

MEMSTAR TECHNOLOGY LTD.

First Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 2019

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		
	3 months ended 30/09/2019 S\$'000	3 months ended 30/09/2018 S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a
Cost of sales	-	-	n/a
Gross profit	-	-	n/a
Other income	-	-	n/a
Administrative expenses	(87)	(38)	128.9
Loss before income tax	(87)	(38)	128.9
Income tax expense	-	-	n/a
Loss for the period	(87)	(38)	128.9
<u>Statement of Comprehensive Loss</u>			
Net loss for the period	(87)	(38)	128.9
Other comprehensive income	-	-	n/a
Total comprehensive loss for the period	(87)	(38)	128.9

n/a – not applicable

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

	3 months ended 30/09/2019 S\$'000	3 months ended 30/09/2018 S\$'000	Increase/ (Decrease) %
Loss for the period is arrived at after charging/(crediting) the following:			
Cost of inventories sold	-	-	n/a
Depreciation of property, plant and equipment	-	-	n/a
Amortisation of intangible asset	-	-	n/a
Unrealised gain on foreign exchange	-	-	n/a
Interest expense (net)	-	-	n/a

n/a – not applicable

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 30/09/2019 S\$'000	As at 30/06/2019 S\$'000
Current assets		
Cash and cash equivalents	88	45
Other receivables	27	26
Available-for-sale investment	4	4
	<u>119</u>	<u>75</u>
Total assets	<u>119</u>	<u>75</u>
Equity attributable to owners of the Company		
Share capital	6,884	6,884
Accumulated losses	(8,736)	(8,649)
Total equity	<u>(1,852)</u>	<u>(1,765)</u>
Current liabilities		
Other payables	1,971	1,840
Total liabilities	<u>1,971</u>	<u>1,840</u>
Total equity and liabilities	<u>119</u>	<u>75</u>

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

	Company			
	30/09/2019		30/06/2019	
	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	
	3 months ended 30/09/2019 S\$'000	3 months ended 30/09/2018 S\$'000
Cash Flows from Operating Activities		
Loss before income tax	(87)	(38)
Operating cash flow before working capital changes	(87)	(38)
Changes in working capital:		
Receivables	(1)	-
Payables	131	(19)
Net cash generated from/(used in) operating activities	43	(57)
Net decrease in cash and cash equivalents	43	(57)
Cash and cash equivalents at the beginning of the period	45	66
Cash and cash equivalents at the end of the period	88	9
Represented by:		
Bank balances	88	9

1 (d)(i) A statement (for the issuer) 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.

Company

	Share Capital S\$'000	Retained earnings/ (Accumulated losses) S\$'000	Total S\$'000
Balance as at 1 July 2018	6,884	(8,342)	(1,458)
Total comprehensive loss for the period	-	(38)	(38)
Balance as at 30 September 2018	6,884	(8,380)	(1,496)
Balance as at 1 July 2019	6,884	(8,649)	(1,765)
Total comprehensive loss for the period	-	(87)	(87)
Balance as at 30 September 2019	6,884	(8,736)	(1,852)

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.

There is no change in the Company's share capital during the financial year from 1 July 2019 to 30 September 2019. There are no outstanding unexercised share options as at 30 September 2019 (30 September 2018: Nil unexercised share options). There are no outstanding convertible securities as at 30 September 2019 and 30 September 2018.

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 September 2019 is 3,157,407,337 (30 June 2019: 3,157,407,337).

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 September 2019 and 30 June 2019.

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 information for the current financial period as those used in the audited financial statements for the financial year ended 30 June 2019, except that the Company has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 July 2019 which are effective for annual financial period beginning on 1 July 2019.

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.

Please refer to paragraph 4 above.

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	
	3 months ended 30/09/2019	3 months ended 30/09/2018
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.002)	(0.001)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.002)	(0.001)

Note:

- (1) Earnings per ordinary share of the Company for the three months period ended 30 September 2019 and 30 September 2018 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares.
- (2) Diluted earnings per ordinary share of the Company for the three months period ended 30 September 2019 and 30 September 2018 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares.

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	
	30/09/2019	30/06/2019
Net liability value per ordinary share based on issued share capital as at the end of the period	SGD cent (0.06)	SGD cent (0.06)

The above net liability value per ordinary share of the Company have been computed based on the total issued share capital as at 30 September 2019 of 3,157,407,337 shares (30 June 2019: 3,157,407,337 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 in April 2014 completed the sale of its principal and wholly-owned subsidiary and the membrane business. Following the completion, Memstar Technology Ltd became a cash company under Rule 1018 (Cash Companies) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Administrative expenses increased by 128.9% from S\$38,000 for the quarter ended 30 September 2018 to S\$87,000 for quarter ended 30 September 2019 due to legal costs incurred for the recovery of debt.

Review of the Company's Financial Position as at 30 September 2019 as compared to the Company's Financial Position as at 30 June 2019

Statement of Financial Position

The assets of the Company comprise mainly cash of approximately S\$88,000. Other payables comprise mainly accruals of statutory costs and professional fees and advances from director.

Statement of Cash Flows

Net cash generated from operating activities amounted to approximately S\$43,000 due mainly to increase in advances from director.

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 SGXNET on 7 April 2016, 23 May 2016 and 17 June 2016 in relation to the termination of the RTO sale and purchase agreement ("RTO SPA") with Longmen Group Ltd and the notification of delisting from the Official List of the SGX-ST. The Company is not presently able to provide a reasonable exit offer due to cash limitations and the Company's controlling shareholders have not expressed any intention to make an exit offer.

The Company had commenced legal proceedings against Longmen Group Ltd, the Vendors as well as other parties who were responsible for and/or conspired to cause loss to the Company. The legal proceedings is on-going.

As announced by the Company on 20 July 2018, the Company had engaged the SGX-ST on a proposed transaction involving potential target(s) and to defer the Company's delisting requirement. In this regard, the SGX-ST had in its letter dated 5 July 2018 advised that it has no objection to deferring the delisting requirement for the Company to evaluate and submit an application to the SGX-ST for the proposed transaction subject to certain conditions and to meet certain milestones relating to the proposed transaction. Further updates in relation to this Agreement for the proposed transfer of listing status on SGX-ST were announced on 5 December 2018, 3 January 2019, 1 April 2019, 3 June 2019, 3 July 2019 and 22 July 2019.

Announcements on any material developments will be made 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? No

(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 financial period ended 30 September 2019.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the First Quarter Results of the Company for the financial period ended 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board

By Order of The Board

Lee Seng Suan
Company Secretary
14 November 2019