



MEMSTAR TECHNOLOGY LTD.

Full Year Financial Statement and Dividend Announcement for the Year Ended 30 June 2014

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		
	12 months ended 30/6/2014 S\$'000	12 months ended 30/6/2013 S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a
Cost of sales	-	-	n/a
Gross profit	-	-	n/a
Other income	203,518	-	nm
Administrative expenses	(7,087)	(682)	nm
Profit/(loss) before income tax from continuing operations	196,431	(682)	nm
Income tax expense	-	-	n/a
Net profit/(loss) from continuing operations	196,431	(682)	nm
Loss from discontinued operations ⁽¹⁾	(243)	(1,301)	nm
Profit/(loss) for the year	196,188	(1,983)	nm
Statement of Comprehensive Income			
Net profit for the year	196,188	(1,983)	nm
Other comprehensive income	-	-	n/a
Total comprehensive income for the year	196,188	(1,983)	nm
Total comprehensive income			
From continuing operations	196,431	(682)	nm
From discontinued operations	(243)	(1,301)	nm
	196,188	(1,983)	nm

n/a – not applicable

nm – not meaningful

Note

The Company had on 29 July 2013 entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd, through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807. The sale was completed on 11th April 2014. With the completion, Memstar Technology Ltd no longer has any subsidiary and is no longer a holding company as at 30 June 2014. As such, only the financial statements of the Company are presented.

The results of the Company (excluding the results of the disposed subsidiaries) for the current and previous year are as follows:

	12 months ended 30/6/2014 S\$'000	12 months ended 30/6/2013 S\$'000	Increase/ (Decrease) %
Revenue	1,084	2,339	nm
Cost of sales	(799)	(1,809)	nm
Gross profit	285	530	nm
Other income	995	5	nm
Administrative expenses	(1,459)	(1,834)	nm
Finance cost (net)	(3)	(2)	nm
Loss before income tax	(182)	(1,301)	nm
Income tax expense	(61)	-	nm
Loss for the year from discontinued operations	(243)	(1,301)	nm

Note: The results of the Company for the financial year ended 30 June 2014 comprises the revenue and expenses for the 9 month ended 31 March 2014. Following the disposal of the subsidiaries all trades in membrane products ceases, hence, comparison to the results for the previous financial year ended 30 June 2013 is not meaningful.

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

	12 months ended 30/6/2014 S\$'000	12 months ended 30/6/2013 S\$'000	Increase/ (Decrease) %
Profit/(Loss) for the year is arrived at after charging/(crediting) the following: <u>From discontinued operations:</u>			
Cost of inventories sold	799	1,809	nm
Depreciation of property, plant and equipment	35	24	nm
Amortisation of intangible asset	60	80	nm
Gain on disposal of assets	-	2	nm
Gain on disposal of subsidiaries	203,518	-	nm
Loss/(Gain) on foreign exchange	351	(116)	nm
Interest expense (net)	3	2	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 30/6/2014 S\$'000	As at 30/6/2013 S\$'000
Non-Current assets		
Investment in subsidiaries	-	103,577
Intangible assets	-	80
Property, plant and equipment	-	258
	<u>-</u>	<u>103,915</u>
Current assets		
Cash and cash equivalents	2,445	2,658
Trade receivables	-	582
Other receivables	426	7,219
Quoted investments	4	-
Due from related parties	-	62,924
	<u>2,875</u>	<u>73,383</u>
Total assets	<u>2,875</u>	<u>177,298</u>
Equity attributable to owners of the Company		
Share capital	220	166,402
Reserves	2,401	(23,727)
Total equity	<u>2,621</u>	<u>142,675</u>
Non-Current liabilities		
Finance leases	-	220
	<u>-</u>	<u>220</u>
Current liabilities		
Other payables	254	1,099
Finance leases	-	26
Due to related parties	-	33,278
	<u>254</u>	<u>34,403</u>
Total liabilities	<u>254</u>	<u>34,623</u>
Total equity and liabilities	<u>2,875</u>	<u>177,298</u>

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

	Company			
	30/06/2014		30/06/2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable in one year or less, or on demand	-	-	-	26
(b) Amount repayable after one year	-	-	-	220
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	
	12 months ended 30/6/2014 S\$'000	12 months ended 30/6/2013 S\$'000
Cash Flows from Operating Activities		
Profit/ (Loss) before income tax	196,249	(1,983)
Adjustments for:		
Depreciation of plant and equipment	35	24
Amortisation of intangible asset	60	80
Plant and equipment written off	-	2
Interest expense (net)	3	2
Gain on disposal of interest in subsidiary	(203,518)	-
Unrealised exchange loss/(gain)	332	(20)
Operating cash flow before working capital changes	(6,839)	(1,895)
Changes in working capital:		
Inventories	-	193
Receivables	6,676	3,496
Payables	(845)	(1,857)
Cash used in operating activities	(1,008)	(63)
Interest paid (net)	-	(2)
Income tax paid	-	-
Net cash used in operating activities	(1,008)	(65)
Cash Flows from Investing Activities		
Purchase of plant and equipment	-	(17)
Finance lease receivable	-	130
Net cash inflow on disposal of subsidiaries	73,354	-
Amount due from/to subsidiaries	(16,899)	-
Net cash generated from investing activities	56,455	113
Cash Flows from Financing Activities		
Repayment of obligations under finance lease	(20)	(11)
Capital reduction payment	(54,389)	-
Dividends payment	(2,086)	(1,328)
Exercise of share options	835	-
Net cash used in financing activities	(55,660)	(1,339)
Net decrease in cash and cash equivalents	(213)	(1,291)
Cash and cash equivalents at the beginning of the year	2,658	3,949
Cash and cash equivalents at the end of the year	2,445	2,658
Represented by:		
Bank balances	2,445	2,658

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	Share option reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2012	166,402	949	(21,365)	145,986
Total comprehensive loss for the year	-	-	(1,983)	(1,983)
Share option scheme – transfer of lapsed options	-	(162)	162	-
Dividends paid	-	-	(1,328)	(1,328)
Balance as at 30 June 2013	166,402	787	(24,514)	142,675
Balance as at 1 July 2013	166,402	787	(24,514)	142,675
Total comprehensive income/(loss) for the year	-	-	196,188	196,188
Share option scheme – exercised	1,622	(787)	-	835
Dividends paid	-	-	(169,273)	(169,273)
Capital reduction	(167,804)	-	-	(167,804)
Balance as at 30 June 2014	220	-	2,401	2,621

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 an increase of 11,600,000 ordinary shares in the Company's share capital during the financial year from 1 July 2013 to 30 June 2014 through the exercise of all share options (30 June 2013: 14,100,000 unexercised share options). There are no other outstanding convertible securities as at 30 June 2014 and 30 June 2013.

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 30 June 2014 is 2,667,407,337 (30 June 2013: 2,655,807,337).

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 30 June 2014 and 30 June 2013.

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 year ended 30 June 2014 compared to the audited financial statements for the financial year ended 30 June 2013, 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 2013, 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	
	12 months ended 30/06/2014	12 months ended 30/06/2013
From Continuing Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	7.39	(0.03)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	7.39	(0.03)
From Discontinued Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.01)	(0.05)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.01)	(0.05)

Note:

- (1) Earnings per ordinary share of the Company for the twelve months period ended 30 June 2014 and 30 June 2013 have been computed based on the weighted average number of shares of 2,659,784,871 ordinary shares and 2,655,807,337 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Company for the twelve months period ended 30 June 2014 and 30 June 2013 have been computed based on the weighted average number of shares of 2,659,784,871 ordinary shares and 2,656,560,584 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	
	30/06/2014	30/06/2013
Net asset value per ordinary share based on issued share capital as at the end of the period (SGD cents)	0.10	5.37

The above net asset value per ordinary share of the Company have been computed based on the total issued share capital as at 30 June 2014 of 2,667,407,337 shares (30 June 2013: 2,655,807,337 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 29 July 2013 entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807. The sale was completed on 11 April 2014.

The gain on disposal of subsidiary and certain sale assets is S\$203.5 million as reflected under other income. The Company's administrative expenses of S\$7.1 million comprise mainly transaction costs of S\$6.6 million relating to the sale of the subsidiary.

Discontinued Operations

The results of the Company for the current financial year ended 30 June 2014 comprises the revenue and expenses for the nine month ended 31 March 2014. Following the disposal of the subsidiaries, all trades in membrane products ceases, hence, comparison to the results for the previous financial year ended 30 June 2013 is not meaningful.

Review of the Company's Financial Position as at 30 June 2014 as compared to the Company's Financial Position as at 30 June 2013

Statement of Financial Position

With the disposal of the subsidiary and business assets, the assets of the company comprise mainly cash of approximately S\$2.4 million. Other receivable of S\$0.4 million comprise GST receivable which was refunded subsequent to year end. Other payable comprise mainly accruals of statutory costs.

Statement of Cash Flows

Net cash used in operating activities amounted to S\$1.0 million due mainly to profit from operations, decreases in receivables and payables.

Net cash used in financing activities amounted to S\$55.7 million due mainly to capital reduction payout, dividend payment but offset by proceeds from the exercise of share options.

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 is currently dormant and is considering the various options available including new business acquisitions and Shareholders will be informed accordingly.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend : Special
Dividend Type : Cash
Dividend Rate : 0.09 Singapore cents per ordinary share
Tax Rate : Tax exempt (one-tier)

Name of Dividend : Special
Dividend Type : In Specie
Dividend Rate : 46 United Envirotech Ltd ordinary shares per 1000 ordinary share
Tax Rate : Tax exempt (one-tier)

(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

21 April 2014.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, 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 year ended 30 June 2014.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2 & Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the Company) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Primary reporting segment – Business segments

	Discontinued Operations <u>Membrane</u> S\$'000	Continuing Operations <u>Others</u> S\$'000	<u>Total</u> S\$'000
30 June 2014			
<i>Revenue</i>			
Sale of goods	1,084	-	1,084
Total revenue	1,084	-	1,084
<i>Result</i>			
Segment result	(182)	196,431	196,249
Income tax	(61)	-	(61)
(Loss)/Profit for the year	(243)	196,431	196,188
Segment asset	-	2,875	2,875
Segment liabilities	-	254	254
Depreciation of plant and equipment	35	-	35
Amortisation of intangible asset	60	-	60

	Discontinued Operations Membrane S\$'000	Continuing Operations Others S\$'000	Total S\$'000
30 June 2013			
<i>Revenue</i>			
Sale of goods	2,339	-	2,339
Total revenue	<u>2,339</u>	<u>-</u>	<u>2,339</u>
<i>Result</i>			
Segment result	<u>(1,301)</u>	<u>(682)</u>	<u>(1,983)</u>
Income tax			-
Loss for the year			<u>(1,983)</u>
Segment asset	<u>174,577</u>	<u>2,721</u>	<u>177,298</u>
Segment liabilities	<u>34,365</u>	<u>258</u>	<u>34,623</u>
Depreciation of plant and equipment	24	-	24
Amortisation of intangible asset	80	-	80

Secondary reporting segment – Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	12 months ended 30.06.14 S\$'000	12 months ended 30.06.13 S\$'000
<i>Revenue</i>		
South-east Asia	590	613
USA & others	<u>494</u>	<u>1,726</u>
	<u>1,084</u>	<u>2,339</u>
<i>Segment assets</i>		
Singapore	<u>2,875</u>	<u>177,298</u>
	<u>2,875</u>	<u>177,298</u>
<i>Capital expenditure</i>		
Singapore	<u>-</u>	<u>17</u>
	<u>-</u>	<u>17</u>

Information about major customers

Revenue from major customers which accounts for 10% or more of the Company's revenue are as follows:

	12 months ended 30.06.14 S\$'000	12 months ended 30.06.13 S\$'000
<u>Discontinued operation</u>		
Membrane	887	1,559

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

Business segments

Please refer to item 8 for analysis by business segments.

Geographical segments

16. Breakdown of sales.

	Company		
	Year ended 30.06.14 S\$'000	Year ended 30.06.13 S\$'000	Change (%)
Revenue reported for the first half year	390	1,388	(71.9)
Profit after income tax for the first half year	(46)	(1,245)	96.3
Revenue reported for the second half year	694	951	(27.0)
Profit after income tax for the second half year	196,234	(738)	nm

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

	Year ended 30.06.14 S\$'000	Year ended 30.06.13 S\$'000
Total annual dividend		
Ordinary shares		
- Special	169,273	-
- Final	-	1,328

18. 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). If there are no such persons, the issuer must make an appropriate negative statement.

The Board of Directors hereby confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director, Chief Executive Officer or substantial shareholder of the Company.

On behalf of the Board

Pan Shuhong
Director

Dr Ge Hailin
Director

By Order of The Board

Lee Seng Suan
Company Secretary
27 August 2014