



MEMTECH INTERNATIONAL LTD

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

Third Quarter Financial Statements Announcement For the period ended 30 September 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 30 September 2016

	Group Third Quarter			Group Year to Date		
	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	46,458	37,088	25.3%	111,072	104,013	6.8%
Cost of sales	(38,223)	(31,367)	21.9%	(94,868)	(86,450)	9.7%
Gross profit	8,235	5,721	43.9%	16,204	17,563	-7.7%
Other operating income	508	523	-2.9%	1,119	941	18.9%
Sales and marketing expenses	(2,492)	(1,685)	47.9%	(6,179)	(5,212)	18.6%
General and Administration expenses	(2,791)	(3,035)	-8.0%	(8,340)	(9,187)	-9.2%
Other operating expenses	(113)	(40)	NM	(143)	(79)	81.0%
Finance costs	(23)	(23)	0.0%	(58)	(74)	-21.6%
Exchange gain	11	237	-95.4%	273	645	-57.7%
Share of result of associates	-	5	NM	-	(19)	NM
Profit before tax	3,335	1,703	95.8%	2,876	4,578	-37.2%
Income tax expenses, net	(240)	(75)	NM	(581)	(283)	NM
Profit for the period	3,095	1,628	90.1%	2,295	4,295	-46.6%
Attributable to:						
Owners of the Company	3,081	1,620	90.2%	2,250	4,326	-48.0%
Non-controlling interests	14	8	75.0%	45	(31)	NM



Statement of Comprehensive Income

For the period ended 30 September 2016

	Group Third Quarter			Group Year to Date		
	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Profit for the period	3,095	1,628	90.1%	2,295	4,295	-46.6%
Other comprehensive income (net of tax)						
Items that may be reclassified to profit and loss:						
Currency translation differences	(305)	(2,892)	-89.5%	(1,752)	(2,827)	-38.0%
Total comprehensive income for the period	2,790	(1,264)	NM	543	1,468	-63.0%
Attributable to:						
Owners of the company	2,776	(1,270)	NM	501	1,500	-66.6%
Non-controlling interests	14	6	NM	42	(32)	NM
Total comprehensive income for the period attributable to Owners of the company	2,790	(1,264)	NM	543	1,468	-63.0%

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group Third Quarter			Group Year to Date		
	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)	2016 30-Sep	2015 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Continuing Operations						
Depreciation	1,973	2,022	-2.4%	5,859	5,928	-1.2%
(Write back of)/allowance for doubtful receivables, trade	(29)	13	NM	(21)	268	NM
Allowance for stock obsolescence	359	132	NM	597	342	74.6%
Net gain on disposal of property, plant and equipment	(49)	(7)	NM	(52)	(29)	79.3%
Exchange gain	(11)	(237)	-95.4%	(273)	(645)	-57.7%



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 30 September 2016

	Group		Company	
	2016	2015	2016	2015
	30-Sep	31-Dec	30-Sep	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	43,249	41,650	-	-
Investment in subsidiaries	-	-	76,207	80,207
Intangible assets	772	809	-	-
	<u>44,021</u>	<u>42,459</u>	<u>76,207</u>	<u>80,207</u>
Current Assets:				
Cash and cash equivalents	23,867	26,767	4,237	3,562
Bank deposits pledged	3,091	2,018	-	-
Trade receivables	57,808	51,023	-	-
Bills and other receivables	6,790	10,008	3	580
Amounts due from subsidiaries	-	-	9,772	10,793
Prepayments	4,642	3,416	-	-
Inventories	18,971	15,737	-	-
	<u>115,169</u>	<u>108,969</u>	<u>14,012</u>	<u>14,935</u>
Current Liabilities:				
Trade payables and accruals	34,004	26,357	273	372
Bills and other payables	7,625	6,320	9	8
Amounts due to subsidiaries	-	-	5,000	5,050
Other liabilities	697	447	-	-
Loans and borrowings	2,758	1,111	1,111	1,111
Provision for taxation	272	238	-	-
	<u>45,356</u>	<u>34,473</u>	<u>6,393</u>	<u>6,541</u>
Net Current Assets	69,813	74,496	7,619	8,394
Non-Current Liabilities:				
Loans and borrowings	278	1,111	278	1,111
Deferred taxation	4,152	3,510	-	-
	<u>4,430</u>	<u>4,621</u>	<u>278</u>	<u>1,111</u>
Net Assets	<u>109,404</u>	<u>112,334</u>	<u>83,548</u>	<u>87,490</u>



Statement of Financial Position (Cont'd)

As at 30 September 2016

	Group		Company	
	2016	2015	2016	2015
	30-Sep	31-Dec	30-Sep	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	9,344	9,332	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	(3,578)	(1,829)	-	-
Revenue reserves	47,847	49,082	27,181	31,123
	<u>109,266</u>	<u>112,238</u>	<u>83,548</u>	<u>87,490</u>
Non-controlling interests	<u>138</u>	<u>96</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>109,404</u></u>	<u><u>112,334</u></u>	<u><u>83,548</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
	30-Sep	31-Dec	30-Sep	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	-	2,758	1,111
Amount repayable after one year	-	-	278	1,111
	<u>-</u>	<u>-</u>	<u>3,036</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 30 September 2016

	Group Third Quarter		Group Year to Date	
	2016 30-Sep	2015 30-Sep	2016 30-Sep	2015 30-Sep
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax	3,335	1,703	2,876	4,578
Adjustments for:				
Depreciation of property, plant and equipment	1,973	2,022	5,859	5,928
Amortisation of intangible assets	6	6	19	20
Interest expense	23	23	58	74
Interest income	(64)	(117)	(121)	(315)
(Write back of)/allowance for doubtful receivables, trade	(29)	13	(21)	268
Allowance for stock obsolescence	359	132	597	342
Net gain on disposal of property, plant and equipment	(49)	(7)	(52)	(29)
Share of results of associates	-	(5)	-	19
Total adjustments	2,219	2,067	6,339	6,307
Operating cashflow before changes in working capital	5,554	3,770	9,215	10,885
Changes in working capital				
Trade and other receivables	(9,634)	(3,812)	(6,135)	(2,026)
Inventories	(3,229)	702	(4,016)	(1,233)
Trade and other payables	11,128	2,276	11,479	(687)
Cash generated from operations	3,819	2,936	10,543	6,939
Interest received	63	117	132	365
Interest paid	(23)	(23)	(58)	(92)
Income taxes paid	(7)	42	(348)	(304)
Net cash generated from operating activities	3,852	3,072	10,269	6,908
Cash flows from investing activities:				
Purchases of property, plant and equipment	(4,561)	(2,057)	(8,928)	(6,690)
Proceeds from disposal of fixed assets	215	73	238	188
Net cash used in investing activities	(4,346)	(1,984)	(8,690)	(6,502)
Cash flows from financing activities:				
Proceeds from loans and borrowings	1,654	-	1,654	-
Dividends paid on ordinary shares	-	-	(3,473)	(3,219)
Repayments of loans and borrowings	(278)	(278)	(834)	(834)
Bank deposits pledged	(833)	660	(1,126)	(277)
Purchase of treasury shares	-	(130)	-	(130)
Proceeds from issuance of shares by subsidiary company to non-controlling interests shareholders	-	43	-	59
Net cash generated from/(used in) financing activities	543	295	(3,779)	(4,401)
Net increase/(decrease) in cash and cash equivalents	49	1,383	(2,200)	(3,995)
Effects of exchange rate changes on opening cash and cash equivalents	(111)	(1,264)	(700)	(1,235)
Cash and cash equivalents at the beginning of the period	23,929	27,084	26,767	32,433
Cash and cash equivalents at the end of the period	23,867	27,203	23,867	27,203



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 30 September 2016

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March, 30 June and 30 September	57,808	57,808	57,808	57,808
Treasury Shares				
Balance at 1 January, 31 March, 30 June and 30 September	(1,441)	(1,311)	(1,441)	(1,311)
Statutory Reserve Fund				
Balance at 1 January, 31 March and 30 June	9,332	9,065	-	-
Transfer from revenue reserve	12	(26)	-	-
Balance at 30 September	9,344	9,039	-	-
Acquisition reserve				
Balance at 1 January, 31 March, 30 June and 30 September	(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	(1,233)	2,541	-	-
Net effect of exchange translation differences	(2,040)	345	-	-
Balance at 30 June	(3,273)	2,886	-	-
Net effect of exchange translation differences	(305)	(2,890)	-	-
Balance at 30 September	(3,578)	(4)	-	-
Revenue Reserves				
Balance at 1 January	49,082	44,446	31,123	34,707
Net profit/(loss) for the period	569	1,207	(127)	(192)
Balance at 31 March	49,651	45,653	30,996	34,515
Net (loss)/profit for the period	(1,400)	1,499	(170)	1,009
Dividend paid	(3,473)	(3,219)	(3,473)	(3,219)
Balance at 30 June	44,778	43,933	27,353	32,305
Net profit for the period	3,081	1,620	(172)	(210)
Transfer to statutory reserve	(12)	26	-	-
Balance at 30 September	47,847	45,579	27,181	32,095



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 30 September 2016 (Cont'd)

	Group		Company	
	2016	2015	2016	2015
	US\$'000	US\$'000	US\$'000	US\$'000
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	124	(10)	-	-
Issuance of shares	-	16	-	-
Net profit/(loss) for the period	4	(19)	-	-
Net effect of exchange translation differences	(4)	1	-	-
Balance at 30 June	124	(12)	-	-
Issuance of shares	-	43	-	-
Net profit for the period	14	8	-	-
Net effect of exchange translation differences	-	(2)	-	-
Balance at 30 September	138	37	-	-
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	113,527	113,032	87,363	91,012
Total for the period	(6,913)	(1,377)	(3,643)	(2,210)
Balance at 30 June	106,614	111,655	83,720	88,802
Total for the period	2,790	(1,351)	(172)	(340)
Balance at 30 September	109,404	110,304	83,548	88,462



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
	30-Sep	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
	30-Sep	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
	30-Sep	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 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 Third Quarter		Group Year to Date	
	2016 30-Sep	2015 30-Sep	2016 30-Sep	2015 30-Sep
	US cents	US cents #	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	2.2	1.1	1.6	3.1
(ii) On a fully diluted basis	2.2	1.1	1.6	3.1

	Group Third Quarter		Group Year to Date	
	2016 30-Sep	2015 30-Sep	2016 30-Sep	2015 30-Sep
	'000	'000 #	000	'000 #
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	140,881	141,056	140,881	141,141
(ii) On a fully diluted basis	140,881	141,056	140,881	141,141

For comparison, earning per share for the period of 30 September 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 30-Sep	2015 31-Dec	2016 30-Sep	2015 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	77.6	79.7	59.3	62.1
Number of shares ('000)	140,881	140,881	140,881	140,881

^ 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

3Q2016 Vs 3Q2015 Results

The Group's revenue increased 25.3% from US\$37.1 million in 3Q2015 to US\$46.5 million in 3Q2016. The major increase came from our Consumer Electronics Segment where the segment contribution to total sales increased from 29% to 40%. During the same period, we also see quarter-to-quarter improvements in our other 3 segments.

The Group's 3Q2016 gross profit increased 43.9% from US\$5.7 million in 3Q2015 to US\$8.2 million in 3Q2016. With higher production utilization rate and increase in the sales revenue, our gross profit margin increased from 15.4% to 17.7% year on year.

Sales and marketing expenses increased by 47.9% to US\$2.5 million in 3Q2016 due to increase in labour wages and goods transportation costs. This is due to the increase in sales.

General and Administration expenses decreased by 8% to US\$2.8 million in 3Q2016 compared to US\$3.0 million in 3Q2015 due to the decrease in management expenses.

Net Profit increased 90.2% from US\$1.6 million to US\$3.1 million year on year.

Financial Position and Cash Flows

Due to our participation in multiple major projects, our Capital Expenditure in 3Q2016 reached US\$4.6 million.

With the record high quarterly sales revenue, we also see an increase in both bills receivable and payable.

Overall, the Group's financial position remains healthy as at 30 September 2016. The Group's current ratio was 2.5 times with cash and cash equivalent amounting to US\$23.9 million or approximately 17 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 second quarter financial statements announcement for the period ended 30 June 2016.

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 Group's performance in 3Q2016 was bolstered by the fulfilment of outstanding consumer electronic orders from 2Q2016. The Group's other business segments also contributed to the better performance. Notwithstanding the improved performance, the overall market conditions in China remained weak in 3Q2016 as reflected in the stagnant GDP growth of 6.7% and declining imports and exports. The Group expects these conditions to persist for the rest of 2016. Notwithstanding the challenging market conditions, the Group is cautiously optimistic of its performance for 4Q2016. The Group will endeavour to improve productivity and accelerate product development to meet the challenging market conditions.

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 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.**

Not Applicable.

- 14 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 3Q2016 financial results to be false or misleading in any material aspect.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Chuang Wen Fu
Chairman

10 November 2016