



METAX ENGINEERING CORPORATION LIMITED

28 Third Lok Yang Road, Singapore 628016
Tel: (65) 6265 9422 Fax: (65) 6265 6630
Website: www.metax.com
Email: mail@metax.com

METAX ENGINEERING CORPORATION LIMITED

(Incorporated in the Republic of Singapore under Registration Number 197500111H)

EMPHASIS OF MATTER BY INDEPENDENT AUDITORS

The Board of Directors of Metax Engineering Corporation Limited (the “**Company**”) wishes to inform shareholders of an emphasis of matter in the Report of the Independent Auditors, Mazars LLP, on the audited financial statements of the Company for the financial year ended 30 June 2009, as reproduced below:

“Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 2(b) to the accompanying financial statements. As mentioned in Note 2(b), the financial statements of the Group and Company have been prepared on a going concern basis notwithstanding the net loss of S\$4.9 million incurred by the Group for the current financial year, the net current liabilities of S\$2.8 million of the Company as of 30 June 2009 and cash flows used in operating activities of S\$4.7 million of the Group for the year then ended.

These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and the Company’s ability to continue to operate as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on:-

- The continuing support from the bankers, lenders and shareholders; and
- The generation of significant positive cash flows from the Group’s and the Company’s on-going businesses and their ability to secure new profitable contracts.

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 be required 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 significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to reclassify certain non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.”

As announced on 22 September 2009, the Company has entered into agreements in relation to the issue of an aggregate of 89,900,000 new ordinary shares and 40,000,000 non-listed and non-transferable warrants to raise gross proceeds of up to S\$13.4 million. As such, the Board of Directors believes that the Group and the Company would be able to continue to operate as going concerns.

By order of the Board

Tan Tze Wen
Managing Director
6 October 2009

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr Ng Joo Khin:
Telephone number: 6389 3000 Email: jookhin.ng@stamfordlaw.com.sg*