

MEMSTAR TECHNOLOGY LTD.

Full Year Financial Statement and Dividend Announcement for the Year Ended 30 June 2016

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 30/06/2016 S\$'000	12 months ended 30/06/2015 S\$'000	Increase/ (Decrease) %
Revenue	-	-	n/a
Cost of sales	-	-	n/a
Gross profit	-	-	n/a
Other income	22	212	(89.6)
Other expenses	(6,750)	-	nm
Administrative expenses	(2,087)	(1,705)	22.4
Loss before income tax	(8,815)	(1,493)	490.4
Income tax expense	-	-	n/a
Loss for the year	(8,815)	(1,493)	490.4
<u>Statement of Comprehensive Loss</u>			
Net loss for the year	(8,815)	(1,493)	490.4
Other comprehensive income	-	-	n/a
Total comprehensive loss for the year	(8,815)	(1,493)	490.4

n/a – not applicable

nm – not meaningful

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

	12 months ended 30/06/2016 S\$'000	12 months ended 30/06/2015 S\$'000	Increase/ (Decrease) %
Loss for the year is arrived at after charging/(crediting) the following:			
Gain on foreign exchange	(21)	(153)	(86.3)
Legal and professional fees	1,750	1,308	33.8

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 30/06/2016 S\$'000	As at 30/06/2015 S\$'000
Current assets		
Cash and cash equivalents	382	1,375
Other receivables	15	6,743
Available-for-sale investment	4	4
	<u>401</u>	<u>8,122</u>
Total assets	<u>401</u>	<u>8,122</u>
Equity attributable to owners of the Company		
Share capital	6,884	6,884
Accumulated losses/retained earnings	(7,907)	908
Total equity	<u>(1,023)</u>	<u>7,792</u>
Current liabilities		
Other payables	<u>1,424</u>	<u>330</u>
Total liabilities	<u>1,424</u>	<u>330</u>
Total equity and liabilities	<u>401</u>	<u>8,122</u>

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

	Company			
	30/06/2016		30/06/2015	
	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 30/06/2016 S\$'000	12 months ended 30/06/2015 S\$'000
Cash Flows from Operating Activities		
Loss before income tax	(8,815)	(1,493)
Adjustments for:		
Unrealised exchange gain	(21)	(153)
Impairment loss on other receivable	6,750	-
Operating cash flow before working capital changes	(2,086)	(1,646)
Changes in working capital:		
Receivables	(2)	413
Payables	1,094	76
Net cash used in operating activities	(994)	(1,157)
Cash Flows from Investing Activities		
Refundable deposit advance to a third party	-	(6,648)
Net cash used in investing activities	-	(6,648)
Cash Flows from Financing Activities		
Proceeds from issuance of shares	-	6,664
Net cash generated from financing activities	-	6,664
Net decrease in cash and cash equivalents	(994)	(1,141)
Cash and cash equivalents at the beginning of the year	1,375	2,445
Effect of foreign exchange rate changes on cash and cash equivalents	1	71
Cash and cash equivalents at the end of the year	382	1,375
Represented by:		
Bank balances	382	1,375

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	Retained earnings S\$'000	Total S\$'000
Balance as at 1 July 2014	220	2,401	2,621
Total comprehensive income 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
Balance as at 1 July 2015	6,884	908	7,792
Total comprehensive loss for the year	-	(8,815)	(8,815)
Balance as at 30 June 2016	6,884	(7,907)	(1,023)

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 2015 to 30 June 2016. There are no outstanding unexercised share options as at 30 June 2016 (30 June 2015: Nil unexercised share options). There are no outstanding convertible securities as at 30 June 2016 and 30 June 2015.

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 2016 is 3,157,407,337 (30 June 2015: 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 June 2016 and 30 June 2015.

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 2016 compared to the audited financial statements for the financial year ended 30 June 2015 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 2015, 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 30/06/2016	12 months ended 30/06/2015
(a) Weighted average number of ordinary shares in issue (in SGD cents) ⁽¹⁾	(0.28)	(0.05)
(b) Fully diluted basis (in SGD cents) ⁽²⁾	(0.28)	(0.05)

Note:

- (1) Earnings per ordinary share of the Company for the twelve months period ended 30 June 2016 and 30 June 2015 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares and 3,157,407,337 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Company for the twelve months period ended 30 June 2016 and 30 June 2015 have been computed based on the weighted average number of shares of 3,157,407,337 ordinary shares and 3,157,407,337 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	
30/06/2016	30/06/2015
Net (liability)/asset value per ordinary share based on issued share capital as at the end of the period	SGD cent (0.03) SGD cent 0.25

The above net (liability)/asset value per ordinary share of the Company have been computed based on the total issued share capital as at 30 June 2016 of 3,157,407,337 shares (30 June 2015: 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 on 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 from S\$1.7 million for the financial year ended 30 June 2015 to S\$2.1 million for the financial year ended 30 June 2016 due mainly to professional fees incurred for the RTO transaction with Longmen Group Ltd which had since been terminated. Other expense of S\$6.75 million relates to the provision for impairment of other receivable for the refundable deposit from Longmen Group Ltd. Refer to the announcements made by the Company on 7 April 2016, 23 May 2016 and 17 June 2016. Other income for the previous year relates to the gain on foreign exchange and recovery of doubtful debt.

Review of the Company's Financial Position as at 30 June 2016 as compared to the Company's Financial Position as at 30 June 2015

Statement of Financial Position

The assets of the Company comprise mainly cash of approximately S\$0.4 million. Other payables of S\$1.4 million comprise mainly accruals of statutory costs and professional fees.

Statement of Cash Flows

Net cash used in operating activities amounted to approximately S\$1.0 million mainly due to losses incurred arising from the payment of professional fees for the proposed RTO which had since been terminated.

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 for the following reasons:

- (a) the Company had, in its capacity as a cash company, utilised a significant portion of its then remaining cash to, inter alia, engage legal, financial, accounting and technical professionals and advisers in accordance with the RTO SPA; and
- (b) none of the Company's controlling shareholders have expressed any intention to make an exit offer.

The Company has appointed the law firm Rajah & Tann Singapore LLP to commence legal action against the Target and the Vendors under the RTO SPA, as well as the other parties who have unlawfully caused loss to the Company. If the Company is successful in the legal proceeding, distributions may be made to shareholders after the Company repays outstanding debts and liabilities (including legal, financial, accounting and technical fees incurred).

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 year ended 30 June 2016.

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.

Not applicable as the Company does not have any revenue and business operations.

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.

Please refer to paragraph 8 above.

16. Breakdown of sales.

	Company		
	Year ended 30.06.16 S\$'000	Year ended 30.06.15 S\$'000	Change (%)
Revenue reported for the first half year	-	-	nm
Loss after income tax for the first half year	(1,103)	(256)	330.9
Revenue reported for the second half year	-	-	nm
Loss after income tax for the second half year	(7,712)	(1,237)	523.4

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

No dividend has been declared for the current and previous financial years.

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.

19. 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.

By Order of The Board

Lee Seng Suan
Company Secretary
26 August 2016