

MEMSTAR TECHNOLOGY LTD.

Full Year Financial Statement and Dividend Announcement for the Year Ended 30 June 2015

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 31/06/2015 S\$'000	12 months ended 30/06/2014 (Restated) S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a
Cost of sales	-	-	n/a
Gross profit	-	-	n/a
Other income	212	197,153	(99.9)
Administrative expenses	(1,705)	(722)	136.1
(Loss)/profit before income tax from continuing operations	(1,493)	196,431	(100.8)
Income tax expense	-	-	n/a
Net (loss)/profit from continuing operations	(1,493)	196,431	(100.8)
Loss from discontinued operations	-	(243)	nm
(Loss)/Profit for the year	(1,493)	196,188	(100.8)
<u>Statement of Comprehensive (Loss)/Income</u>			
Net (loss)/profit for the year	(1,493)	196,188	(100.8)
Other comprehensive income	-	-	n/a
Total comprehensive (loss)/income for the year	(1,493)	196,188	(100.8)
<u>Total comprehensive income</u>			
From continuing operations	(1,493)	196,431	(100.8)
From discontinued operations	-	(243)	nm
	(1,493)	196,188	(100.8)

n/a – not applicable

nm – not meaningful

Note

The Company had on 11th April 2014 completed the sale of its principal and wholly-owned subsidiary and the membrane business. Following the completion, Memstar Technology Ltd. no longer has any subsidiary and is no longer a holding company. As such, only the financial statements of the Company are presented. The results of the disposed operations were shown as discontinued operations in the comparative year.

Loss from discontinued operations are as follows:

	12 months ended 30/06/2015 S\$'000	12 months ended 30/06/2014 S\$'000	Increase/ (Decrease) %
Revenue	-	1,084	nm
Cost of sales	-	(799)	nm
Gross profit	-	285	nm
Other income	-	995	nm
Administrative expenses	-	(1,459)	nm
Finance cost (net)	-	(3)	nm
Loss before income tax	-	(182)	nm
Income tax expense	-	(61)	nm
Loss for the year from discontinued operations	-	(243)	nm

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

	12 months ended 30/06/2015 S\$'000	12 months ended 30/06/2014 S\$'000	Increase/ (Decrease) %
Loss for the year is arrived at after charging/(crediting) the following:			
<u>From discontinued operations:</u>			
Cost of inventories sold	-	799	nm
Depreciation of property, plant and equipment	-	35	nm
Amortisation of intangible asset	-	60	nm
Gain on disposal of subsidiaries	-	197,153	nm
Loss on foreign exchange	-	332	nm
Interest expense (net)	-	3	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 30/06/2015 S\$'000	As at 30/06/2014 S\$'000
Current assets		
Cash and cash equivalents	1,375	2,445
Other receivables	6,743	426
Available-for-sale investment	4	4
	<u>8,122</u>	<u>2,875</u>
Total assets	<u>8,122</u>	<u>2,875</u>
Equity attributable to owners of the Company		
Share capital	6,884	220
Reserves	908	2,401
Total equity	<u>7,792</u>	<u>2,621</u>
Current liabilities		
Other payables	330	254
	<u>330</u>	<u>254</u>
Total liabilities	<u>330</u>	<u>254</u>
Total equity and liabilities	<u>8,122</u>	<u>2,875</u>

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

	Company			
	30/06/2015		30/06/2014	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable in one year or less, or on demand	-	-	-	-
(b) Amount repayable after one year	-	-	-	-
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 30/06/2015 S\$'000	12 months ended 30/06/2014 (Restated) S\$'000
Cash Flows from Operating Activities		
(Loss)/Profit before income tax	(1,493)	196,249
Adjustments for:		
Depreciation of plant and equipment	-	35
Amortisation of intangible asset	-	60
Interest expense (net)	-	3
Gain on disposal of interest in subsidiary	-	(197,153)
Unrealised exchange loss/(gain)	(153)	332
Operating cash flow before working capital changes	(1,646)	(474)
Changes in working capital:		
Receivables	413	6,676
Payables	76	(845)
Cash (used in)/generated from operating activities	(1,157)	5,357
Interest paid (net)	-	-
Net cash (used in)/generated from operating activities	(1,157)	5,357
Cash Flows from Investing Activities		
Net cash inflow on disposal of subsidiaries	-	66,989
Refundable deposit advance to a third party	(6,648)	-
Amount due from/to subsidiaries	-	(16,898)
Net cash (used in)/generated from investing activities	(6,648)	50,091
Cash Flows from Financing Activities		
Proceeds from issuance of shares	6,664	-
Capital reduction payment	-	(54,390)
Dividends payment	-	(2,086)
Exercise of share options	-	835
Repayment of obligations under finance lease	-	(20)
Net cash generated from/(used in) financing activities	6,664	(55,661)
Net decrease in cash and cash equivalents	(1,141)	(213)
Cash and cash equivalents at the beginning of the year	2,445	2,658
Effect of foreign exchange rate changes on cash and cash equivalents	71	-
Cash and cash equivalents at the end of the year	1,375	2,445
Represented by:		
Bank balances	1,375	2,445

1(d)(i) A statement (for the issuer) showing either (i) all changes in equity¹ 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 2013	166,402	787	(24,515)	142,674
Total comprehensive income for the year	-	-	196,188	196,188
Share option scheme – exercise	1,622	(787)	-	835
Dividends paid	-	-	(169,272)	(169,272)
Capital reduction	(167,804)	-	-	(167,804)
Balance as at 30 June 2014	220	-	2,401	2,621
Balance as at 1 July 2014	220	-	2,401	2,621
Total comprehensive loss for the year	-	-	(1,493)	(1,493)
Issue of shares	6,664	-	-	6,664
Balance as at 30 June 2015	6,884	-	908	7,792

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.

During the financial year from 1 July 2014 to 30 June 2015, there is an increase of 490,000,000 ordinary shares in the Company's share capital through the issue of placement shares. There are no outstanding unexercised share options as at 30 June 2015 (30 June 2014: Nil unexercised share options). There are no outstanding convertible securities as at 30 June 2015 and 30 June 2014.

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 2015 is 3,157,407,337 (30 June 2014: 2,667,407,337).

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 2015 and 30 June 2014.

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 2015 compared to the audited financial statements for the financial year ended 30 June 2014, 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 2014, 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 30/06/2015	12 months ended 30/06/2014
From Continuing Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.05)	7.39
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.05)	7.39
From Discontinued Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	-	(0.01)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	-	(0.01)

Note:

- (1) Earnings per ordinary share of the Company for the twelve months period ended 30 June 2015 and 30 June 2014 have been computed based on the weighted average number of shares of 2,909,051,173 ordinary shares and 2,659,784,871 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Company for the twelve months period ended 30 June 2015 and 30 June 2014 have been computed based on the weighted average number of shares of 2,909,051,173 ordinary shares and 2,659,784,871 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	
	31/06/2015	30/06/2014
Net asset value per ordinary share based on issued share capital as at the end of the period	SGD cent 0.25	SGD cent 0.10

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 2015 of 3,157,407,337 shares (30 June 2014: 2,667,407,337 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 11th April 2014 completed the sale of its principal and wholly-owned subsidiary and the membrane business. Following the completion, Memstar Technology Ltd. no longer has any subsidiary and is no longer a holding company. As such, only the financial statements of the Company are presented. The results of the disposed operations were shown as discontinued operations in the comparative year.

Administrative expenses increased from S\$0.7 million for the financial year ended 30 June 2014 to S\$1.7 million for the financial year ended 30 June 2015 due mainly to professional fees incurred for services rendered by the financial advisor, legal advisors, reporting accountants and technical advisors in relation to the proposed RTO transaction. Refer to the announcements made by the Company on 22 December 2014. Other income for the current year relates to the recovery of doubtful debt.

Discontinued Operations

The results of the discontinued operations comprised revenue and expenses of the disposed membrane business for the preceding financial year ended 30 June 2014.

Review of the Company's Financial Position as at 30 June 2015 as compared to the Company's Financial Position as at 30 June 2014

Statement of Financial Position

With the disposal of the subsidiary and business assets, the assets of the Company comprise mainly cash of approximately S\$1.4 million and other receivables of \$6.7 million of which \$6.73 million was advanced to Longmen Group Ltd as refundable deposit. Refer to announcements made by the Company on 22 December 2014. Other payables comprise mainly accruals of statutory costs.

Statement of Cash Flows

Net cash used in operating activities amounted to approximately S\$1.2 million mainly due to losses incurred arising from the payment of professional fees for the proposed RTO.

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 refers to the announcements made on 22 December 2014, 31 December 2014, 6 January 2015, 5 February 2015, 6 March 2015 and 27 July 2015 in relation to the share sale and purchase agreement with the existing shareholders of Longmen Group Ltd ("Target") to acquire the entire issued and paid-up share capital of the Target, together with its subsidiaries ("Proposed RTO"), from the shareholders of the Target as at completion of the Proposed RTO.

By way of letter dated 18 August 2015, SGX-ST has no objections to the Company's request for an extension of time from 11 October 2015 to 30 November 2015, to complete the Proposed RTO. In the event the Proposed RTO is unable to be completed prior to 30 November 2015, SGX-ST may not grant a further extension of time to the Company, in which event

the Company may be delisted from the Official List of the SGX-ST Mainboard pursuant to the relevant Rules of the Listing Manual of the SGX-ST.

Announcements on material developments will be made as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? 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)

(c) Date payable

Not applicable

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

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 2015.

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
<u>30 June 2015</u>			
<i>Revenue</i>			
Sale of goods	-	-	-
Total revenue	-	-	-
<i>Result</i>			
Segment result	-	(1,493)	(1,493)
Income tax	-	-	-
Loss for the year	-	(1,493)	(1,493)
Segment asset	-	8,122	8,122
Segment liabilities	-	330	330
	<u>Discontinued Operations <u>Membrane</u> S\$'000</u>	<u>Continuing Operations <u>Others</u> S\$'000</u>	<u>Total</u> S\$'000
<u>30 June 2014</u>			
<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

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 30.06.15 S\$'000	12 months ended 30.06.14 S\$'000
<i>Revenue</i>		
South-east Asia	-	590
USA & others	-	494
	<u>-</u>	<u>1,084</u>
	30.06.15 S\$'000	30.06.14 S\$'000
<i>Segment assets</i>		
Singapore	8,122	2,875
	<u>8,122</u>	<u>2,875</u>
	12 months ended 30.06.15 S\$'000	12 months ended 30.06.14 S\$'000
<i>Capital expenditure</i>		
Singapore	-	-
	<u>-</u>	<u>-</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 30.06.15 S\$'000	12 months ended 30.06.14 S\$'000
<u>Discontinued operation</u>		
Membrane	-	887

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 30.06.15 S\$'000	Year ended 30.06.14 S\$'000	Change (%)
Revenue reported for the first half year	-	390	nm
(Loss)/profit after income tax for the first half year	(256)	(46)	nm
Revenue reported for the second half year	-	694	nm
(Loss)/profit after income tax for the second half year	(1,237)	196,234	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 30.06.15 S\$'000	Year ended 30.06.14 S\$'000
Total annual dividend		
Ordinary shares		
- Special	-	169,273
- Final	-	-

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
26 August 2015