



MEMTECH INTERNATIONAL LTD

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

Full Year Financial Statements Announcement For the year ended 31 December 2008



1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year:

Profit and Loss Accounts

For the year ended 31 December 2008

	Note	Group Fourth Quarter			Group Year to Date		
		2008 31-Dec	2007 31-Dec	Increase/ (Decrease)	2008 31-Dec	2007 31-Dec	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		25,074	38,159	-34.3%	109,332	121,985	-10.4%
Cost of sales		(24,337)	(27,462)	-11.4%	(92,823)	(90,062)	3.1%
Gross profit		737	10,697	-93.1%	16,509	31,923	-48.3%
Other operating income		111	210	-47.1%	897	1,066	-15.9%
Sales and marketing expenses		(1,404)	(654)	114.7%	(5,818)	(4,223)	37.8%
General and Administration expenses		(3,280)	(2,912)	12.6%	(10,203)	(11,961)	-14.7%
Other operating expenses		(44)	(54)	-18.5%	(134)	(137)	-2.2%
Finance costs		-	(4)	NM	(38)	(18)	111.1%
Share of result of associates		(462)	(84)	NM	(624)	(157)	NM
Profit before tax		(4,342)	7,199	NM	589	16,493	-96.4%
Income tax refund/(expenses)		1,397	(316)	NM	73	(494)	NM
(Loss)/Profit for the period/year		(2,945)	6,883	NM	662	15,999	-95.9%
Attributable to:							
Equity holders of the parent		(2,107)	6,875	NM	1,280	15,798	-91.9%
Minority interests		(838)	8	NM	(618)	201	NM
		(2,945)	6,883	-142.8%	662	15,999	-95.9%



Notes

NM: Not meaningful

1 Profit from operating activities

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

	Note	Group Fourth Quarter			Group Year to Date		
		2008	2007	Increase/ (Decrease)	2008	2007	Increase/ (Decrease)
		31-Dec	31-Dec		31-Dec	31-Dec	
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation		2,360	2,107	12%	9,265	8,091	15%
Allowance for doubtful receivables, trade		759	270	181%	(903)	2,536	NM
Loss on disposal of property, plant and equipment		8	14	-43%	27	27	0%
Exchange loss		145	495	-71%	2,308	1,554	49%



1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets

As at 31 December 2008

	Group		Company	
	2008 31-Dec	2007 31-Dec	2008 31-Dec	2007 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	44,470	42,223	8	26
Investment in subsidiaries	-	-	52,603	52,180
Investment in associates	6,731	1,957	7,618	2,187
Intangible assets	1,033	967	-	-
	52,234	45,147	60,229	54,393
Current Assets:				
Cash and cash equivalents	32,310	32,759	355	7,855
Derivatives	-	186	-	-
Trade receivables	38,277	56,222	-	-
Bills and other receivables	10,938	12,006	14	15
Amounts due from subsidiaries	-	-	4,478	4,473
Prepayments	486	116	-	-
Inventories	8,904	9,065	-	-
	90,915	110,354	4,847	12,343
Current Liabilities:				
Trade payables and accruals	20,716	30,981	260	374
Bills and other payables	7,033	8,328	11	13
Amounts due to subsidiaries	-	-	8,502	2,309
Other liabilities	100	58	-	-
Loans and borrowings	3	6	-	-
Provision for tax	149	1,287	15	32
Derivatives	129	-	-	-
	28,130	40,660	8,788	2,728
Net Current Assets / (Liabilities)	62,785	69,694	(3,941)	9,615
Non-Current Liabilities:				
Other payables	-	324	-	-
Loans and borrowings	-	3	-	-
Deferred taxation	1,523	1,609	-	-
	1,523	1,936	-	-
Net Assets	113,496	112,905	56,288	64,008



Balance Sheets (Cont'd)

As at 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	31-Dec	31-Dec	31-Dec	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Equity Holders of the Company				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(479)	(427)	(479)	(427)
Currency translation reserve	17,698	11,450	8,316	8,612
Statutory reserve fund	3,747	3,393	-	-
Revenue reserves	48,241	53,344	5,480	12,852
	<u>112,178</u>	<u>110,731</u>	<u>56,288</u>	<u>64,008</u>
Minority Interests	<u>1,318</u>	<u>2,174</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>113,496</u></u>	<u><u>112,905</u></u>	<u><u>56,288</u></u>	<u><u>64,008</u></u>

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

	Group Secured		Group Unsecured	
	2008	2007	2008	2007
	31-Dec	31-Dec	31-Dec	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	3	6	-	-
Amount repayable after one year	-	3	-	-
	<u>3</u>	<u>9</u>	<u>-</u>	<u>-</u>



1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Cashflow Statement

For the Full Year ended 31 December 2008

	Group		Group	
	Fourth Quarter		Year to Date	
	2008	2007	2008	2007
	31-Dec	31-Dec	31-Dec	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
(Loss)/Profit before tax	(4,342)	7,199	589	16,493
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	2,360	2,107	9,265	8,091
Interest expense	-	4	38	18
Interest income	(131)	(128)	(339)	(526)
Loss on disposal of property, plant and equipment	8	14	27	27
Share of results of associates	462	84	624	157
Total adjustments	2,699	2,081	9,615	7,767
Operating cashflow before changes in working capital	(1,643)	9,280	10,204	24,260
<u>Changes in working capital</u>				
Decrease/(increase) in trade and other receivables	5,077	(2,280)	20,030	(16,122)
Decrease/(increase) in inventories	2,188	137	620	(420)
(Decrease)/Increase in trade and other payables	(3,024)	(2,501)	(11,645)	6,924
Cash generated from operations	2,598	4,636	19,209	14,642
Income tax paid	(500)	(81)	(1,350)	(1,045)
Net cash generated from operating activities	2,098	4,555	17,859	13,597
Cash flows from investing activities:				
Purchases of property, plant and equipment	(513)	(3,300)	(8,610)	(11,195)
Proceeds from disposal of fixed assets	36	17	47	25
Interest income received	131	129	339	524
Investment in associates	-	-	(5,649)	(1,392)
Net cash used in investing activities	(346)	(3,154)	(13,873)	(12,038)
Cash flows from financing activities:				
Proceeds from loans and borrowings	202	22	5,202	821
Proceeds from issuance of shares by subsidiary company to minority shareholder	-	-	-	800
Interest paid	-	(4)	(38)	(18)
Dividends Paid	-	-	(6,674)	(6,052)
Repayments of loans and borrowings	(121)	(298)	(5,126)	(1,102)
Purchase of treasury shares	(18)	(121)	(52)	(427)
Net cash generated from/(used in) financing activities	63	(401)	(6,688)	(5,978)
Net increase/(decrease) in cash and cash equivalents	1,815	1,000	(2,702)	(4,419)
Effects of exchange rate changes on opening cash	(83)	734	2,253	2,398
Cash and cash equivalents at the beginning of the period/year	30,578	31,025	32,759	34,780
Cash and cash equivalents at the end of the period/year	32,310	32,759	32,310	32,759



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 Equity

As at 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March, 30 June, 30 September and 31 December	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January	(427)	-	(427)	-
Purchase of treasury Shares	(14)	-	(14)	-
Balance at 31 March and 30 June	(441)	-	(441)	-
Purchase of treasury Shares	(20)	(306)	(20)	(306)
Balance at 30 September	(461)	(306)	(461)	(306)
Purchase of treasury Shares	(18)	(121)	(18)	(121)
Balance at 31 December	(479)	(427)	(479)	(427)
Statutory Reserve Fund				
Balance at 1 January, 31 March and 30	3,393	2,413	-	-
Transfer from revenue reserve	-	795	-	-
Balance at 30 September	3,393	3,208	-	-
Transfer from revenue reserve	354	185	-	-
Balance at 31 December	3,747	3,393	-	-
Currency Translation Reserve				
Balance at 1 January	11,450	5,749	8,612	5,463
Net effect of exchange translation	4,207	895	3,094	678
Balance at 31 March	15,657	6,644	11,706	6,141
Net effect of exchange translation	1,638	770	177	(914)
Balance at 30 June	17,295	7,414	11,883	5,227
Net effect of exchange translation	715	1,276	(2,586)	1,276
Balance at 30 September	18,010	8,690	9,297	6,503
Net effect of exchange translation	(312)	2,760	(981)	2,109
Balance at 31 December	17,698	11,450	8,316	8,612
Sub-total carried forward				
Balance at 1 January	57,387	51,133	51,156	48,434
Total for the period	4,193	895	3,080	678
Balance at 31 March	61,580	52,028	54,236	49,112
Total for the period	1,638	770	177	(914)
Balance at 30 June	63,218	52,798	54,413	48,198
Total for the period	695	1,765	(2,606)	970
Balance at 30 September	63,913	54,563	51,807	49,168
Total for the period	24	2,824	(999)	1,988
Balance at 31 December	63,937	57,387	50,808	51,156



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 Equity (Cont'd)

As at 31 December 2008

	Group		Company	
	2008	2007	2008	2007
	US\$'000	US\$'000	US\$'000	US\$'000
Sub-total carried forward				
Balance at 1 January	57,387	51,133	51,156	48,434
Total for the period	4,193	895	3,080	678
Balance at 31 March	61,580	52,028	54,236	49,112
Total for the period	1,638	770	177	(914)
Balance at 30 June	63,218	52,798	54,413	48,198
Total for the period	695	1,765	(2,606)	970
Balance at 30 September	63,913	54,563	51,807	49,168
Total for the period	24	2,824	(999)	1,988
Balance at 31 December	63,937	57,387	50,808	51,156
Revenue Reserves				
Balance at 1 January	53,344	44,294	12,852	7,087
Net profit/(loss) for the period	1,269	2,049	(421)	(271)
Balance at 31 March	54,613	46,343	12,431	6,816
Net profit/(loss) for the period	1,307	2,324	(239)	(196)
Dividend paid	(6,029)	(5,768)	(6,029)	(5,768)
Balance at 30 June	49,891	42,899	6,163	852
Net profit/(loss) for the period	811	4,550	(412)	(119)
Transfer to statutory reserve	-	(795)	-	-
Balance at 30 September	50,702	46,654	5,751	733
Net (loss)/profit for the period	(2,107)	6,875	(271)	12,119
Transfer to statutory reserve	(354)	(185)	-	-
Balance at 31 December	48,241	53,344	5,480	12,852
Minority Interests				
Balance at 1 January	2,174	728	-	-
Total for the period	140	(17)	-	-
Balance at 31 March	2,314	711	-	-
Total for the period	135	67	-	-
Balance at 30 June	2,449	778	-	-
Total for the period	107	1,329	-	-
Balance at 30 September	2,556	2,107	-	-
Total for the period	(1,238)	67	-	-
Balance at 31 December	1,318	2,174	-	-
Total Equity				
Balance at 1 January	112,905	96,155	64,008	55,521
Total for the period	5,602	2,927	2,659	407
Balance at 31 March	118,507	99,082	66,667	55,928
Total for the period	(2,949)	(2,607)	(6,091)	(6,878)
Balance at 30 June	115,558	96,475	60,576	49,050
Total for the period	1,613	6,849	(3,018)	851
Balance at 30 September	117,171	103,324	57,558	49,901
Total for the period	(3,675)	9,581	(1,270)	14,107
Balance at 31 December	113,496	112,905	56,288	64,008



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

	2008	2007
	31-Dec	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.

	2008	2007
	31-Dec	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>716,300,000</u>	<u>717,000,000</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.

	2008	2007
	31-Dec	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the year	3,000,000	-
Open market purchase	<u>700,000</u>	<u>3,000,000</u>
Balance as at end of the year	<u>3,700,000</u>	<u>3,000,000</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

There are no changes in accounting policies arising from the adoption of new FRS and the Group continues to adopt the same accounting policies and methods of computation as those of financial year ended 31 December 2007.

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

Not applicable.

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 Fourth Quarter		Group Year to Date	
	2008 31-Dec	2007 31-Dec	2008 31-Dec	2007 31-Dec
	US cents	US cents	US cents	US cents
Earnings per ordinary share for the period after deducting any provision for preference				
(i) Based on weighted average number of ordinary shares on issue	(0.3)	1.0	0.2	2.2
(ii) On a fully diluted basis	(0.3)	1.0	0.2	2.2
	Group Fourth Quarter		Group Year to Date	
	2008 31-Dec	2007 31-Dec	2008 31-Dec	2007 31-Dec
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	716,340	717,490	716,751	719,282
(ii) On a fully diluted basis	716,340	717,490	716,751	719,282



7 Net asset value (for the issuer and group) 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

	Group		Company	
	2008	2007	2008	2007
	31-Dec	31-Dec	31-Dec	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	<u>15.7</u>	<u>15.4</u>	<u>7.9</u>	<u>8.9</u>
Number of shares ('000)	<u>716,300</u>	<u>717,000</u>	<u>716,300</u>	<u>717,000</u>

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.

2008 Financial Highlights

The Group recorded revenues of US\$109.3 million in 2008 and a gross profit of US\$16.5 million. Profit before taxation and profit attributable to shareholders were US\$0.6 million and US\$1.3 million respectively. Gross profit margin and net profit margin were 15.1% and 0.6% respectively.

Q4 2008 vs. Q4 2007 Results

The global economic slowdown adversely affected overall market demand in Q4 2008. Consequently, the Group's revenue decreased by 34.3% from US\$38.2 million in Q4 2007 to US\$25.1 million in Q4 2008.

As a result of lower capacity utilization, lower selling prices, higher raw material, labour and other operational costs and a write off of inventory of US\$1.3 million, the Group's gross profit margin declined to 2.9% as compared to 28.0% in Q4 2007.

Sales and marketing expenses in Q4 2007 were lower mainly due to a write back of accrued sales commission of US\$870K no longer required. Excluding the write back, sales and marketing expenses decreased by US\$120K or 7.9% as compared to the corresponding period. General and administrative expenses increased



by 12.6% mainly due to higher allowance for doubtful debts. Excluding allowance for doubtful debts, general and administrative expenses decreased by US\$121K or 4.6%. The lower general administrative expenses is mainly due to lower exchange loss as the appreciation of RMB against USD slowed in Q4 2008 compared to the corresponding period.

The increase in share of losses from associates is mainly due to operational loss of Teradisplay Co., Ltd in South Korea.

The decrease in tax expenses is mainly due to weak profitability in Q4 2008 coupled with a tax rebate of US\$604K for qualifying investment in China received during the quarter. Profit for Q4 2008 was a loss of US\$2.9 million as compared to a profit of US\$6.9 million the corresponding period.

2008 vs. 2007 Results

The Group's revenue declined by 10.4% from US\$122.0 million to US\$109.3 million in 2008 as compared to 2007. The decrease in revenue is mainly attributable to weaker demand in Q3 2008 and Q4 2008.

Lower utilization and selling prices, increases in raw material prices and overheads, caused the Group gross profit margin to decline by 11.1% from 26.2% in 2007 to 15.1% in 2008.

The increase in sales and marketing expenses is mainly due to salary and general cost increases. General and administrative expenses reduced mainly due to lower allowance for doubtful debts. Excluding allowance for doubtful debts, the Group's general and administrative expenses increased mainly due to salary and general costs increases and higher exchange loss.

Tax expenses for 2008 are lower than 2007 mainly due to lower operating profit, reversal of deferred tax liability of US\$ 559K no longer required and tax rebate of US\$604K.

Profit attributable to shareholders for 2008 declined by US\$14.5 million as compared to the corresponding period.

Balance Sheet and Cash Flow Statement

The increase in investment in associates relates to our investment in the touch screen panel business in Korea and China amounting to US\$5.6 million. Other changes in balance sheet are in line with the Group's operating activities in 2008. Our cash flow position remains strong as at end of 2008.



9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Our result is in line with the prospect statement made in our Q3 2008 Results Announcement dated 10 November 2008 and Profit Warning Announcement dated 12 January 2009.

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

The demand for mobile phones slowed beyond our expectations in Q4 2008 and the global economic outlook remains weak for the entire 2009. In this challenging environment, we will focus on increasing our market share, improving our cost structure and enhancing our operational efficiency.

While we expect demand to remain weak in 2009, our project development activities with customers remain strong. Customers are cautious in awarding orders but at the same time are actively preparing themselves for economic recovery. We have also redirected our marketing resources to new and existing customers that are less affected by the economic slowdown.

We have also scaled down our operations while maintaining our core strengths to meet the challenges posed by the economic downturn and in anticipation of a volatile market ahead.

Notwithstanding the decline in performance for 2008, the Board has proposed a first and final dividend of 0.5 Singapore cents as a gesture of thanks to our loyal shareholders.

With an experienced management team and a healthy cash flow, we are confident of the Group's prospects in the long term.



11 Dividend

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

The directors have proposed the following dividend payment:

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	0.5 cents per ordinary share
Tax Rate	Not applicable (one-tier tax)

(b) *Corresponding Period of the Immediately Preceding Financial Year*

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	1.3 cents per ordinary share
Tax Rate	Not applicable (one-tier tax)

(c) *Date payable*

22 May 2009

(d) *Books closure date*

The Share Transfer Books and Register of Members will be closed from 5 p.m. on 8 May 2009 for the preparation of dividend entitlements.

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

Not Applicable.



13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

By Geographical Segments

	People's Republic of China		Asia*		Europe		Others		Consolidated	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Revenue										
Segment revenue										
Sales to external customers	85,700	90,540	15,722	27,771	5,964	1,771	1,946	1,903	109,332	121,985
Intersegment sales	-	-	-	-	-	-	-	-	-	-
Total revenue	85,700	90,540	15,722	27,771	5,964	1,771	1,946	1,903	109,332	121,985
Results										
Segment results	378	12,182	692	3,991	250	207	(69)	288	1,251	16,668
Financial costs									(38)	(18)
Share of results of associates									(624)	(157)
Profit before taxation									589	16,493
Tax refund/(expense)									73	(494)
Profit for the year									662	15,999

* Excluding china

By Business Segments

	Keypads		Others		Elimination		Consolidated	
	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000	2008 US\$'000	2007 US\$'000
Revenue								
Segment revenue								
Sales to external customers	87,490	105,582	21,842	16,403	-	-	109,332	121,985
Intersegment sales	265	651	4,037	1,052	(4,302)	(1,703)	-	-
Total revenue	87,755	106,233	25,879	17,455	(4,302)	(1,703)	109,332	121,985
Results								
Segment results	1,258	15,910	(7)	758	-	-	1,251	16,668
Financial costs							(38)	(18)
Share of results of associates							(624)	(157)
Profit before taxation							589	16,493
Tax refund/(expense)							73	(494)
Profit for the year							662	15,999



14 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.

15 A breakdown of sales

	Group		Difference
	2008	2007	
	US\$'000	US\$'000	%
Sales reported for the first half year	52,873	46,882	12.8%
Operating profit after tax before deducting minority interests reported for first haf	2,704	4,440	-39.1%
Sales reported for the second half year	56,459	75,103	-24.8%
Operating profit after tax before deducting minority interests reported for Second half	(2,042)	11,559	NM

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

	Full Year	
	2008	2007
	31-Dec	31-Dec
	S\$	S\$
Ordinary shares	<u>9,319,700</u>	<u>9,360,000</u>

BY ORDER OF THE BOARD

Tan Seng Chun
 Company Secretary

24 February 2009