



MEMSTAR TECHNOLOGY LTD.

First Quarter Financial Statement and Dividend Announcement for the Year Ended 30 September 2014

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 30/9/2014 S\$'000	3 months ended 30/9/2013 (Restated) S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a
Cost of sales	-	-	n/a
Gross profit	-	-	n/a
Other income	29	-	nm
Administrative expenses	(85)	(200)	(57.5)
Loss before income tax from continuing operations	(56)	(200)	(72.0)
Income tax expense	-	-	n/a
Loss from continuing operations	(56)	(200)	(72.0)
Loss from discontinued operations	-	(347)	nm
Loss for the period	(56)	(547)	(89.8)
<u>Statement of Comprehensive Income</u>			
Net profit for the period	(56)	(547)	(89.8)
Other comprehensive income	-	-	n/a
Total comprehensive income for the period	(56)	(547)	(89.8)
<u>Total comprehensive income</u>			
From continuing operations	(56)	(200)	(72.0)
From discontinued operations	-	(347)	nm
	(56)	(547)	(89.8)

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 period.

Loss from discontinued operations are as follows:

	3 months ended 30/9/2014 S\$'000	3 months ended 30/9/2013 (Restated) S\$'000	Increase/ (Decrease) %
Revenue	-	291	nm
Cost of sales	-	(175)	nm
Gross profit	-	116	nm
Other income	-	-	nm
Administrative expenses	-	(462)	nm
Finance cost (net)	-	(1)	nm
Loss before income tax	-	(347)	nm
Income tax expense	-	-	nm
Loss for the period from discontinued operations	-	(347)	nm

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

	3 months ended 30/9/2014 S\$'000	3 months ended 30/9/2013 (Restated) S\$'000	Increase/ (Decrease) %
Loss for the period is arrived at after charging/(crediting) the following:			
<u>From discontinued operations:</u>			
Cost of inventories sold	-	175	nm
Depreciation of property, plant and equipment	-	13	nm
Amortisation of intangible asset	-	20	nm
Interest expense (net)	-	1	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 30/9/2014 S\$'000	As at 30/6/2014 S\$'000
Current assets		
Cash and cash equivalents	2,814	2,445
Other receivables	18	426
Available-for-sale investment	4	4
	<u>2,836</u>	<u>2,875</u>
Total assets	<u>2,836</u>	<u>2,875</u>
Equity attributable to owners of the Company		
Share capital	220	220
Reserves	2,345	2,401
Total equity	<u>2,565</u>	<u>2,621</u>
Current liabilities		
Other payables	271	254
	<u>271</u>	<u>254</u>
Total liabilities	<u>271</u>	<u>254</u>
Total equity and liabilities	<u>2,836</u>	<u>2,875</u>

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

	Company			
	30/09/2014		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	
	3 months ended 30/9/2014 S\$'000	3 months ended 30/9/2013 (Restated) S\$'000
Cash Flows from Operating Activities		
Loss before income tax	(56)	(547)
Adjustments for:		
Depreciation of plant and equipment	-	13
Amortisation of intangible asset	-	20
Interest expense (net)	-	1
Operating cash flow before working capital changes	(56)	(513)
Changes in working capital:		
Receivables	408	(121)
Payables	17	100
Cash generated from/(used) in operating activities	369	(534)
Interest paid (net)	-	(1)
Net cash generated from/(used) in operating activities	369	(535)
Cash Flows from Investing Activities		
Amount due from/to subsidiaries	-	(760)
Net cash used in investing activities	-	(760)
Cash Flows from Financing Activities		
Repayment of obligations under finance lease	-	(6)
Net cash used in financing activities	-	(6)
Net decrease in cash and cash equivalents	369	(1,301)
Cash and cash equivalents at the beginning of the period	2,445	2,658
Cash and cash equivalents at the end of the period	2,814	1,357
Represented by:		
Bank balances	2,814	1,357

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	(24,514)	142,675
Total comprehensive loss for the period	-	-	(547)	(547)
Balance as at 30 September 2013	166,402	787	(25,061)	142,128
Balance as at 1 July 2014	220	-	2,401	2,621
Total comprehensive loss for the period	-	-	(56)	(56)
Balance as at 30 September 2014	220	-	2,345	2,565

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 period from 1 July 2014 to 30 September 2014. There are no outstanding unexercised share options as at 30 September 2014 (30 September 2013: 11,600,000 unexercised share options). There are no other outstanding convertible securities as at 30 September 2014 and 30 September 2013.

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 2014 is 2,667,407,337 (30 September 2013: 2,655,807,337).

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 2014 and 30 September 2013.

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 period ended 30 September 2014 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	
	3 months ended 30/09/2014	3 months ended 30/09/2013 (Restated)
From Continuing Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.002)	(0.008)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.002)	(0.008)
From Discontinued Operations :		
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	-	(0.013)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	-	(0.013)

Note:

- (1) Earnings per ordinary share of the Company for the three months period ended 30 September 2014 and 30 September 2013 have been computed based on the weighted average number of shares of 2,667,407,337 ordinary shares and 2,655,807,337 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Company for the three months period ended 30 September 2014 and 30 September 2013 have been computed based on the weighted average number of shares of 2,667,407,337 ordinary shares and 2,658,127,337 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	
	30/09/2014	30/06/2014
Net asset value per ordinary share based on issued share capital as at the end of the period	SGD cent 0.10	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 September 2014 of 2,667,407,337 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 period.

After the disposal, the administrative expenses are mainly compliance costs which is 57.5% lower than the comparative quarter. Other income comprise recovery of doubtful debts.

Discontinued Operations

The results of the discontinued operations comprised revenue and expenses of the disposed membrane business for the comparative period ended 30 September 2013.

Review of the Company's Financial Position as at 30 September 2014 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\$2.8 million. Other payable comprise mainly accruals of statutory costs.

Statement of Cash Flows

Net cash generated from operating activities amounted to S\$0.4 million mainly due to decrease in receivables from the refund of GST.

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 is currently dormant and is considering the various options available including new business acquisitions. 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? 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 period ended 30 September 2014.

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 Group for the financial period ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board

Pan Shuhong
Director

Dr Ge Hailin
Director

By Order of The Board

Lee Seng Suan
Company Secretary
12 November 2014