



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2017



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 2017

	Group		
	First Quarter		
	2017	2016	<i>Increase/</i>
	31-Mar	31-Mar	<i>(Decrease)</i>
	US\$'000	US\$'000	
Revenue	36,438	33,190	9.8%
Cost of sales	(29,844)	(27,911)	6.9%
Gross profit	6,594	5,279	24.9%
Other operating income	268	276	-2.9%
Sales and marketing expenses	(2,114)	(1,774)	19.2%
General and Administration expenses	(2,667)	(2,959)	-9.9%
Other operating expenses	(10)	(16)	-37.5%
Finance costs	(66)	(19)	247.4%
Exchange (loss)/gain	(64)	189	NM
Profit before tax	1,941	976	98.9%
Income tax expenses, net	(330)	(380)	-13.2%
Profit for the period	1,611	596	170.3%
Attributable to:			
Owners of the Company	1,597	569	180.7%
Non-controlling interests	14	27	-48.1%



Statement of Comprehensive Income

For the period ended 31 March 2017

	Group First Quarter		
	2017 31-Mar	2016 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	
Profit for the period	1,611	596	170.3%
Other comprehensive income (net of tax)			
Items that may be reclassified to profit and loss:			
Currency translation differences	363	597	-39.2%
Total comprehensive income for the period	1,974	1,193	65.5%
Attributable to:			
Owners of the company	1,959	1,165	68.2%
Non-controlling interests	15	28	-46.4%
Total comprehensive income for the period attributable to Owners of the company	1,974	1,193	65.5%

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group First Quarter		
	2017 31-Mar	2016 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	
Continuing Operations			
Depreciation	2,001	1,897	5.5%
Allowance for doubtful receivables, trade	2	91	-97.8%
(Write back of)/allowance for stock obsolescence	(227)	292	NM
Net loss on disposal of property, plant and equipment	8	5	60.0%
Exchange loss/(gain)	64	(189)	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 Mar 2017

	Group		Company	
	2017	2016	2017	2016
	31-Mar	31-Dec	31-Mar	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	39,749	39,836	-	-
Investment in subsidiaries	-	-	75,107	75,107
Intangible assets	543	547	-	-
	<u>40,292</u>	<u>40,383</u>	<u>75,107</u>	<u>75,107</u>
Current Assets:				
Cash and cash equivalents	29,746	27,353	4,386	3,870
Bank deposits pledged	2,609	1,942	-	-
Trade receivables	53,029	62,383	-	-
Bills and other receivables	9,047	7,346	24	23
Amounts due from subsidiaries	-	-	8,747	9,743
Prepayments	4,887	4,394	-	-
Inventories	21,212	19,451	-	-
Non-current assets held for sale	2,494	2,481	-	-
	<u>123,024</u>	<u>125,350</u>	<u>13,157</u>	<u>13,636</u>
Current Liabilities:				
Trade payables and accruals	27,174	35,834	318	371
Bills and other payables	9,345	8,576	8	20
Amounts due to subsidiaries	-	-	5,000	5,000
Provision for taxation	364	732	-	-
Other liabilities	4,875	825	-	-
Loans and borrowings	949	1,169	833	1,111
	<u>42,707</u>	<u>47,136</u>	<u>6,159</u>	<u>6,502</u>
Net Current Assets	80,317	78,214	6,998	7,134
Non-Current Liabilities:				
Loans and borrowings	3,363	3,402	-	-
Other liabilities	757	789	-	-
Deferred taxation	3,682	3,573	-	-
	<u>7,802</u>	<u>7,764</u>	<u>-</u>	<u>-</u>
Net Assets	112,807	110,833	82,105	82,241



Statement of Financial Position (Cont'd)

As at 31 March 2017

	Group		Company	
	2017	2016	2017	2016
	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)
Currency translation reserve	(5,860)	(6,222)	-	-
Statutory reserve fund	10,035	10,035	-	-
Acquisition reserve	(714)	(714)	-	-
Revenue reserves	52,773	51,176	25,738	25,874
	<u>112,601</u>	<u>110,642</u>	<u>82,105</u>	<u>82,241</u>
Non-controlling interests	206	191	-	-
Total Equity	<u>112,807</u>	<u>110,833</u>	<u>82,105</u>	<u>82,241</u>

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

	Group Secured		Group Unsecured	
	2017	2016	2017	2016
	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	-	-	949	1,169
Amount repayable after one year	-	-	3,363	3,402
	<u>-</u>	<u>-</u>	<u>4,312</u>	<u>4,571</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 2017

	Group	
	First Quarter	
	2017	2016
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	1,941	976
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,001	1,897
Amortisation of intangible assets	6	6
Interest expense	66	19
Interest income	(10)	(46)
Allowance for doubtful receivables, trade	2	91
(Write-back of)/allowance for stock obsolescence	(227)	292
Net (gain)/loss on disposal of property, plant and equipment	(8)	5
Unrealised exchange gain, net	(3)	(57)
Total adjustments	1,827	2,207
Operating cash flows before changes in working capital	3,768	3,183
<u>Changes in working capital</u>		
Trade and other receivables	7,157	5,618
Inventories	(1,523)	128
Trade and other payables	(3,667)	(2,157)
Total changes in working capital	1,967	3,589
Cash flows generated from operations	5,735	6,772
Interest received	21	58
Interest paid	(66)	(19)
Income taxes paid	(658)	(227)
Net cash flows generated from operating activities	5,032	6,584
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(1,862)	(3,028)
Proceeds from disposal of fixed assets	8	8
Net cash used in investing activities	(1,854)	(3,020)
Cash flows used in financing activities:		
Repayments of loans and borrowings	(278)	(278)
Bank deposits pledged	(657)	(50)
Net cash used in financing activities	(935)	(328)
Net increase in cash and cash equivalents	2,243	3,236
Effects of exchange rate changes on opening cash and cash equivalent	150	185
Cash and cash equivalents at the beginning of the period	27,353	26,767
Cash and cash equivalents at the end of the period	29,746	30,188



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 2017

	Group		Company	
	2017	2016	2017	2016
	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)	(1,441)	(1,441)	(1,441)
Statutory Reserve Fund				
Balance at 1 January and 31 March	10,035	9,332	-	-
Acquisition reserve				
Balance at 1 January and 31 March	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	(6,222)	(1,829)	-	-
Net effect of exchange translation differences	362	596	-	-
Balance at 31 March	(5,860)	(1,233)	-	-
Revenue Reserves				
Balance at 1 January	51,176	49,082	25,874	31,123
Net profit/(loss) for the period	1,597	569	(136)	(127)
Balance at 31 March	52,773	49,651	25,738	30,996
Non- controlling interests				
Balance at 1 January	191	96	-	-
Net profit for the period	14	27	-	-
Net effect of exchange translation differences	1	1	-	-
Balance at 31 March	206	124	-	-
Total Equity				
Balance at 1 January	110,833	112,334	82,241	87,490
Total for the period	1,974	1,193	(136)	(127)
Balance at 31 March	112,807	113,527	82,105	87,363



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

	2017	2016
	31-Mar	31-Dec
	No. of shares	No. of shares
Ordinary shares	<u>143,999,998</u>	<u>143,999,998</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.

	2017	2016
	31-Mar	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>140,880,878</u>	<u>140,880,878</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.

	2017	2016
	31-Mar	31-Dec
	No. of shares	No. of shares
Balance as at beginning and end of the year	<u>3,119,120</u>	<u>3,119,120</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 2017. 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 2016.

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	
	2017	2016
	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	1.1	0.4
(ii) On a fully diluted basis	1.1	0.4

	Group	
	First Quarter	
	2017	2016
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	140,881	140,881
(ii) On a fully diluted basis	140,881	140,881

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	
	2017	2016	2017	2016
	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	79.9	78.5	58.3	58.4
Number of shares ('000)	140,881	140,881	140,881	140,881



- 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

1Q2017 Vs. 1Q2016 Results

The Group's revenue increased by 9.8% from US\$33.2 million in 1Q2016 to US\$36.4 million in 1Q2017, attributed mainly to increase in sales in our automotive & consumer electronics segments. Our automotive segment sales contribution increased from 48% to 49.6%, and our consumer electronics segment sales contribution increased from 28.6% to 32.2%.

The Group's 1Q2017 gross profit increased by 24.9% from US\$5.3 million in 1Q2016 to US\$6.6 million in 1Q2017 due to the increase in revenue. Gross profit margin increased from 15.9% in 1Q2016 to 18.1% in 1Q2017.

Sales and marketing expenses increased by 19.2% to US\$2.1 million in 1Q2017 due to an increase in goods transportation costs and salaries of our sales & marketing staff.

General and Administration expenses decreased by 9.9% to US\$2.7 million in 1Q2017 as compared to US\$3.0 million in 1Q2016 due mainly to lower staff cost and the reduction in doubtful debt provision.

Net profit attributable to shareholders for 1Q2017 increased by 180.7% to US\$1.6 million compared to US\$0.6 million in the previous corresponding period.

Financial Position and Cash Flows

Net cash generated from operating activities in 1Q2017 was US\$5.0 million compared to US\$6.6 million in 1Q2016, mainly attributable to fluctuations in working capital.

Net cash used in investing activities also decreased from US\$3.0 million in 1Q2016 to US\$1.9 million 1Q2017 due to reduction in capital expenditure.



As 4Q2016 saw a peak in sales, the sales in 1Q2017 was comparatively lower which led a decrease in Accounts Payable and Accounts Receivable. The substantial increase in other liabilities is due to the Group receiving an advance payment of US\$4.16 million for the sale of the group's property in Huzhou.

Overall, the Group's financial position remains healthy as at 31 March 2017. The Group's current ratio was 2.9 times with cash and cash equivalent amounting to US\$29.7 million or approximately 20.5 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 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.

In these uncertain and challenging market conditions, the Group will continue its focus on productivity improvement and the enhancement of its capabilities to accelerate product development. The Group will also continue to deepen its relationship with existing customers and acquire new customers in different industries for growth and as a risk diversification strategy. Barring any unforeseen circumstances, the Group remains cautiously optimistic of its performance for the financial year ending 31 December 2017.

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.

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

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

Chuang Wen Fu and Gu Chenghua 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 1Q2017 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

27 April 2017