



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2016



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 2016

	Group		
	First Quarter		
	2016	2015	<i>Increase/</i>
	31-Mar	31-Mar	<i>(Decrease)</i>
	US\$'000	US\$'000	
Revenue	33,190	33,564	-1.1%
Cost of sales	(27,911)	(27,623)	1.0%
Gross profit	5,279	5,941	-11.1%
Other operating income	276	202	36.6%
Sales and marketing expenses	(1,774)	(1,878)	-5.5%
General and Administration expenses	(2,959)	(2,978)	-0.6%
Other operating expenses	(16)	(31)	-48.4%
Finance costs	(19)	(27)	-29.6%
Exchange gain	189	217	-12.9%
Share of result of associates	-	(17)	NM
Profit before tax	976	1,429	-31.7%
Income tax expenses, net	(380)	(242)	57.0%
Profit for the period	596	1,187	-49.8%
Attributable to:			
Owners of the Company	569	1,207	-52.9%
Non-controlling interests	27	(20)	NM



Statement of Comprehensive Income

For the period ended 31 March 2016

	Group First Quarter		
	2016 31-Mar	2015 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	
Profit for the period	596	1,187	-49.8%
Other comprehensive income (net of tax)			
Items that may be reclassified to profit and loss:			
Currency translation differences	597	(281)	NM
Total comprehensive income for the period	1,193	906	31.7%
Attributable to:			
Owners of the company	1,165	926	25.8%
Non-controlling interests	28	(20)	NM
Total comprehensive income for the period attributable to Owners of the company	1,193	906	31.7%

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group First Quarter		
	2016 31-Mar	2015 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	
Continuing Operations			
Depreciation	1,897	1,964	-3.4%
Allowance for doubtful receivables, trade	91	59	54.2%
Allowance for stock obsolescence	292	121	NM
Net loss/(gain) on disposal of property, plant and equipment	5	(27)	NM
Exchange gain	(189)	(217)	-12.9%



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 Mar 2016

	Group		Company	
	2016 31-Mar US\$'000	2015 31-Dec US\$'000	2016 31-Mar US\$'000	2015 31-Dec US\$'000
Non-Current Assets:				
Property, plant and equipment	42,765	41,650	-	-
Investment in subsidiaries	-	-	76,207	80,207
Intangible assets	807	809	-	-
	<u>43,572</u>	<u>42,459</u>	<u>76,207</u>	<u>80,207</u>
Current Assets:				
Cash and cash equivalents	30,188	26,767	5,965	3,562
Bank deposits pledged	2,082	2,018	-	-
Trade receivables	47,629	51,023	-	-
Bills and other receivables	7,838	10,008	351	580
Amounts due from subsidiaries	-	-	9,798	10,793
Prepayments	3,662	3,416	-	-
Inventories	15,419	15,737	-	-
	<u>106,818</u>	<u>108,969</u>	<u>16,114</u>	<u>14,935</u>
Current Liabilities:				
Trade payables and accruals	23,827	26,357	308	372
Bills and other payables	6,031	6,320	6	8
Amounts due to subsidiaries	-	-	2,700	5,050
Other liabilities	559	447	-	-
Loans and borrowings	1,111	1,111	1,111	1,111
Provision for taxation	281	238	-	-
	<u>31,809</u>	<u>34,473</u>	<u>4,125</u>	<u>6,541</u>
Net Current Assets	75,009	74,496	11,989	8,394
Non-Current Liabilities:				
Loans and borrowings	833	1,111	833	1,111
Deferred taxation	4,221	3,510	-	-
	<u>5,054</u>	<u>4,621</u>	<u>833</u>	<u>1,111</u>
Net Assets	113,527	112,334	87,363	87,490



Statement of Financial Position (Cont'd)

As at 31 March 2016

	Group		Company	
	2016	2015	2016	2015
	31-Mar	31-Dec	31-Mar	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Owners of the Company				
Share capital	57,808	57,808	57,808	57,808
Treasury shares	(1,441)	(1,441)	(1,441)	(1,441)
Statutory reserve fund	9,332	9,332	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	(1,233)	(1,829)	-	-
Revenue reserves	49,651	49,082	30,996	31,123
	<u>113,403</u>	<u>112,238</u>	<u>87,363</u>	<u>87,490</u>
Non-controlling interests	<u>124</u>	<u>96</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>113,527</u></u>	<u><u>112,334</u></u>	<u><u>87,363</u></u>	<u><u>87,490</u></u>

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

	Group Secured		Group Unsecured	
	2016	2015	2016	2015
	31-Mar	31-Dec	31-Mar	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	-	-	833	1,111
	<u>-</u>	<u>-</u>	<u>1,944</u>	<u>2,222</u>



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 2016

	Group	
	First Quarter	
	2016	2015
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	976	1,429
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,897	1,964
Amortisation of intangible assets	6	7
Interest expense	19	27
Interest income	(46)	(89)
Allowance for doubtful receivables, trade	91	59
Allowance for stock obsolescence	292	121
Net loss/(gain) on disposal of property, plant and equipment	5	(27)
Share of results of associates	-	17
Total adjustments	<u>2,264</u>	<u>2,079</u>
Operating cashflow before changes in working capital	3,240	3,508
<u>Changes in working capital</u>		
Trade and other receivables	5,545	3,289
Inventories	128	(170)
Trade and other payables	(2,141)	(1,907)
Cash generated from operations	<u>6,772</u>	<u>4,720</u>
Interest received	58	56
Interest paid	(19)	(45)
Income taxes paid	(227)	(251)
Net cash generated from operating activities	<u>6,584</u>	<u>4,480</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,028)	(2,147)
Proceeds from disposal of fixed assets	8	114
Net cash used in investing activities	<u>(3,020)</u>	<u>(2,033)</u>
Cash flows from financing activities:		
Repayments of loans and borrowings	(278)	(278)
Bank deposits pledged	(50)	(395)
Net cash used in financing activities	<u>(328)</u>	<u>(673)</u>
Net increase in cash and cash equivalents	3,236	1,774
Effects of exchange rate changes on opening cash and cash equivalent	185	(122)
Cash and cash equivalents at the beginning of the period	<u>26,767</u>	<u>32,433</u>
Cash and cash equivalents at the end of the period	<u>30,188</u>	<u>34,085</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 2016

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January and 31 March	57,808	57,808	57,808	57,808
Treasury Shares				
Balance at 1 January and 31 March	(1,441)	(1,311)	(1,441)	(1,311)
Statutory Reserve Fund				
Balance at 1 January and 31 March	9,332	9,065	-	-
Acquisition reserve				
Balance at 1 January and 31 March	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	(1,829)	2,822	-	-
Net effect of exchange translation differences	596	(281)	-	-
Balance at 31 March	<u>(1,233)</u>	<u>2,541</u>	<u>-</u>	<u>-</u>
Revenue Reserves				
Balance at 1 January	49,082	44,446	31,123	34,707
Net profit for the period	569	1,207	(127)	(192)
Balance at 31 March	<u>49,651</u>	<u>45,653</u>	<u>30,996</u>	<u>34,515</u>
Non- controlling interests				
Balance at 1 January	96	10	-	-
Net profit/(loss) for the period	27	(20)	-	-
Net effect of exchange translation differences	1	-	-	-
Balance at 31 March	<u>124</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
Total Equity				
Balance at 1 January	112,334	112,126	87,490	91,204
Total for the period	1,193	906	(127)	(192)
Balance at 31 March	<u><u>113,527</u></u>	<u><u>113,032</u></u>	<u><u>87,363</u></u>	<u><u>91,012</u></u>



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

	2016	2015
	31-Mar	31-Dec
	No. of shares	No. of shares*
Ordinary shares	<u>143,999,998</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.

	2016	2015
	31-Mar	31-Dec
	No. of shares	No. of shares*
Issued ordinary shares excluding treasury shares	<u>140,880,878</u>	<u>704,404,400</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.

	2016	2015
	31-Mar	31-Dec
	No. of shares	No. of shares*
Balance as at beginning of the year	3,119,120	14,080,000
Open market purchase	-	1,515,600
Balance as at end of the year	<u>3,119,120</u>	<u>15,595,600</u>

* On 7 January 2016, the Company completed a share consolidation exercise ("Share Consolidation") in which every five (5) existing ordinary share were consolidated into one (1) ordinary share. Before the Share Consolidation, the issued share capital of the Company comprised of 720,000,000 ordinary shares. After the Share Consolidation, the issued share capital of the Company comprised of 143,999,998 ordinary shares, after disregarding fractional entitlements.



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 2016. Except for the adoption of these new/revised FRSs, 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 2015.

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	
	2016	2015
	31-Mar	31-Mar
	US cents	US cents #
Earnings per ordinary share for the period after deducting any provision for preference dividends:		
(i) Based on weighted average number of ordinary shares on issue	0.4	0.9
(ii) On a fully diluted basis	0.4	0.9

	Group	
	First Quarter	
	2016	2015
	31-Mar	31-Mar
	'000	'000 #
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	140,881	141,184
(ii) On a fully diluted basis	140,881	141,184

For comparison, earning per share for the period of 31 March 2015 have been re-computed based on the revised number of shares as a result of the Share Consolidation. Any difference is due to rounding.

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	
	2016	2015	2016	2015
	31-Mar	31-Dec	31-Mar	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	<u>80.5</u>	<u>79.7</u>	<u>62.0</u>	<u>62.1</u>
Number of shares ('000)	<u>140,881</u>	<u>140,881</u>	<u>140,881</u>	<u>140,881</u>

^ For comparison, the Group's and Company's net asset value per ordinary shares for the period of 31 December 2015 have been re-computed based on the revised number of shares as a result of the Share Consolidation. Any difference is due to rounding.

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

1Q2016 Vs. 1Q2015 Results

The Group's revenue decreased 1.1% from US\$33.6 million in 1Q2015 to US\$33.2 million in 1Q2016. The increase in automotive sales partially offset the decline in the telecommunication and consumer electronic sales. Unexpected weaker consumer demand resulted in orders push back in our consumer electronic segment.

Gross profit decreased 11.1% from US\$5.94 million in 1Q2015 to US\$5.28 million in 1Q2016 due to lower sales, increased price competition and change in sales mix.

Net profit attributable to shareholders for 1Q2016 decreased 52.9% to US\$0.6 million compared to US\$1.2 million in the previous correspondence period.

Financial Position and Cash Flows

Net cash generated from operation activities in 1Q2016 was US\$6.6 million compared to US\$4.5 million in the corresponding period last year attributable mainly to more trade debtor collection.

In 1Q2016, US\$3 million was spent on purchase of Property, plant and equipment mainly for new projects.

Overall, the Group's financial position remains healthy as at 31 March 2016. The Group's current ratio was 3.35 times with cash and cash equivalent amounting to US\$30.2 million or approximately 21.4 US cents per share.



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

These results are in line with the statement made in the full year financial statements announcement for the period ended 31 December 2015.

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.

The global economy continued to be affected by economic and political uncertainties and these resulted in slower economic growth and reduced consumer demand. The weak demand was reflected in China's import and export numbers in Q1 2016 declined 5.9% year on year. China's GDP growth in Q1 2016 was 6.7% , marginally lower than the 6.8% in the previous quarter. Notwithstanding the weak economic indicators, there are signs that the slowdown in the Chinese economy has stabilized. Sales of our consumer products were affected by the weak demand and this put pressure on our profitability. Whilst we expect the weak market sentiment to continue for the first half of this year, we are cautiously optimistic of better economic conditions in the second half.

The Group will continue to organize its resources, streamline operations and improve productivity to meet the economic 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 1Q2016 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

28 April 2016