



## **MEMTECH INTERNATIONAL LTD**

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

### **First Quarter Financial Statements Announcement For the period ended 31 March 2009**



**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 period ended 31 March 2009*

	Note	Group First Quarter		Increase/ (Decrease) %
		2009 31-Mar US\$'000	2008 31-Mar US\$'000	
Revenue		20,152	23,957	-15.9%
Cost of sales		(17,379)	(18,787)	-7.5%
Gross profit		2,773	5,170	-46.4%
Other operating income		179	279	-35.8%
Sales and marketing expenses		(1,126)	(1,273)	-11.5%
General and Administration expenses		(2,065)	(2,500)	-17.4%
Other operating expenses		(23)	(11)	109.1%
Finance costs		(4)	(6)	-33.3%
Share of result of associates		(21)	(55)	-61.8%
(Loss)/profit before tax	1	(287)	1,604	NM
Income tax expense		(459)	(284)	61.6%
(Loss)/profit for the period		(746)	1,320	NM
Attributable to:				
Equity holders of the parent		(585)	1,269	NM
Minority interests		(161)	51	NM
		(746)	1,320	NM



## Notes

NM: Not meaningful

### 1 Profit from operating activities

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

	Group		
	First Quarter		
	2009	2008	Increase/
	Note	31-Mar	(Decrease)
	31-Mar	31-Mar	
	US\$'000	US\$'000	%
Depreciation	2,427	2,235	9%
Write back of allowance for doubtful receivables, trade	(125)	(738)	-83%
Loss on disposal of property, plant and equipment	15	-	NM
Exchange loss	179	1,167	-85%



**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 March 2009*

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Mar</b>	<b>31-Dec</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets:</b>				
Property, plant and equipment	43,163	44,470	3	8
Investment in subsidiaries	-	-	54,024	52,603
Investment in associates	6,328	6,731	7,235	7,618
Intangible assets	1,033	1,033	-	-
	<u>50,524</u>	<u>52,234</u>	<u>61,262</u>	<u>60,229</u>
<b>Current Assets:</b>				
Cash and cash equivalents	36,557	32,310	322	355
Trade receivables	29,284	38,277	-	-
Bills and other receivables	10,999	10,938	12	14
Amounts due from subsidiaries	-	-	4,468	4,478
Prepayments	285	486	-	-
Inventories	7,369	8,904	-	-
	<u>84,494</u>	<u>90,915</u>	<u>4,802</u>	<u>4,847</u>
<b>Current Liabilities:</b>				
Trade payables and accruals	13,154	20,716	231	260
Bills and other payables	7,246	7,033	3	11
Amounts due to subsidiaries	-	-	12,656	8,502
Loans and borrowings	1	3	-	-
Provision for tax	357	149	13	15
Other liabilities	115	100	-	-
Derivatives	76	129	-	-
	<u>20,949</u>	<u>28,130</u>	<u>12,903</u>	<u>8,788</u>
<b>Net Current Assets / (Liabilities)</b>	<b>63,545</b>	<b>62,785</b>	<b>(8,101)</b>	<b>(3,941)</b>
<b>Non-Current Liabilities:</b>				
Deferred taxation	1,606	1,523	-	-
	<u>1,606</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<b>112,463</b>	<b>113,496</b>	<b>53,161</b>	<b>56,288</b>



**Balance Sheets (Cont'd)**

*As at 31 March 2009*

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Mar</b>	<b>31-Dec</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(502)	(479)	(502)	(479)
Currency translation reserve	16,968	17,698	5,494	8,316
Statutory reserve fund	3,747	3,747	-	-
Revenue reserves	47,656	48,241	5,198	5,480
	<u>110,840</u>	<u>112,178</u>	<u>53,161</u>	<u>56,288</u>
<b>Minority Interests</b>	<u>1,623</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
<b>Total Equity</b>	<u><u>112,463</u></u>	<u><u>113,496</u></u>	<u><u>53,161</u></u>	<u><u>56,288</u></u>

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

	<b>Group Secured</b>		<b>Group Unsecured</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Dec</b>	<b>31-Mar</b>	<b>31-Dec</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	1	3	-	-
Amount repayable after one year	-	-	-	-
	<u>1</u>	<u>3</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 period ended 31 March 2009*

	<b>Group</b>	
	<b>First Quarter</b>	
	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Mar</b>
	US\$'000	US\$'000
Cash flows from operating activities:		
(Loss)/profit before tax	(287)	1,604
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,427	2,235
Interest expense	3	6
Interest income	(40)	(44)
Loss on disposal of property, plant and equipment	15	-
Share of results of associates	21	55
Total adjustments	<u>2,426</u>	<u>2,252</u>
Operating cashflow before changes in working capital	2,139	3,856
<u>Changes in working capital</u>		
Trade and other receivables	7,894	5,064
Inventories	1,592	178
Trade and other payables	(5,616)	(4,864)
Cash generated from operations	<u>6,009</u>	<u>4,234</u>
Income tax paid	(83)	(64)
Net cash generated from operating activities	<u>5,926</u>	<u>4,170</u>
Cash flows used in investing activities:		
Purchases of property, plant and equipment	(1,683)	(1,394)
Interest income received	40	44
Investment in associates	-	(5,000)
Net cash used in investing activities	<u>(1,643)</u>	<u>(6,350)</u>
Cash flows used in financing activities:		
Proceeds from loans and borrowings	-	3,000
Interest paid	(4)	(7)
Repayments of loans and borrowings	(2)	(3,001)
Purchase of treasury shares	(23)	(14)
Net cash used in financing activities	<u>(29)</u>	<u>(22)</u>
Net increase/(decrease) in cash and cash equivalents	4,254	(2,202)
Effects of exchange rate changes on opening cash	(7)	1,333
Cash and cash equivalents at the beginning of the period	32,310	32,759
Cash and cash equivalents at the end of the period	<u>36,557</u>	<u>31,890</u>



**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 March 2009*

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Issued Capital</b>				
Balance at 1 January and 31 March	42,971	42,971	42,971	42,971
<b>Treasury Shares</b>				
Balance at 1 January	(479)	(427)	(479)	(427)
Purchase of treasury Shares	(23)	(14)	(23)	(14)
Balance at 31 March	(502)	(441)	(502)	(441)
<b>Statutory Reserve Fund</b>				
Balance at 1 January and 31 March	3,747	3,393	-	-
<b>Currency Translation Reserve</b>				
Balance at 1 January	17,698	11,450	8,316	8,612
Net effect of exchange translation	(730)	4,207	(2,822)	3,094
Balance at 31 March	16,968	15,657	5,494	11,706
<b>Revenue Reserves</b>				
Balance at 1 January	48,241	53,344	5,480	12,852
Net (loss)/profit for the period	(585)	1,269	(282)	(421)
Balance at 31 March	47,656	54,613	5,198	12,431
<b>Minority Interests</b>				
Balance at 1 January	1,318	2,174	-	-
Total for the period	305	140	-	-
Balance at 31 March	1,623	2,314	-	-
<b>Total Equity</b>				
Balance at 1 January	113,496	112,905	56,288	64,008
Total for the period	(1,033)	5,602	(3,127)	2,659
Balance at 31 March	112,463	118,507	53,161	66,667



**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**

	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Dec</b>
	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.**

	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Dec</b>
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>715,640,000</u>	<u>716,300,000</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.**

	<b>2009</b>
	<b>31-Mar</b>
	No. of shares
Balance as at beginning of the period	3,700,000
Open market purchase	<u>660,000</u>
Balance as at end of the period	<u>4,360,000</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 2008.

**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**

	<b>Group</b>	
	<b>First Quarter</b>	
	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Mar</b>
	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	(0.1)	0.2
(ii) On a fully diluted basis	(0.1)	0.2

  

	<b>Group</b>	
	<b>First Quarter</b>	
	<b>2009</b>	<b>2008</b>
	<b>31-Mar</b>	<b>31-Mar</b>
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	715,890	716,916
(ii) On a fully diluted basis	715,890	716,916



**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	
	2009 31-Mar	2008 31-Dec	2009 31-Mar	2008 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	15.5	15.7	7.4	7.9
Number of shares ('000)	715,640	716,300	715,640	716,300

**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.**

**Q1 2009 vs. Q1 2008 Results**

The Group revenues decreased by 15.9% from US\$24.0 million in Q1 2008 to US\$20.2 million in Q1 2009 as a result of adverse market conditions. Whilst demand for our products in Q1 2009 was weak compared to Q1 2008, our sales had improved on a month to month basis from January to March 2009.

As a result of lower capacity utilization, lower selling prices, higher raw material, labour and other operational costs, the Group's gross profit margin declined to 13.8% as compared to 21.6% in Q1 2008.

General and administrative expenses decreased by 17.4% or US\$435K mainly due to lower exchange losses resulting from lower volatility in exchange rate between RMB and USD during the quarter.

Despite a loss, income tax expense amounted to US\$459K during the quarter as losses of certain subsidiaries were unable to be utilized to set off against profits made by other subsidiaries.

The Group incurred losses in January and February of 2009 as a result of low revenues. The Group's performance improved and became profitable in March. However, the profit generated was insufficient to



offset the losses in the earlier two months resulting in a net loss in Q1 2009. Profit attributable to shareholders reduced from US\$1.3 million to loss of US\$585K as compared to the corresponding period.

**Balance Sheet and Cash Flow Statement**

The changes in the balance sheets are in line with the Group's operating activities in Q1 2009. Our cash flow position remains healthy as at end of Q1 2009 with balances of US\$36.6 million.

**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 Profit Guidance Announcement dated 9 April 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**

We expect the economic environment to remain weak in Q2 2009. We will continue to focus on improving our competitive edge and to consolidate our operations to achieve greater efficiencies.

With an experienced management team and healthy cash flow, we are confident that we will ride out this economic crisis and remain optimistic of our prospects in the long term.



**11 Dividend**

**(a) *Current Financial Period Reported On***

**Any dividend declared for the current financial period reported on?**

None.

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

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

None.

**(c) *Date payable***

Not Applicable.

**(d) *Books closure date***

Not Applicable.

**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**

Not Applicable for current quarter.

**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 for current quarter.

**15 A breakdown of sales**

Not Applicable for current quarter.



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

Not Applicable for current quarter.

**BY ORDER OF THE BOARD**

Tan Seng Chun

Company Secretary

30 April 2009