



MEMTECH INTERNATIONAL LTD

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

Third Quarter Financial Statements Announcement For the period ended 30 September 2014



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 2014

	Group Third Quarter			Group Year to Date		
	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Continuing operations						
Revenue	36,146	33,559	7.7%	99,664	82,588	20.7%
Cost of sales	(30,535)	(27,179)	12.3%	(82,965)	(71,778)	15.6%
Gross profit	5,611	6,380	-12.1%	16,699	10,810	54.5%
Other operating income	264	803	-67.1%	798	1,498	-46.7%
Sales and marketing expenses	(1,830)	(2,029)	-9.8%	(5,122)	(5,598)	-8.5%
General and Administration expenses	(2,703)	(2,430)	11.2%	(8,031)	(6,894)	16.5%
Other operating expenses	(208)	(341)	-39.0%	(400)	(433)	-7.6%
Finance costs	(32)	(40)	-20.0%	(100)	(157)	-36.3%
Exchange gain/(loss)	64	(63)	NM	471	(2,353)	NM
Net gain from liquidation of subsidiary	10,892	-	NM	10,892	-	NM
Share of result of associates	21	14	50.0%	5	11	-54.5%
Profit/(loss) before tax from continuing operations	12,079	2,294	NM	15,212	(3,116)	NM
Income tax expenses, net	292	(180)	NM	(87)	(519)	-83.2%
Profit/(loss) from continuing operations	12,371	2,114	NM	15,125	(3,635)	NM
Discontinued operation						
Profit/(loss) from discontinued operation	6	(167)	NM	(7)	(1,593)	NM
Profit/(loss) for the period	12,377	1,947	NM	15,118	(5,228)	NM
Attributable to:						
Owners of the Company						
Profit/(loss) from continuing operations	12,402	2,114	NM	15,217	(3,635)	NM
Profit/(loss) from discontinued operation	6	(167)	NM	(7)	(1,593)	NM
Profit/(loss) for the period attributable to owners of the Company	12,408	1,947	NM	15,210	(5,228)	NM
Non- controlling interests						
Loss for the period attributable to non- controlling interests	(31)	-	NM	(92)	-	NM



Statement of Comprehensive Income

For the period ended 30 September 2014

	Group Third Quarter			Group Year to Date		
	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Profit/(loss) for the period/year	12,377	1,947	NM	15,118	(5,228)	NM
Other comprehensive income (net of tax)						
Items that may be reclassified to profit and loss:						
Currency translation differences	64	389	-83.5%	(1,089)	3,629	NM
Total comprehensive income/(loss) for the period	12,441	2,336	NM	14,029	(1,599)	NM
Attributable to:						
Owners of the company						
Total comprehensive income from continuing operations, net of tax	12,467	2,604	NM	13,953	445	NM
Total comprehensive income/(loss) from discontinued operation, net of tax	5	(268)	NM	168	(2,044)	NM
Minority interests	(31)	-	NM	(92)	-	NM
Total comprehensive income/(loss) for the period attributable to Owners of the company	12,441	2,336	NM	14,029	(1,599)	NM

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		
	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)	2014 30-Sep	2013 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Continuing Operations						
Depreciation	2,015	2,466	-18.3%	6,398	7,574	-15.5%
Allowance for/(write back of) doubtful receivables, trade	20	(128)	NM	109	(395)	NM
Allowance for/(write back of) stock obsolescence	21	(58)	NM	99	104	-4.8%
Net (gain)/loss on disposal of property, plant and equipment	(8)	(70)	-88.6%	84	(5)	NM
Exchange (gain)/loss	(64)	63	NM	(471)	2,353	NM
Net gain from liquidation of subsidiary	10,892	-	NM	10,892	-	NM
Discontinued Operation						
Depreciation	-	-	NM	-	7	NM
Allowance for doubtful receivables, trade	-	137	NM	-	133	NM
Write back of stock obsolescence	-	(2)	NM	-	(613)	NM
Net (gain)/loss on disposal of property, plant and equipment	-	(58)	NM	-	468	NM
Exchange (gain)/loss	-	(17)	NM	58	(64)	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 30 September 2014

	Group		Company	
	2014 30-Sep US\$'000	2013 31-Dec US\$'000	2014 30-Sep US\$'000	2013 31-Dec US\$'000
Non-Current Assets:				
Property, plant and equipment	43,182	43,545	-	-
Investment in subsidiaries	-	-	79,921	80,048
Investment in associates	724	718	859	859
Intangible assets	880	816	-	-
	<u>44,786</u>	<u>45,079</u>	<u>80,780</u>	<u>80,907</u>
Current Assets:				
Cash and cash equivalents	33,744	37,094	2,840	1,853
Bank deposits pledged	2,747	2,253	-	-
Trade receivables	47,657	44,692	-	-
Bills and other receivables	5,592	6,709	3	14
Amounts due from subsidiaries	-	-	13,442	10,175
Prepayments	2,466	1,794	-	-
Inventories	12,667	9,630	-	-
	<u>104,873</u>	<u>102,172</u>	<u>16,285</u>	<u>12,042</u>
Current Liabilities:				
Trade payables and accruals	26,847	23,803	270	348
Bills and other payables	5,925	4,850	3	6
Amounts due to subsidiaries	-	-	580	42,052
Other liabilities	480	783	-	-
Loans and borrowings	1,111	1,111	1,111	1,111
Provision for taxation	29	209	-	-
	<u>34,392</u>	<u>30,756</u>	<u>1,964</u>	<u>43,517</u>
Net Current Assets / (Liabilities)	70,481	71,416	14,321	(31,475)
Non-Current Liabilities:				
Loans and borrowings	2,500	3,333	2,500	3,333
Deferred taxation	3,143	3,379	-	-
	<u>5,643</u>	<u>6,712</u>	<u>2,500</u>	<u>3,333</u>
Net Assets	109,624	109,783	92,601	46,099



Statement of Financial Position (Cont'd)

As at 30 September 2014

	Group		Company	
	2014 30-Sep	2013 31-Dec	2014 30-Sep	2013 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Owners of the Company				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(1,222)	(1,222)	(1,222)	(1,222)
Statutory reserve fund	8,776	8,547	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	2,262	28,757	-	14,000
Revenue reserves	57,513	31,444	50,852	(9,650)
	<u>109,586</u>	<u>109,783</u>	<u>92,601</u>	<u>46,099</u>
Non- controlling interests	38	-	-	-
Total Equity	<u>109,624</u>	<u>109,783</u>	<u>92,601</u>	<u>46,099</u>

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

	Group Secured		Group Unsecured	
	2014 30-Sep	2013 31-Dec	2014 30-Sep	2013 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	-	-	2,500	3,333
	<u>-</u>	<u>-</u>	<u>3,611</u>	<u>4,444</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 2014

	Group		Group	
	Third Quarter	2013	Year to Date	2013
	2014	2013	2013	2013
	30-Sep	30-Sep	30-Sep	30-Sep
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit/(loss) before tax from continuing operations	12,079	2,294	15,212	(3,116)
Profit/(loss) before tax from discontinued operation	6	(167)	(7)	(1,593)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	2,015	2,466	6,398	7,581
Interest expense	32	40	100	157
Interest income	(179)	(123)	(433)	(290)
Allowance for/(write back of) doubtful receivables, trade	20	9	109	(262)
Allowance for/(write back of) stock obsolescence	21	(60)	99	(509)
Net (gain)/loss on disposal of property, plant and equipment	(8)	(128)	84	463
Net gain from liquidation of subsidiary	(10,892)	-	(10,892)	-
Share of results of associates	(21)	(14)	(5)	(11)
Total adjustments	(9,012)	2,190	(4,540)	7,129
Operating cashflow before changes in working capital	3,073	4,317	10,665	2,420
<u>Changes in working capital</u>				
Trade and other receivables	(2,337)	(5,689)	(3,128)	1,946
Inventories	(410)	90	(3,244)	550
Trade and other payables	2,915	4,507	4,141	3,780
Cash generated from operations	3,241	3,225	8,434	8,696
Income tax paid	(188)	(158)	(1,000)	(731)
Net cash generated from operating activities	3,053	3,067	7,434	7,965
Cash flows from investing activities:				
Purchases of property, plant and equipment	(2,293)	(2,240)	(6,142)	(6,025)
Proceeds from disposal of fixed assets	30	140	100	327
Interest income received	179	123	433	290
Net cash used in investing activities	(2,084)	(1,977)	(5,609)	(5,408)
Cash flows from financing activities:				
Proceeds from loans and borrowings	-	-	-	2,000
Interest paid	(32)	(42)	(114)	(146)
Dividends Paid	-	-	(3,426)	(1,731)
Repayments of loans and borrowings	(278)	(278)	(834)	(2,278)
Bank deposits pledged	(1,756)	5	(515)	(223)
Purchase of treasury shares	-	-	-	(103)
Proceeds from issuance of shares by subsidiary company to minority shareholders	-	-	49	-
Net cash used in financing activities	(2,066)	(315)	(4,840)	(2,481)
Net (decrease)/increase in cash and cash equivalents	(1,097)	775	(3,015)	76
Effects of exchange rate changes on opening cash and cash equivalents	2	178	(335)	781
Cash and cash equivalents at the beginning of the period	34,839	34,816	37,094	34,912
Cash and cash equivalents at the end of the period	33,744	35,769	33,744	35,769



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 2014

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March, 30 June and 30 September	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January and 31 March	(1,222)	(1,054)	(1,222)	(1,054)
Purchase of treasury Shares	-	(103)	-	(103)
Balance at 30 June and 30 September	(1,222)	(1,157)	(1,222)	(1,157)
Statutory Reserve Fund				
Balance at 1 January and 31 March	8,547	8,418	-	-
Transfer from revenue reserve	229	-	-	-
Balance at 30 June and 30 September	8,776	8,418	-	-
Acquisition reserve				
Balance at 1 January, 31 March, 30 June and 30 September	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	28,757	23,743	14,000	15,491
Reclassification	(14,000)	-	(14,000)	-
Net effect of exchange translation differences	(1,053)	864	-	(754)
Balance at 31 March	13,704	24,607	-	14,737
Reclassification	(514)	-	-	-
Net effect of exchange translation differences	(100)	2,376	-	(771)
Effect of exchange translation differences on dividend payment	-	(11)	-	(11)
Balance at 30 June	13,090	26,972	-	13,955
Net effect of exchange translation differences	64	389	-	439
Reclassify to income statement	(10,892)	389	-	-
Balance at 30 September	2,262	27,750	-	14,394
Sub-total carried forward				
Balance at 1 January	78,339	73,364	55,749	57,408
Total for the period	(14,824)	864	(14,000)	(754)
Balance at 31 March	63,515	74,228	41,749	56,654
Total for the period	(614)	2,262	-	(885)
Balance at 30 June	62,901	76,490	41,749	55,769
Total for the period	(10,828)	778	-	439
Balance at 30 September	52,073	77,268	41,749	56,208



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 2014 (Cont'd)

	Group		Company	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
Sub-total carried forward				
Balance at 1 January	78,339	73,364	55,749	57,408
Total for the period	(14,824)	864	(14,000)	(754)
Balance at 31 March	63,515	74,228	41,749	56,654
Total for the period	(614)	2,262	-	(885)
Balance at 30 June	62,901	76,490	41,749	55,769
Total for the period	(10,828)	778	-	439
Balance at 30 September	52,073	77,268	41,749	56,208
Revenue Reserves				
Balance at 1 January	31,444	37,097	(9,650)	(12,318)
Reclassification	14,000	-	14,000	-
Net profit/(loss) for the period	1,084	(4,596)	(369)	5,007
Balance at 31 March	46,528	32,501	3,981	(7,311)
Reclassification	514	-	-	-
Net profit/(loss) for the period	1,718	(2,579)	7,762	(740)
Transfer to statutory reserve	(229)	-	-	-
Dividend paid	(3,426)	(1,720)	(3,426)	(1,720)
Balance at 30 June	45,105	28,202	8,317	(9,771)
Net profit for the period	12,408	1,947	42,535	10
Balance at 30 September	57,513	30,149	50,852	(9,761)
Non- controlling interests				
Balance at 1 January and 31 March	-	-	-	-
Issuance of shares	130	-	-	-
Net loss for the period	(61)	-	-	-
Balance at 30 June	69	-	-	-
Net loss for the period	(31)	-	-	-
Balance at 30 September	38	-	-	-
Total Equity				
Balance at 1 January	109,783	110,461	46,099	45,090
Total for the period	260	(3,732)	(369)	4,253
Balance at 31 March	110,043	106,729	45,730	49,343
Total for the period	(1,968)	(2,037)	4,336	(3,345)
Balance at 30 June	108,075	104,692	50,066	45,998
Total for the period	1,549	2,725	42,535	449
Balance at 30 September	109,624	107,417	92,601	46,447



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

	2014	2013
	30-Sep	31-Dec
	No. of shares	No. of shares
Ordinary shares	<u>720,000,000</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.

	2014	2013
	30-Sep	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>705,920,000</u>	<u>705,920,000</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.

	2014	2013
	30-Sep	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the period	14,080,000	11,080,000
Open market purchase	-	3,000,000
Balance as at end of the period	<u>14,080,000</u>	<u>14,080,000</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 2014. Except for the adoption of these new/revised FRSs and the change of functional currency of the Company from S\$ to US\$ from 1st January 2014, 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 2013.

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		
	2014 30-Sep	2013 30-Sep	2014 30-Sep	2013 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	*	1.8	0.3	2.1	(0.7)
(ii) On a fully diluted basis	*	1.8	0.3	2.1	(0.7)
Continuing operations					
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	*	1.8	0.3	2.1	(0.5)
(ii) On a fully diluted basis	*	1.8	0.3	2.1	(0.5)

* Earning per ordinary share included an exchange gain of US10.9 million due to reclassification from foreign currency translation reserve to income statement upon the liquidation of a Hong Kong subsidiary. The reclassification has no effect on net asset value of the company. Excluding the reclassification effect, the adjusted earning per share is as follows.

Adjusted earning per share

Continuing operations

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	0.2	0.3	0.6	(0.5)
(ii) On a fully diluted basis	0.2	0.3	0.6	(0.5)

	Group Third Quarter		Group Year to Date	
	2014 30-Sep	2013 30-Sep	2014 30-Sep	2013 30-Sep
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	705,920	706,920	705,920	708,206
(ii) On a fully diluted basis	705,920	706,920	705,920	708,206



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	
	2014 30-Sep	2013 31-Dec	2014 30-Sep	2013 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	15.5	15.6	13.1	6.5
Number of shares ('000)	705,920	705,920	705,920	705,920

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

Q32014 Vs. Q32013 Results

Group revenue increased 7.7% from US\$33.6 million in Q3 2013 to US\$36.1 million in Q3 2014 due mainly to better sales by our consumer electronics and automotive segments. Gross margin decreased to 15.5% from 19% in Q3 2013. Higher materials cost and different product mix in Q3 2014 resulted in lower gross margin.

In 2014, packaging cost has been reclassified to Cost of Sales from Sales and Marketing expenses to better reflect the cost structure. Due to the reclassification, Sales and Marketing expenses in Q3 2014 were lower than Q3 2013 notwithstanding the increase in revenue.

General and Administration expenses were higher in Q3 2014 compared to Q3 2013 due to increase in staff cost and write back of doubtful debt provision in Q3 2013.

Net gain of US\$10.9 million from liquidation of subsidiary arose from reclassification of the exchange gain in the currency translation reserve to the income statement in accordance with FRS21.



Discontinued operation refers to the Group touch screen segments which had ceased operation since last year.

The Group Q3 profit was US\$12.4 million compared to USD1.9 million over the previous corresponding period.

Financial Position and Cash Flows

As of 30 Sept 2014 the balance of trade receivables, inventory, trade and other payables were higher in line with higher sales.

As of 30 Sept 2014, cash and cash equivalent amounted to USD33.7 million or approximately 4.8 US cents per share. With a current ratio of 3 times, the Group's financial position remains healthy

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

Barring from unforeseen circumstances, we expect the Group's performance in Q4 2014 to be comparable to that of Q3 2014.

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 3Q14 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

11 November 2014