

MEMSTAR TECHNOLOGY LTD.

(Company registration no: 197901641K)

Second Quarter Financial Statement and Dividend Announcement for the Period Ended 31 December 2015**PART I: Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results**

- 1 (a)(i) A statement of comprehensive income for the Company together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Company							
	3 months ended 31/12/2015 S\$'000	3 months ended 31/12/2014 S\$'000	Increase/ (Decrease) %		6 months ended 31/12/2015 S\$'000	6 months ended 31/12/2014 S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a		-	-	n/a
Cost of sales	-	-	n/a		-	-	n/a
Gross profit	-	-	n/a		-	-	n/a
Other income	-	-	n/a		-	29	nm
Administrative expenses	(319)	(200)	59.5		(1,103)	(285)	287.0
Loss before income tax	(319)	(200)	59.5		(1,103)	(256)	330.9
Income tax expense	-	-	n/a		-	-	n/a
Loss for the period	(319)	(200)	59.5		(1,103)	(256)	330.9
<u>Statement of Comprehensive Loss</u>							
Net loss for the period	(319)	(200)	59.5		(1,103)	(256)	330.9
Other comprehensive income	-	-	n/a		-	-	n/a
Total comprehensive loss for the period	(319)	(200)	59.5		(1,103)	(256)	330.9
<u>Total comprehensive loss</u>							
Equity owners of the company	(319)	(200)	59.5		(1,103)	(256)	330.9
Non-controlling interest	-	-	-		-	-	-
Total comprehensive loss	(319)	(200)	59.5		(1,103)	(256)	330.9

n/a – not applicable

nm – not meaningful

1 (a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

	3 months ended 31/12/2015 S\$'000	3 months ended 31/12/2014 S\$'000	Increase/ (Decrease) %		6 months ended 31/12/2015 S\$'000	6 months ended 31/12/2014 S\$'000	Increase/ (Decrease) %
Loss for the period is arrived at after charging/(crediting) the following:							
Cost of inventories sold	-	-	nm		-	-	nm
Depreciation of property, plant and equipment	-	-	nm		-	-	nm
Unrealised gain on foreign exchange	-	-	nm		6	-	nm
Interest expense (net)	-	-	nm		-	-	nm

nm – not meaningful

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

	Company	
	As at 31/12/2015 S\$'000	As at 30/06/2015 S\$'000
Current assets		
Cash and cash equivalents	364	1,375
Other receivables	6,750	6,743
Available-for-sale investment	4	4
	<u>7,118</u>	<u>8,122</u>
Total assets	<u>7,118</u>	<u>8,122</u>
Equity attributable to owners of the Company		
Share capital	6,884	6,884
Reserves	(195)	908
Total equity	<u>6,689</u>	<u>7,792</u>
Current liabilities		
Other payables	429	330
	<u>429</u>	<u>330</u>
Total liabilities	<u>429</u>	<u>330</u>
Total equity and liabilities	<u>7,118</u>	<u>8,122</u>

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

	Company			
	31/12/2015		30/06/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable in one year or less, or on demand	-	-	-	-
(b) Amount repayable after one year	-	-	-	-
Details of any collateral				
Nil				

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

	Company			
	3 months ended 31/12/2015 S\$'000	3 months ended 31/12/2014 S\$'000	6 months ended 31/12/2015 S\$'000	6 months ended 31/12/2014 S\$'000
Cash Flows from Operating Activities				
Loss before income tax	(319)	(200)	(1,103)	(256)
Adjustment for:				
Unrealised exchange gain	-	-	(6)	-
Operating cash flow before working capital changes	(319)	(200)	(1,109)	(256)
Changes in working capital:				
Receivables	19	(1)	(1)	407
Payables	(54)	(140)	99	(123)
Net cash (used in)/generated from operating activities	(354)	(341)	(1,011)	28
Cash Flows from Financing Activities				
Proceeds from share placement	-	6,664	-	6,664
Net cash generated from financing activities	-	6,664	-	6,664
Net (decrease)/increase in cash and cash equivalents	(354)	6,323	(1,011)	6,692
Cash and cash equivalents at the beginning of the period	718	2,814	1,375	2,445
Cash and cash equivalents at the end of the period	364	9,137	364	9,137
Represented by:				
Bank balances	364	9,137		

1 (d)(i) A statement (for the issuer) 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.

Company

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 October 2014	220	2,345	2,565
Total comprehensive loss for the period	-	(200)	(200)
Balance as at 31 December 2014	220	2,145	2,365
Balance as at 1 October 2015	6,884	124	7,008
Total comprehensive loss for the period	-	(319)	(319)
Balance as at 31 December 2015	6,884	(195)	6,689

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 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.

There is no change in the Company's share capital during the financial period from 1 July 2015 to 31 December 2015. There are no outstanding unexercised share options as at 31 December 2015 (31 December 2014: Nil unexercised share options). There are no outstanding convertible securities as at 31 December 2015 and 31 December 2014.

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.

Total number of issued ordinary shares as at 31 December 2015 is 3,157,407,337 (30 June 2015: 3,157,407,337).

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

The Company does not have any treasury shares as at 31 December 2015 and 30 June 2015.

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

The 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 a 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 Company has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 31 December 2015 compared to the audited financial statements for the financial year ended 30 June 2015, except as disclosed in paragraph 5 below.

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 Company has adopted the Singapore Financial Reporting Standards ("SFRS") including improvements to SFRS and Interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2015, where applicable, the application of these standards has no significant impact on the Company.

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

	Company			
	3 months ended	3 months ended	6 months ended	6 months ended
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.01)	(0.008)	(0.03)	(0.009)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.01)	(0.008)	(0.03)	(0.009)

Note:

- (1) Earnings per ordinary share of the Company for the three months and six months period ended 31 December 2015 and 31 December 2014 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares and 2,667,407,337 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Company for the three months and six months period ended 31 December 2015 and 31 December 2014 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares and 2,667,407,337 ordinary shares respectively.

7. Net asset value for the Company per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
- (b) immediately preceding financial year.**

	Company	
	31/12/2015	30/06/2015
Net asset value per ordinary share based on issued share capital as at the end of the period	SGD cent 0.21	SGD cent 0.25

The above net asset value per ordinary share of the Company have been computed based on the total issued share capital as at 31 December 2015 of 3,157,407,337 shares (30 June 2015: 3,157,407,337 shares).

8. A review of the performance of the Company, to the extent necessary for a reasonable understanding of the Company's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the Company 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 Company during the current financial period reported on.**

Statement of Comprehensive Income

The Company had on April 2014 completed the sale of its principal and wholly-owned subsidiary and the membrane business. Following the completion, Memstar Technology Ltd became a cash company under Rule 1018 (Cash Companies) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Administrative expenses increased from S\$0.2 million for the 3 months ended 31 December 2014 to S\$0.3 million for the 3 months ended 31 December 2015 due mainly to professional fees incurred for services rendered in relation to the proposed RTO transaction. Refer to the announcements made by the Company on SGXNET.

Review of the Company's Financial Position as at 31 December 2015 as compared to the Company's Financial Position as at 30 June 2015

Statement of Financial Position

The assets of the Company comprise mainly cash of approximately S\$0.3 million and other receivables of S\$6.8 million of which S\$6.7 million was advanced to Longmen Group Ltd as refundable deposit, pursuant to the agreement of the Proposed RTO transaction. Other payables comprise mainly accruals of statutory costs and professional fees.

Statement of Cash Flows

Net cash used in operating activities for the 3 months ended 31 December 2015 amounted to approximately S\$0.3 million mainly due to the professional fees incurred for the proposed RTO.

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 company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months.

The Company refers to the announcements made on SGXNET in relation to the proposed acquisition of the entire issued share capital of Longmen Group Ltd, by way of a proposed reverse takeover of the Company ("Proposed RTO"). By way of letter dated 30 November 2015, SGX-ST has granted the Company in its capacity as a cash company, a 6-months extension of time from 30 November 2015 to 31 May 2016, to complete the Proposed RTO. In the event the Proposed RTO is unable to be completed within the extended period granted by the SGX-ST, no further extension of time may be granted, in which event the Company may be delisted from the Official List of the SGX-ST Mainboard pursuant to the relevant Rules of the Listing Manual of the SGX-ST.

Announcements on material developments will be made as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended.

13. Interested person transactions

The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There were no interested person transactions entered into by the Company for the financial period ended 31 December 2015.

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Second Quarter Results of the Company for the financial period ended 31 December 2015 to be false or misleading in any material aspect.

On behalf of the Board

Pan Shuhong
Director

Dr Ge Hailin
Director

By Order of The Board

Lee Seng Suan
Company Secretary
12 February 2016