



MEMTECH INTERNATIONAL LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 200312032Z

First Quarter Financial Statements Announcement For the period ended 31 March 2014



1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:

Income Statement

For the period ended 31 March 2014

	Group		
	First Quarter		
	2014	2013	<i>Increase/</i>
	31-Mar	31-Mar	<i>(Decrease)</i>
	US\$'000	US\$'000	
Continuing operations			
Revenue	29,262	22,363	30.9%
Cost of sales	(24,138)	(21,058)	14.6%
Gross profit	5,124	1,305	292.6%
Other operating income	177	179	-1.1%
Sales and marketing expenses	(1,491)	(1,787)	-16.6%
General and Administration expenses	(2,595)	(1,907)	36.1%
Other operating expenses	(272)	(68)	NM
Finance costs	(37)	(74)	-50.0%
Exchange gain/(loss)	331	(775)	NM
Share of result of associates	(35)	(7)	NM
Profit/(loss) before tax from continuing operations	1,202	(3,134)	NM
Income tax expenses, net	(138)	(207)	-33.3%
Profit/(loss) from continuing operations	1,064	(3,341)	NM
Discontinued operation			
Profit/(loss) from discontinued operation	20	(1,255)	NM
Profit/(loss) for the period	1,084	(4,596)	NM
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations	1,064	(3,341)	NM
Profit/(loss) from discontinued operation	20	(1,255)	NM
Profit/(loss) for the period attributable to owners of the Company	1,084	(4,596)	NM



Statement of Comprehensive Income

For the period ended 31 March 2014

	Group		
	First Quarter		
	2014	2013	Increase/ (Decrease)
	31-Mar	31-Mar	
	US\$'000	US\$'000	
Profit/(loss) for the period/year	1,084	(4,596)	NM
Other comprehensive income (net of tax)			
Items that may be reclassified to profit and loss:			
Currency translation differences	(1,053)	864	NM
Total comprehensive income/(loss) for the period	31	(3,732)	NM
Attributable to:			
Owners of the company			
Total comprehensive loss from continuing operations, net of tax	(163)	(2,424)	NM
Total comprehensive income/(loss) from discontinued operation, net of tax	194	(1,308)	NM
Total comprehensive income/(loss) for the period/year attributable to Owners of the company	31	(3,732)	NM

Notes

NM: Not meaningful

1 Profit from operating activities

Profit from operating activities is arrived at after charging /(crediting):

	Group		
	First Quarter		
	2014	2013	Increase/ (Decrease)
	31-Mar	31-Mar	
	US\$'000	US\$'000	
Continuing Operations			
Depreciation	2,273	2,886	-21.2%
Allowance for/(write back of) doubtful receivables, trade	79	(371)	NM
Allowance for stock obsolescence	61	151	-59.6%
Net loss on disposal of property, plant and equipment	215	47	NM
Exchange (gain)/loss	(331)	775	NM
Discontinued Operation			
Depreciation	-	7	NM
Write back of doubtful receivables, trade	-	(2)	NM
Write back of stock obsolescence	-	(468)	NM
Net loss on disposal of property, plant and equipment	-	541	NM
Exchange loss	36	2	NM



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

Statement of Financial Position

As at 31 March 2014

	Group		Company	
	2014 31-Mar	2013 31-Dec	2014 31-Mar	2013 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	42,400	43,545	-	-
Investment in subsidiaries	-	-	80,048	80,048
Investment in associates	684	718	859	859
Intangible assets	809	816	-	-
	<u>43,893</u>	<u>45,079</u>	<u>80,907</u>	<u>80,907</u>
Current Assets:				
Cash and cash equivalents	44,746	37,094	2,224	1,853
Bank deposits pledged	1,399	2,253	-	-
Trade receivables	39,392	44,692	-	-
Bills and other receivables	5,913	6,709	5	14
Amounts due from subsidiaries	-	-	10,426	10,175
Prepayments	2,108	1,794	-	-
Inventories	11,296	9,630	-	-
	<u>104,854</u>	<u>102,172</u>	<u>12,655</u>	<u>12,042</u>
Current Liabilities:				
Trade payables and accruals	25,785	23,803	429	348
Bills and other payables	4,677	4,850	3	6
Amounts due to subsidiaries	-	-	43,234	42,052
Other liabilities	907	783	-	-
Loans and borrowings	1,111	1,111	1,111	1,111
Provision for taxation	18	209	-	-
	<u>32,498</u>	<u>30,756</u>	<u>44,777</u>	<u>43,517</u>
Net Current Assets / (Liabilities)	72,356	71,416	(32,122)	(31,475)
Non-Current Liabilities:				
Loans and borrowings	3,055	3,333	3,055	3,333
Deferred taxation	3,380	3,379	-	-
	<u>6,435</u>	<u>6,712</u>	<u>3,055</u>	<u>3,333</u>
Net Assets	109,814	109,783	45,730	46,099



Statement of Financial Position (Cont'd)

As at 31 March 2014

	Group		Company	
	2014 31-Mar	2013 31-Dec	2014 31-Mar	2013 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Owners of the Company				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(1,222)	(1,222)	(1,222)	(1,222)
Statutory reserve fund	8,547	8,547	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	13,704	28,757	-	14,000
Revenue reserves	46,528	31,444	3,981	(9,650)
Total Equity	109,814	109,783	45,730	46,099

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

	Group Secured		Group Unsecured	
	2014 31-Mar	2013 31-Dec	2014 31-Mar	2013 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	-	1,111	1,111
Amount repayable after one year	-	-	3,055	3,333
	-	-	4,166	4,444



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

Consolidated Statement of Cashflows

For the period ended 31 March 2014

	Group	
	First Quarter	
	2014	2013
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit/(loss) before tax from continuing operations	1,202	(3,134)
Profit/(loss) before tax from discontinued operation	20	(1,255)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,273	2,893
Interest expense	37	74
Interest income	(113)	(71)
Allowance for/(write back of) doubtful receivables, trade	79	(373)
Allowance for/(write back of) stock obsolescence	61	(317)
Net loss on disposal of property, plant and equipment	215	588
Share of results of associates	35	7
Total adjustments	<u>2,587</u>	<u>2,801</u>
Operating cashflow before changes in working capital	3,809	(1,588)
<u>Changes in working capital</u>		
Trade and other receivables	5,066	10,391
Inventories	(1,757)	313
Trade and other payables	2,467	(1,230)
Cash generated from operations	<u>9,585</u>	<u>7,886</u>
Income tax paid	(321)	(342)
Net cash generated from operating activities	<u>9,264</u>	<u>7,544</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,034)	(2,234)
Proceeds from disposal of fixed assets	107	-
Interest income received	113	71
Net cash used in investing activities	<u>(1,814)</u>	<u>(2,163)</u>
Cash flows from financing activities:		
Proceeds from loans and borrowings	-	2,000
Interest paid	(28)	(104)
Dividends Paid	-	-
Repayments of loans and borrowings	(278)	(2,000)
Bank deposits pledged	841	(82)
Net cash generated from/(used in) financing activities	<u>535</u>	<u>(186)</u>
Net increase in cash and cash equivalents	7,985	5,195
Effects of exchange rate changes on opening cash and cash equivalents	(333)	92
Cash and cash equivalents at the beginning of the period	37,094	34,912
Cash and cash equivalents at the end of the period	<u>44,746</u>	<u>40,199</u>



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity As at 31 March 2014

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January and 31 March	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January and 31 March	(1,222)	(1,054)	(1,222)	(1,054)
Statutory Reserve Fund				
Balance at 1 January and 31 March	8,547	8,418	-	-
Acquisition Reserve				
Balance at 1 January and 31 March	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	28,757	23,743	14,000	15,491
Reclassification	(14,000)	-	(14,000)	-
Net effect of exchange translation differences	(1,053)	864	-	(754)
Balance at 31 March	13,704	24,607	-	14,737
Revenue Reserves				
Balance at 1 January	31,444	37,097	(9,650)	(12,318)
Reclassification	14,000	-	14,000	-
Net profit/(loss) for the period	1,084	(4,596)	(369)	5,007
Balance at 31 March	46,528	32,501	3,981	(7,311)
Total Equity				
Balance at 1 January	109,783	110,461	46,099	45,090
Total for the period	31	(3,732)	(369)	4,253
Balance at 31 March	109,814	106,729	45,730	49,343



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

	2014	2013
	31-Mar	31-Dec
	No. of shares	No. of shares
Ordinary shares	<u>720,000,000</u>	<u>720,000,000</u>

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

	2014	2013
	31-Mar	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>705,920,000</u>	<u>705,920,000</u>

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

	2014	2013
	31-Mar	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the period	14,080,000	11,080,000
Open market purchase	-	3,000,000
Balance as at end of the period	<u>14,080,000</u>	<u>14,080,000</u>



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

The above figures have not been audited or reviewed.

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

Not Applicable.

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

The Group has adopted all the new/revised FRSs that are mandatory for financial year beginning on or after 1 January 2014. Except for the adoption of these new/revised FRSs and the change in the functional currency of the Company from S\$ to US\$ effective from 1st January 2014, the Group has consistently adopted the same accounting policies and methods of computation as stated in the audited financial statements of the Group for the year ended 31 December 2013.

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

The adoption of the new/revised FRSs has no material financial impact on the Group's financial statements.



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

	Group	
	First Quarter	
	2014	2013
	31-Mar	31-Dec
	US cents	US cents
Earnings per ordinary share for the period after deducting any provision for preference		
(i) Based on weighted average number of ordinary shares on issue	0.2	(0.6)
(ii) On a fully diluted basis	0.2	(0.6)
Continuing operations		
Earnings per ordinary share for the period after deducting any provision for preference		
(i) Based on weighted average number of ordinary shares on issue	0.2	(0.5)
(ii) On a fully diluted basis	0.2	(0.5)

	Group	
	First Quarter	
	2014	2013
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	705,920	708,920
(ii) On a fully diluted basis	705,920	708,920

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

(a) current financial period reported on; and

(b) immediately preceding financial year



	Group		Company	
	2014 31-Mar	2013 31-Dec	2014 31-Mar	2013 31-Dec
	US cents	US cents	US cents	US cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	15.6	15.6	6.5	6.5
Number of shares ('000)	705,920	705,920	705,920	705,920

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Commentary On Results

Q12014 Vs. Q12013 Results

The Group's revenue increased 30.9% from US\$22.3 million in Q1 2013 to US\$ 29.9 million in Q1 2014 due mainly to increase in the automotive segment. Gross margin improved to 17.5% compared to 5.8% in the same period last year. The improvement in gross margin is due to increase in sales and better products mix.

In 2014 management has decided to reclassify packaging cost as Cost of Sales from Sales and Marketing Expenses in order to better reflect the cost structure. In Q1 2014, there was US\$426K packaging cost being reclassified and as a result sales and marketing expenses is lower than in Q1 2013 despite the increase in sales.

General and Administration Expenses was lower mainly because of the write back of doubtful debt provision of US\$371K in Q1 2013 as compared to a provision of US\$79K in Q1 2014.

Discontinued operation refers to the Group touch screen segment which had ceased operation since last year.

The Group Q1 profit was USD 1.1 million compared to the loss of USD4.6 million over the corresponding period.



Financial Position and Cash Flows

The Group generated net cash of US\$9.3 million from operating activity due mainly to higher profit and faster collection of trade receivables. The Group spent US\$2 million in Q1 2014 on purchase of property, plant and equipment and repaid US\$0.3 million bank loan.

With a current ratio of 3.2 times, the Group's financial position remain healthy. As at 31 March 2014, cash and cash equivalent amounted to US\$44.7 million or approximately 6.3 US cents per share.

Following the change in functional currency of the Company from S\$ to US\$ with effective from 1 January 2014, the balance in the currency translation reserve of the Company has been reclassified to the revenue reserves.

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

Not applicable.

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

We remain cautiously optimistic on the Group's performance for the current financial year. In line with our strategy, we have made further inroads into the automotive and consumer electronics sectors. We expect sales to these sectors will more than offset the decline in sales in mobile phone keypads.

The Group's operations in China will continue to face challenges relating to increasing labour costs and labour shortage. Management will take measures to meet these challenges.

11 Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Year



None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12 If no dividend has been declared/recommended, a statement to that effect

Not Applicable.

13 Interested Person Transactions

The Company does not have a shareholders' mandate for interested person transactions.

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

The Group has not obtained a general mandate from shareholders for IPTs.

15 Negative Confirmation of the Board pursuant to Rule 705 (5)

Chuang Wen Fu and Yap Chin Kuan, being two directors of Memtech International Limited (the Company), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the 1Q14 financial results to be false or misleading in any material aspect.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not Applicable for the current quarter.



17 A breakdown of sales

Not Applicable for the current quarter.

18 Segmented revenue and results for business or business segments (of the group) in the form for which information is reported to key management personnel for the purpose of evaluating the units' past performance and for making decisions about future allocations of resources.

Not Applicable.

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not Applicable for the current quarter.

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not Applicable for the current quarter.

BY ORDER OF THE BOARD

Chuang Wen Fu

Chairman

29 April 2014