



MEMTECH INTERNATIONAL LTD

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

Second Quarter Financial Statements Announcement For the period ended 30 June 2015



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 June 2015

	Group Second Quarter			Group Year to Date		
	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Continuing operations						
Revenue	33,361	34,256	-2.6%	66,925	63,518	5.4%
Cost of sales	(27,460)	(28,292)	-2.9%	(55,083)	(52,430)	5.1%
Gross profit	5,901	5,964	-1.1%	11,842	11,088	6.8%
Other operating income	216	357	-39.5%	418	534	-21.7%
Sales and marketing expenses	(1,649)	(1,801)	-8.4%	(3,527)	(3,292)	7.1%
General and Administration expenses	(3,174)	(2,575)	23.3%	(6,152)	(5,328)	15.5%
Other operating expenses	(8)	(78)	-89.7%	(39)	(192)	-79.7%
Finance costs	(24)	(31)	-22.6%	(51)	(68)	-25.0%
Exchange gain	191	76	NM	408	407	0.2%
Share of result of associates	(7)	19	NM	(24)	(16)	50.0%
Profit before tax from continuing operations	1,446	1,931	-25.1%	2,875	3,133	-8.2%
Income tax expenses, net	34	(241)	NM	(208)	(379)	-45.1%
Profit from continuing operations	1,480	1,690	-12.4%	2,667	2,754	-3.2%
Discontinued operation						
Loss from discontinued operation	-	(33)	NM	-	(13)	NM
Profit for the period	1,480	1,657	-10.7%	2,667	2,741	-2.7%
Attributable to:						
Owners of the Company						
Profit from continuing operations	1,499	1,751	-14.4%	2,706	2,815	-3.9%
Loss from discontinued operation	-	(33)	NM	-	(13)	NM
Profit for the period attributable to owners of the Company	1,499	1,718	-12.7%	2,706	2,802	-3.4%
Non- controlling interests						
Loss for the period attributable to non- controlling interests	(19)	(61)	-68.9%	(39)	(61)	-36.1%



Statement of Comprehensive Income

For the period ended 30 June 2015

	Group Second Quarter			Group Year to Date		
	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Profit for the period	1,480	1,657	-10.7%	2,667	2,741	-2.7%
Other comprehensive income (net of tax)						
Items that may be reclassified to profit and loss:						
Currency translation differences	346	(100)	NM	65	(1,153)	NM
Total comprehensive income for the period	1,826	1,557	17.3%	2,732	1,588	72.0%
Attributable to:						
Owners of the company						
Total comprehensive income from continuing operations, net of tax	1,844	1,649	11.8%	2,770	1,486	86.4%
Total comprehensive (loss)/income from discontinued operation, net of tax	-	(31)	NM	-	163	NM
Minority interests	(18)	(61)	-70.5%	(38)	(61)	-37.7%
Total comprehensive income for the period attributable to Owners of the company	1,826	1,557	17.3%	2,732	1,588	72.0%

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group Second Quarter			Group Year to Date		
	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)	2015 30-Jun	2014 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000		US\$'000	US\$'000	
Continuing Operations						
Depreciation	1,942	2,069	-6.1%	3,906	4,383	-10.9%
Allowance for doubtful receivables, trade	196	10	NM	255	89	NM
Allowance for stock obsolescence	89	17	NM	210	78	NM
Net loss/(gain) on disposal of property, plant and equipment	5	35	-85.7%	(22)	92	NM
Exchange gain	(191)	(76)	NM	(408)	(407)	0.2%
Discontinued Operation						
Exchange loss	-	22	NM	-	58	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 June 2015

	Group		Company	
	2015 30-Jun	2014 31-Dec	2015 30-Jun	2014 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	44,776	44,720	-	-
Investment in subsidiaries	-	-	78,707	78,707
Investment in associates	689	713	859	859
Intangible assets	867	880	-	-
	<u>46,332</u>	<u>46,313</u>	<u>79,566</u>	<u>79,566</u>
Current Assets:				
Cash and cash equivalents	27,084	32,433	371	2,498
Bank deposits pledged	2,334	1,395	-	-
Trade receivables	47,367	51,589	-	-
Bills and other receivables	7,333	5,746	3	3
Amounts due from subsidiaries	-	-	11,832	13,459
Prepayments	2,611	2,022	-	-
Inventories	15,131	13,402	-	-
	<u>101,860</u>	<u>106,587</u>	<u>12,206</u>	<u>15,960</u>
Current Liabilities:				
Trade payables and accruals	23,898	27,859	190	405
Bills and other payables	5,247	4,750	3	4
Amounts due to subsidiaries	-	-	-	580
Other liabilities	806	889	-	-
Loans and borrowings	1,111	1,111	1,111	1,111
Provision for taxation	182	369	-	-
	<u>31,244</u>	<u>34,978</u>	<u>1,304</u>	<u>2,100</u>
Net Current Assets	70,616	71,609	10,902	13,860
Non-Current Liabilities:				
Loans and borrowings	1,666	2,222	1,666	2,222
Deferred taxation	3,627	3,574	-	-
	<u>5,293</u>	<u>5,796</u>	<u>1,666</u>	<u>2,222</u>
Net Assets	111,655	112,126	88,802	91,204



Statement of Financial Position (Cont'd)

As at 30 June 2015

	Group		Company	
	2015 30-Jun	2014 31-Dec	2015 30-Jun	2014 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	(1,311)	(1,311)	(1,311)	(1,311)
Statutory reserve fund	9,065	9,065	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	2,886	2,822	-	-
Revenue reserves	43,933	44,446	32,305	34,707
	<u>111,667</u>	<u>112,116</u>	<u>88,802</u>	<u>91,204</u>
Non- controlling interests	<u>(12)</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>111,655</u></u>	<u><u>112,126</u></u>	<u><u>88,802</u></u>	<u><u>91,204</u></u>

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

	Group Secured		Group Unsecured	
	2015 30-Jun	2014 31-Dec	2015 30-Jun	2014 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	-	-	1,666	2,222
	<u>-</u>	<u>-</u>	<u>2,777</u>	<u>3,333</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 June 2015

	Group		Group	
	Second Quarter		Year to Date	
	2015	2014	2015	2014
	30-Jun	30-Jun	30-Jun	30-Jun
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax from continuing operations	1,446	1,931	2,875	3,133
Loss before tax from discontinued operation	-	(33)	-	(13)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	1,942	2,069	3,906	4,383
Interest expense	24	31	51	68
Interest income	(109)	(141)	(198)	(254)
Allowance for doubtful receivables, trade	196	10	255	89
Allowance for stock obsolescence	89	17	210	78
Net (gain)/loss on disposal of property, plant and equipment	5	35	(22)	92
Share of results of associates	7	(19)	24	16
Total adjustments	2,154	2,002	4,226	4,472
Operating cashflow before changes in working capital	3,600	3,900	7,101	7,592
<u>Changes in working capital</u>				
Trade and other receivables	(1,504)	(5,961)	1,789	(791)
Inventories	(1,761)	(1,041)	(1,931)	(2,834)
Trade and other payables	(1,004)	(1,291)	(2,908)	1,226
Cash (used in)/generated from operations	(669)	(4,393)	4,051	5,193
Interest received	192	141	248	254
Interest paid	(24)	(54)	(69)	(82)
Income taxes paid	(143)	(491)	(394)	(812)
Net cash (used in)/generated from operating activities	(644)	(4,797)	3,836	4,553
Cash flows from investing activities:				
Purchases of property, plant and equipment	(2,486)	(1,892)	(4,633)	(3,849)
Proceeds from disposal of fixed assets	1	41	115	70
Net cash used in investing activities	(2,485)	(1,851)	(4,518)	(3,779)
Cash flows from financing activities:				
Dividends Paid	(3,219)	(3,426)	(3,219)	(3,426)
Repayments of loans and borrowings	(278)	(278)	(556)	(556)
Bank deposits pledged	(542)	400	(937)	1,241
Proceeds from issuance of shares by subsidiary company to minority shareholders	16	49	16	49
Net cash used in financing activities	(4,023)	(3,255)	(4,696)	(2,692)
Net decrease in cash and cash equivalents	(7,152)	(9,903)	(5,378)	(1,918)
Effects of exchange rate changes on opening cash and cash equivalents	151	(4)	29	(337)
Cash and cash equivalents at the beginning of the period	34,085	44,746	32,433	37,094
Cash and cash equivalents at the end of the period	27,084	34,839	27,084	34,839



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 June 2015

	Group		Company	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January	57,808	42,971	57,808	42,971
Reclassification*	-	14,837	-	14,837
Balance at 31 March and 30 June	<u>57,808</u>	<u>57,808</u>	<u>57,808</u>	<u>57,808</u>
Treasury Shares				
Balance at 1 January	(1,311)	(1,222)	(1,311)	(1,222)
Reclassification*	-	(89)	-	(89)
Balance at 31 March and 30 June	<u>(1,311)</u>	<u>(1,311)</u>	<u>(1,311)</u>	<u>(1,311)</u>
Statutory Reserve Fund				
Balance at 1 January and 31 March	9,065	8,547	-	-
Transfer from revenue reserve	-	229	-	-
Balance at 30 June	<u>9,065</u>	<u>8,776</u>	<u>-</u>	<u>-</u>
Acquisition reserve				
Balance at 1 January, 31 March and 30 June	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	2,822	28,757	-	14,000
Reclassification*	-	(14,000)	-	(14,000)
Net effect of exchange translation differences	<u>(281)</u>	<u>(1,053)</u>	<u>-</u>	<u>-</u>
Balance at 31 March	2,541	13,704	-	-
Reclassification	-	(514)	-	-
Net effect of exchange translation differences	<u>345</u>	<u>(100)</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>2,886</u>	<u>13,090</u>	<u>-</u>	<u>-</u>
Revenue Reserves				
Balance at 1 January	44,446	31,444	34,707	(9,650)
Reclassification	-	(748)	-	(748)
Net profit/(loss) for the period	<u>1,207</u>	<u>1,084</u>	<u>(192)</u>	<u>(369)</u>
Balance at 31 March	45,653	31,780	34,515	(10,767)
Reclassification	-	514	-	-
Net profit for the period	1,499	1,718	1,009	7,762
Transfer to statutory reserve	-	(229)	-	-
Dividend paid	<u>(3,219)</u>	<u>(3,426)</u>	<u>(3,219)</u>	<u>(3,426)</u>
Balance at 30 June	<u>43,933</u>	<u>30,357</u>	<u>32,305</u>	<u>(6,431)</u>
Non- controlling interests				
Balance at 1 January	10	-	-	-
Net loss for the period	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March	(10)	-	-	-
Issuance of shares	16	130	-	-
Net loss for the period	(19)	(61)	-	-
Net effect of exchange translation differences	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June	<u>(12)</u>	<u>69</u>	<u>-</u>	<u>-</u>
Total Equity				
Balance at 1 January	112,126	109,783	91,204	46,099
Total for the period	<u>906</u>	<u>260</u>	<u>(192)</u>	<u>(369)</u>
Balance at 31 March	113,032	110,043	91,012	45,730
Total for the period	<u>(1,377)</u>	<u>(1,968)</u>	<u>(2,210)</u>	<u>4,336</u>
Balance at 30 June	<u>111,655</u>	<u>108,075</u>	<u>88,802</u>	<u>50,066</u>

*Due to change in functional currency as at 1 January 2014



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

	2015	2014
	30-Jun	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.

	2015	2014
	30-Jun	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.

	2015	2014
	30-Jun	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the year	14,080,000	14,080,000
Open market purchase	-	-
Balance as at end of the year	<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 2015. 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 2014.

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 Second Quarter		Group Year to Date	
	2015 30-Jun	2014 30-Jun	2015 30-Jun	2014 30-Jun
	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	0.2	0.2	0.4	0.4
(ii) On a fully diluted basis	0.2	0.2	0.4	0.4
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	0.2	0.4	0.4
(ii) On a fully diluted basis	0.2	0.2	0.4	0.4
	Group Second Quarter		Group Year to Date	
	2015 30-Jun	2014 30-Jun	2015 30-Jun	2014 30-Jun
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	705,920	705,920	705,920	705,920
(ii) On a fully diluted basis	705,920	705,920	705,920	705,920

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	
	2015 30-Jun	2014 31-Dec	2015 30-Jun	2014 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	15.8	15.9	12.6	12.9
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

Q22015 Vs. Q22014 Results

The Group's revenue decreased 2.6% from US\$34.3 million in Q2 2014 to US\$33.4 million in Q2 2015 due to request for postponement shipment by consumer electronic customers. Despite lower sales, gross profit margin improved 0.3 percentage points to 17.7% due to product mix.

Lower Sales and Marketing expenses as compared to the corresponding period were mainly due to the decrease in staff costs and sales commission.

Higher General and Administration expenses compared to the corresponding period was mainly due to the increase in staff costs and higher debt provision in account receivables.

The Group net profit attributable to owners of the Company was US\$1.5 million, a decrease of 12.7% year on year.

Financial Position and Cash Flows

The Group 2015Q2 net cash used in operating activities was US\$0.6 million. The Group spent US\$2.4 million on purchase of property, plant and equipment, and paid dividends of US\$3.2 million.

With current ratio of 3.2 times, the Group's financial position remains healthy. As at 30 June 2015, cash and cash equivalent amounted to US\$27.1 million or approximately 3.8 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 2014.



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 continued weakness in the Chinese economy has affected Chinese consumer sentiment and the Group expects market conditions to be challenging. The Group's efforts in the past few years in diversifying its product range and inroads into new markets will put it in a good position to meet these challenges.

In a continuing effort to upgrade its production facilities, the Group will increase the painting lines inclusive of water-based paint line for its Automotive Control Panel business in its Nantong Factory. The Group has also recently introduced the use of automated robotic arms at its factories to do precision pick and place of hybrid parts. This will help to substantially increase productivity and reduce costs.

The Group remains cautiously optimistic of its performance in 2H2015.

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 2Q2015 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 August 2015