



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 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 31 March 2015

	Group		
	First Quarter		
	2015	2014	<i>Increase/</i>
	31-Mar	31-Mar	<i>(Decrease)</i>
	US\$'000	US\$'000	
Continuing operations			
Revenue	33,564	29,262	14.7%
Cost of sales	(27,623)	(24,138)	14.4%
Gross profit	5,941	5,124	15.9%
Other operating income	202	177	14.1%
Sales and marketing expenses	(1,878)	(1,491)	26.0%
General and Administration expenses	(2,978)	(2,595)	14.8%
Other operating expenses	(31)	(272)	-88.6%
Finance costs	(27)	(37)	-27.0%
Exchange gain	217	331	-34.4%
Share of result of associates	(17)	(35)	-51.4%
Profit before tax from continuing operations	1,429	1,202	18.9%
Income tax expenses, net	(242)	(138)	75.4%
Profit from continuing operations	1,187	1,064	11.6%
Discontinued operation			
Profit from discontinued operation	-	20	NM
Profit for the period	1,187	1,084	9.5%
Attributable to:			
Owners of the Company			
Profit from continuing operations	1,207	1,064	13.4%
Profit from discontinued operation	-	20	NM
Profit for the period attributable to owners of the Company	1,207	1,084	11.3%
Non- controlling interests			
Loss for the period attributable to non- controlling interests	(20)	-	NM



Statement of Comprehensive Income

For the period/year ended 31 March 2015

	Group		
	First Quarter		
	2015	2014	Increase/
	31-Mar	31-Mar	(Decrease)
	US\$'000	US\$'000	
Profit for the period/year	1,187	1,084	9.5%
Other comprehensive income (net of tax)			
Items that may be reclassified to profit and loss:			
Currency translation differences	(281)	(1,053)	-73.3%
Total comprehensive income for the period	906	31	NM
Attributable to:			
Owners of the company			
Total comprehensive income from continuing operations, net of tax	926	11	NM
Total comprehensive income from discontinued operation, net of tax	-	20	NM
Minority interests	(20)	-	NM
Total comprehensive income for the period attributable to Owners of the company	906	31	NM

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group		
	First Quarter		
	2015	2014	Increase/
	31-Mar	31-Mar	(Decrease)
	US\$'000	US\$'000	
Continuing Operations			
Depreciation	1,964	2,273	-13.6%
Allowance for doubtful receivables, trade	59	79	-25.3%
Allowance for stock obsolescence	121	61	98.4%
Net (gain)/loss on disposal of property, plant and equipment	(27)	215	NM
Exchange gain	(217)	(331)	-34.4%
Discontinued Operation			
Exchange loss	-	36	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 March 2015

	Group		Company	
	2015 31-Mar	2014 31-Dec	2015 31-Mar	2014 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	44,228	44,720	-	-
Investment in subsidiaries	-	-	78,707	78,707
Investment in associates	697	713	859	859
Intangible assets	870	880	-	-
	<u>45,795</u>	<u>46,313</u>	<u>79,566</u>	<u>79,566</u>
Current Assets:				
Cash and cash equivalents	34,085	32,433	159	2,498
Bank deposits pledged	1,784	1,395	-	-
Trade receivables	47,908	51,589	-	-
Bills and other receivables	5,693	5,746	4	3
Amounts due from subsidiaries	-	-	14,647	13,459
Prepayments	2,307	2,022	-	-
Inventories	13,404	13,402	-	-
	<u>105,181</u>	<u>106,587</u>	<u>14,810</u>	<u>15,960</u>
Current Liabilities:				
Trade payables and accruals	24,663	27,859	305	405
Bills and other payables	5,776	4,750	4	4
Amounts due to subsidiaries	-	-	-	580
Other liabilities	530	889	-	-
Loans and borrowings	1,111	1,111	1,111	1,111
Provision for taxation	310	369	-	-
	<u>32,390</u>	<u>34,978</u>	<u>1,420</u>	<u>2,100</u>
Net Current Assets	72,791	71,609	13,390	13,860
Non-Current Liabilities:				
Loans and borrowings	1,944	2,222	1,944	2,222
Deferred taxation	3,610	3,574	-	-
	<u>5,554</u>	<u>5,796</u>	<u>1,944</u>	<u>2,222</u>
Net Assets	113,032	112,126	91,012	91,204



Statement of Financial Position (Cont'd)

As at 31 March 2015

	Group		Company	
	2015 31-Mar	2014 31-Dec	2015 31-Mar	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	2,541	2,822	-	-
Revenue reserves	45,653	44,446	34,515	34,707
	<u>113,042</u>	<u>112,116</u>	<u>91,012</u>	<u>91,204</u>
Non- controlling interests	<u>(10)</u>	<u>10</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>113,032</u></u>	<u><u>112,126</u></u>	<u><u>91,012</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 31-Mar	2014 31-Dec	2015 31-Mar	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	-	-	1,944	2,222
	<u>-</u>	<u>-</u>	<u>3,055</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 31 March 2015

	Group	
	First Quarter	
	2015	2014
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax from continuing operations	1,429	1,202
Profit before tax from discontinued operation	-	20
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1,964	2,273
Interest expense	27	37
Interest income	(89)	(113)
Allowance for doubtful receivables, trade	59	79
Allowance for stock obsolescence	121	61
Net (gain)/loss on disposal of property, plant and equipment	(27)	215
Share of results of associates	17	35
Total adjustments	<u>2,072</u>	<u>2,587</u>
Operating cashflow before changes in working capital	3,501	3,809
<u>Changes in working capital</u>		
Trade and other receivables	3,293	5,066
Inventories	(170)	(1,757)
Trade and other payables	(1,904)	2,467
Cash generated from operations	<u>4,720</u>	<u>9,585</u>
Interest received	56	113
Interest paid	(45)	(28)
Income taxes paid	(251)	(321)
Net cash generated from operating activities	<u>4,480</u>	<u>9,349</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,147)	(2,034)
Proceeds from disposal of fixed assets	114	107
Net cash used in investing activities	<u>(2,033)</u>	<u>(1,927)</u>
Cash flows from financing activities:		
Repayments of loans and borrowings	(278)	(278)
Bank deposits pledged	(395)	841
Net cash (used in)/generated from financing activities	<u>(673)</u>	<u>563</u>
Net increase in cash and cash equivalents	1,774	7,985
Effects of exchange rate changes on opening cash and cash equivalents	(122)	(333)
Cash and cash equivalents at the beginning of the period	32,433	37,094
Cash and cash equivalents at the end of the period	<u>34,085</u>	<u>44,746</u>



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 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	<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	<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	-	-
Acquisition reserve				
Balance at 1 January and 31 March	(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	(281)	(1,053)	-	-
Balance at 31 March	<u>2,541</u>	<u>13,704</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	1,207	1,084	-	(369)
Balance at 31 March	<u>45,653</u>	<u>31,780</u>	<u>34,707</u>	<u>(10,767)</u>
Non- controlling interests				
Balance at 1 January and 31 March	10	-	-	-
Net loss for the period	(20)	-	-	-
Balance at 31 March	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Equity				
Balance at 1 January	112,126	109,783	91,204	46,099
Total for the period	906	260	-	(369)
Balance at 31 March	<u>113,032</u>	<u>110,043</u>	<u>91,204</u>	<u>45,730</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
	31-Mar	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
	31-Mar	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
	31-Mar	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	
	First Quarter	
	2015	2014
	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	0.2	0.2
(ii) On a fully diluted basis	0.2	0.2
 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
(ii) On a fully diluted basis	0.2	0.2

	Group	
	First Quarter	
	2015	2014
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	705,920	705,920
(ii) On a fully diluted basis	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

	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	16.0	15.9	12.9	12.9
Number of shares ('000)	705,920	705,920	705,920	705,920
Shareholders' equity	113,042	112,116	91,012	91,204



- 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

Q12015 Vs. Q12014 Results

The Group's revenue increased 14.7% from US\$29.2 million in Q1 2014 to US\$33.6 million in Q1 2015 due mainly to increase in sales of our automotive components and consumer electronic products. The increase in gross profit is due to improvement in sales and product mix.

Higher Sales and Marketing expenses as compared to the corresponding period were mainly due to increased staff costs and sales commission.

Higher General and Administration expenses as compared to the corresponding period were mainly due to increase in staff costs.

The Group net profit attributable to owners of the Company increased by 13.4% from US\$ 1.1 million in Q1 2014 to US\$1.20 million in Q1 2015.

Financial Position and Cash Flows

The Group generated net cash of US\$4.5 million from operating activities. The Group spent US\$2.0 million on purchase of property, plant and equipment, and repaid US\$0.3 million bank loan.

With current ratio of 3.2 times, the Group's financial position remains healthy. As at 31 March 2015, cash and cash equivalent amounted to US\$34.1 million or approximately 4.8 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

Riding on the turnaround success in 2014 the Group will continue its effort to expand its business, in particular its automotive business segment. Meanwhile, the Group will upgrade its production facilities and introduce more automation processes in its production lines to meet the challenges of rising competition and China labour costs.

Barring unforeseen circumstances, the Group expects to improve its performance in FY 2015.

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 1Q15 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
Executive Chairman

29 April 2015