precious metals	**2,652**	4,024
Trading	**21,038**	6,922
Recycling of end-of-life electronics	**20,271**	28,835
	43,961	39,781

Major customer

Included in revenue arising from recycling of end-of-life electronics segment of S$20,271,000 (2014: S$28,835,000) are revenue of approximately S$3,440,000 (2014: S$11,082,000) which arose from sales to a major customer of the Group during the financial year ended 30 June 2015.

29 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 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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

29 Financial Risk Management (Continued)

(a) 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 statement of financial position date is as follows:

	Group	
	2015	**2014**
	S$'000	**S$'000**
Trade and other receivables by country:		
United States of America	**2,567**	4,320
Singapore	**5,694**	4,978
	8,261	9,298

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 2015, trade and other receivables which are neither past due nor impaired amounted to S$6,577,000 (2014: S$3,813,000).

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

29 Financial Risk Management (Continued)

(a) 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 statement of financial position date is as follows:

	Group		**Company**	
	2015 S$'000	**2014 S$'000**	**2015 S$'000**	**2014 S$'000**
Trade receivables past due:				
– Past due 0 – 30 days	**383**	3,843	**–**	–
– Past due 31 – 120 days	**1,255**	1,387	**–**	–
– More than 120 days	**46**	255	**–**	–
	1,684	5,485	**–**	–

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 statement of financial position date are as follows:

	Group		**Company**	
	2015 S$'000	**2014 S$'000**	**2015 S$'000**	**2014 S$'000**
Trade and other receivables	**382**	378	**27,387**	27,421
Less: Allowance for impairment	**(382)**	(378)	**(27,387)**	(27,421)
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

29 Financial Risk Management (Continued)

(a) Credit Risk (Continued)

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Balance at 1 July	**378**	3,937	**27,421**	27,408
Translation difference	**15**	(3)	**–**	–
Addition	**196**	275	**–**	13
Written off	**(207)**	(3,831)	**(34)**	–
Balance at 30 June	**382**	378	**27,387**	27,421

Trade and other receivables which are impaired at the statement of financial position 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.

(b) 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 and US dollar ("USD").

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.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

29 Financial Risk Management (Continued)

(b) Foreign Currency Risk (Continued)

	2015		2014	
	USD S$'000	**SGD S$'000**	**USD S$'000**	**SGD S$'000**
Group				
Financial assets				
Other financial asset	**–**	**520**	–	397
Trade and other receivables	**7,440**	**821**	5,885	3,413
Cash and cash equivalents	**595**	**273**	924	2,158
	8,035	**1,614**	6,809	5,968
Financial liabilities				
Trade and other payables	**(5,717)**	**(1,671)**	(3,911)	(1,048)
Finance lease liability	**–**	**(133)**	–	–
	(5,717)	**(1,804)**	(3,911)	(1,048)
Net financial assets/ (liabilities)	**2,318**	**(190)**	2,898	4,920
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currencies	**2,861**	**(190)**	987	(4,920)
Currency exposure	**5,179**	**–**	3,885	–

If the following currencies strengthen by 5% (2014: 5%) against S$ at the statement of financial position 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 profit/loss before tax	
	2015 S$'000	**2014 S$'000**
USD	**259**	194

A 5% strengthen 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.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

29 Financial Risk Management (Continued)

(c) 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.

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

The financial liabilities of the Group and the Company as at 30 June 2015 and 2014 are repayable on demand or within one year from the statement of financial position date.

(d) 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 Chief Financial Officer, 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 2015

29 Financial Risk Management (Continued)

(d) Fair Value of Financial Instruments (Continued)

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

	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Group and Company				
At 30 June 2015				
Financial assets				
Convertible note	**–**	**–**	**511**	**511**
Listed equity securities, at fair value through profit or loss	**9**	**–**	**–**	**9**
At 30 June 2014				
Financial assets				
Derivative financial instrument	–	217	–	217
Available-for-sale investment	1,200	–	–	1,200
Listed equity securities, at fair value through profit or loss	397	–	–	397

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

As at 30 June 2014, the fair value of the derivative financial instrument was estimated using Black-Scholes option valuation model and was affected by the underlying asset's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but were not limited to, the underlying asset's expected stock price volatility over the term of the option and the compounded risk-free interest rate. These financial asset was classified in Level 2.

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 current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2015

29 Financial Risk Management (Continued)

(d) 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 statement of financial position date.

The fair value of non-current trade and other receivables and finance lease liability 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 statement of financial position date would be significantly different from the values that would eventually be received or settled.

30 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.

	2015 **S$'000**	**2014** **S$'000**
Net debts	6,653	2,176
Total equity	12,975	22,718
Net debt to equity ratio	51.3%	9.6%

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2015

31 Modified audit report for the year ended 30 June 2014

The audit report dated 26 September 2014 on the financial statements for the previous year ended 30 June 2014 contained a qualified opinion on the matter as discussed below, which was resolved during the current financial year ended 30 June 2015.

Investment in Tongji Environment (Asia) Pte Ltd

The Company's investment in Tongji Environment (Asia) Pte Ltd (formerly known as Tonkin Recycling Pte Ltd) ("Tongji"), an associate company, was accounted for using the equity method and was carried at S$2,224,000 in the consolidated statement of financial position as at 30 June 2014. The Group's shares of Tongji's results of S$19,000 were included in the consolidated statement of comprehensive income for the year ended 30 June 2014.

As only unaudited management accounts of Tongji were made available to the Company, the auditors were unable to carry out audit procedures to satisfy themselves as to whether the unaudited management accounts of Tongji were in form and content appropriate for the purpose of applying the equity method to account for the Group's investment in Tongji in the consolidated financial statements. Consequently, the auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves as to the carrying amount of the Group's investment in Tongji as at 30 June 2014 and the Group's share of Tongji's results for the year then ended. As a result, the auditors were unable to determine whether adjustments, if any, to those amounts were necessary.

During the year ended 30 June 2015, the Group disposed of its investment in Tongji, for a cash consideration of S$2,224,000, which was equivalent to the Group's carrying amount of the investment in Tongji (Note 12). In this respect, this matter is considered resolved.

32 Event after the reporting period

On 30 September 2015, the Company announced that as at the close of the Rights cum Warrants Issue on 25 September 2015, valid acceptances were received for a total of 1,573,722,402 Rights Shares with Warrants and Excess Rights Shares with Warrants, representing approximately 111.9% of the total number of Rights Shares with Warrants available under the Rights cum Warrants Issue. This includes:

1. the 650,633,488 Rights Shares with Warrants, representing approximately 46.3% of the total number of Rights Shares with Warrants available under the Rights cum Warrants Issue, which includes the acceptances by the Undertaking Shareholders for an aggregate of 156,634,751 Rights Shares with Warrants pursuant to the Irrevocable Undertakings; and

2. excess applications received for an aggregate of 923,088,914 rights Shares with Warrants, representing approximately 65.6% of the total number of Rights Shares with Warrants available under the Rights cum Warrants Issue.

STATISTICS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2015

No. of Shares issued	:	2,812,372,611
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	15	0.12	145	0.00
100 – 1,000	1,456	11.81	1,039,170	0.04
1,001 – 10,000	5,143	41.70	25,742,996	0.92
10,001 – 1,000,000	5,483	44.46	543,446,553	19.32
1,000,001 AND ABOVE	235	1.91	2,242,143,747	79.72
TOTAL	**12,332**	**100.00**	**2,812,372,611**	**100.00**

Based on the information available to the Company as at 28 September 2015, approximately 84.8% 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	238,310,559	8.47
2	TAN NG KUANG	155,792,000	5.54
3	TAN SIJI MACARTHUR	138,200,000	4.91
4	SONG TANG YIH	124,214,295	4.42
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	118,992,800	4.23
6	LEE SAI TEOW ALICE	107,000,000	3.80
7	LIM LIANG MENG	100,000,000	3.56
8	RHB SECURITIES SINGAPORE P L	84,748,500	3.01
9	BELLE FORTE LTD	74,958,944	2.67
10	APZENITH CAPITAL PTE LTD	65,245,982	2.32
11	DBS NOMINEES (PRIVATE) LIMITED	57,223,352	2.03
12	ASCENDENZ CONSULTING PTE LTD	36,500,000	1.30
13	OCBC SECURITIES PRIVATE LIMITED	34,695,920	1.23
14	ENG WAH LEN ANDREW	34,656,893	1.23
15	QUAH CHUNG MING	31,668,000	1.13
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	31,291,031	1.11
17	PAN ASIA WINGS PTE LTD	28,418,000	1.01
18	TAN JOON JAR	25,949,760	0.92
19	TAN KIM SENG	25,000,000	0.89
20	HSBC (SINGAPORE) NOMINEES PTE LTD	23,072,100	0.82
	TOTAL	**1,535,938,136**	**54.60**

STATISTICS OF SHAREHOLDINGS

AS AT 28 SEPTEMBER 2015

Substantial Shareholders (as shown in the Register of Substantial Shareholding)

	Direct Interest		Deemed Interest	
	No. of Share	**%**	**No. of Share**	**%**
WENG HUA YU @ SIMON ENG	238,310,559	8.47	74,958,944	2.67
TAN NG KUANG	155,792,000	5.54	–	–

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CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Simon Eng
(Chairman/Group Chief Executive Officer)

Andrew Eng
(Executive Director/Group President)

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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AUDIT PARTNER-IN-CHARGE

Chris Johnson

Appointed since 2012

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Singapore 048623

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The Hong Kong and Shanghai Banking Corporation Limited

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