



MEMTECH INTERNATIONAL LTD

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

Second Quarter Financial Statements Announcement
For the period ended 30 June 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 30 June 2009

	Note	Group Second Quarter			Group Year to Date		
		2009	2008	Increase/ (Decrease)	2009	2008	Increase/ (Decrease)
		30-Jun	30-Jun		30-Jun	30-Jun	
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		21,856	28,916	-24.4%	42,008	52,873	-20.5%
Cost of sales		(19,058)	(23,747)	-19.7%	(36,437)	(42,534)	-14.3%
Gross profit		2,798	5,169	-45.9%	5,571	10,339	-46.1%
Other operating income		817	292	NM	996	571	74.4%
Sales and marketing expenses		(1,294)	(1,445)	-10.4%	(2,420)	(2,718)	-11.0%
General and Administration expenses		(2,209)	(2,003)	10.3%	(4,274)	(4,503)	-5.1%
Other operating expenses		(181)	(75)	NM	(204)	(81)	NM
Finance costs		-	-	NM	(4)	(11)	-63.6%
Share of result of associates		(138)	(152)	-9.2%	(159)	(207)	-23.2%
(Loss)/profit before tax	1	(207)	1,786	NM	(494)	3,390	NM
Income tax expense		(307)	(402)	-23.6%	(766)	(686)	11.7%
(Loss)/profit for the period		(514)	1,384	NM	(1,260)	2,704	NM
Attributable to:							
Equity holders of the parent		(360)	1,307	NM	(945)	2,576	NM
Minority interests		(154)	77	NM	(315)	128	NM
		(514)	1,384	NM	(1,260)	2,704	NM



Statement of Comprehensive Income

For the period ended 30 June 2009

	Group Second Quarter			Group Year to Date			
	Note	2009 30-Jun	2008 30-Jun	Increase/ (Decrease)	2009 30-Jun	2008 30-Jun	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/profit for the period		(514)	1,384	NM	(1,260)	2,704	NM
Other comprehensive income (net of tax) currency translation differences		(245)	2,341	NM	(509)	6,637	NM
Total comprehensive income for the period		(759)	3,725	NM	(1,769)	9,341	NM
Total comprehensive income attributable to:							
Owners of the parent		(605)	3,590	NM	(1,920)	9,066	NM
Minority interests		(154)	135	NM	151	275	NM
		(759)	3,725	NM	(1,769)	9,341	NM

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group Second Quarter			Group Year to Date			
	Note	2009 30-Jun	2008 30-Jun	Increase/ (Decrease)	2009 30-Jun	2008 30-Jun	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation		2,388	2,325	3%	4,815	4,560	6%
Allowance for doubtful receivables,		438	-	NM	426	-	NM
Write back of allowance for doubtful receivables, trade		-	(852)	NM	(125)	(1,590)	NM
Loss on disposal of property, plant and equipment		155	5	NM	170	5	NM
Exchange (gain)/loss		(374)	629	NM	(203)	1,887	NM
Net fair value (gain)/loss on derivatives		(160)	49	NM	(152)	(42)	NM



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

Statement of Financial Position

As at 30 June 2009

	Group		Company	
	2009	2008	2009	2008
	30-Jun	31-Dec	30-Jun	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	41,550	44,470	3	8
Investment in subsidiaries	-	-	61,094	52,603
Investment in associates	6,413	6,731	7,610	7,618
Intangible assets	1,033	1,033	-	-
	<u>48,996</u>	<u>52,234</u>	<u>68,707</u>	<u>60,229</u>
Current Assets:				
Cash and cash equivalents	35,606	32,310	257	355
Trade receivables	28,763	38,277	-	-
Bills and other receivables	9,845	10,938	13	14
Amounts due from subsidiaries	-	-	188	4,478
Prepayments	382	486	-	-
Inventories	7,380	8,904	-	-
	<u>81,976</u>	<u>90,915</u>	<u>458</u>	<u>4,847</u>
Current Liabilities:				
Trade payables and accruals	14,116	20,716	141	260
Bills and other payables	5,394	7,033	4	11
Amounts due to subsidiaries	-	-	15,403	8,502
Loans and borrowings	-	3	-	-
Provision for tax	323	149	14	15
Other liabilities	158	100	-	-
Derivatives	-	129	-	-
	<u>19,991</u>	<u>28,130</u>	<u>15,562</u>	<u>8,788</u>
Net Current Assets / (Liabilities)	61,985	62,785	(15,104)	(3,941)
Non-Current Liabilities:				
Deferred taxation	1,664	1,523	-	-
	<u>1,664</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
Net Assets	109,317	113,496	53,603	56,288



Statement of Financial Position (Cont'd)

As at 30 June 2009

	Group		Company	
	2009	2008	2009	2008
	30-Jun	31-Dec	30-Jun	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	(502)	(479)	(502)	(479)
Currency translation reserve	16,440	17,698	7,886	8,316
Statutory reserve fund	3,747	3,747	-	-
Revenue reserves	45,192	48,241	3,248	5,480
	<u>107,848</u>	<u>112,178</u>	<u>53,603</u>	<u>56,288</u>
Minority Interests	<u>1,469</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>109,317</u></u>	<u><u>113,496</u></u>	<u><u>53,603</u></u>	<u><u>56,288</u></u>

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

	Group Secured		Group Unsecured	
	2009	2008	2009	2008
	30-Jun	31-Dec	30-Jun	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	3	-	-
Amount repayable after one year	-	-	-	-
	<u>-</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

Statement of Cash Flows

For the period ended 30 June 2009

	Group Second Quarter		Group Year to Date	
	2009 30-Jun	2008 30-Jun	2009 30-Jun	2008 30-Jun
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
(Loss)/profit before tax	(207)	1,786	(494)	3,390
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	2,388	2,325	4,815	4,560
Interest expense	1	1	4	11
Interest income	(35)	(78)	(75)	(122)
Loss on disposal of property, plant and equipment	155	5	170	5
Share of results of associates	138	152	159	207
Total adjustments	2,647	2,405	5,073	4,661
Operating cashflow before changes in working capital	2,440	4,191	4,579	8,051
<u>Changes in working capital</u>				
Trade and other receivables	(240)	1,046	7,654	6,110
Inventories	(220)	(620)	1,372	(442)
Trade and other payables	(64)	(167)	(5,680)	(5,031)
Cash generated from operations	1,916	4,450	7,925	8,688
Income tax paid	(149)	(392)	(232)	(456)
Net cash generated from operating activities	1,767	4,058	7,693	8,232
Cash flows used in investing activities:				
Purchases of property, plant and equipment	(427)	(1,160)	(2,110)	(2,554)
Proceeds from disposal of fixed assets	55	11	55	11
Interest income received	35	78	75	122
Investment in associates	-	(649)	-	(5,649)
Net cash used in investing activities	(337)	(1,720)	(1,980)	(8,070)
Cash flows used in financing activities:				
Proceeds from loans and borrowings	-	2,000	-	5,000
Interest paid	-	-	(4)	(11)
Dividends Paid	(2,387)	(6,674)	(2,387)	(6,674)
Repayments of loans and borrowings	(1)	(2)	(3)	(3,003)
Purchase of treasury shares	-	-	(23)	(14)
Net cash used in financing activities	(2,388)	(4,676)	(2,417)	(4,702)
Net (decrease)/increase in cash and cash equivalents	(958)	(2,338)	3,296	(4,540)
Effects of exchange rate changes on opening cash	7	821	-	2,154
Cash and cash equivalents at the beginning of the period	36,557	31,890	32,310	32,759
Cash and cash equivalents at the end of the period	35,606	30,373	35,606	30,373



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 Changes in Equity

As at 30 June 2009

	Group		Company	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March and 30 June	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January	(479)	(427)	(479)	(427)
Purchase of treasury Shares	(23)	(14)	(23)	(14)
Balance at 31 March and 30 June	(502)	(441)	(502)	(441)
Statutory Reserve Fund				
Balance at 1 January, 31 March and 30 June	3,747	3,393	-	-
Currency Translation Reserve				
Balance at 1 January	17,698	11,450	8,316	8,612
Net effect of exchange translation differences	(730)	4,207	(2,822)	3,094
Balance at 31 March	16,968	15,657	5,494	11,706
Net effect of exchange translation differences	(245)	2,283	2,675	822
Effect of exchange translation differences on dividend payment	(283)	(645)	(283)	(645)
Balance at 30 June	16,440	17,295	7,886	11,883
Revenue Reserves				
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
Net (loss)/profit for the period	(360)	1,307	154	(239)
Dividend paid	(2,104)	(6,029)	(2,104)	(6,029)
Balance at 30 June	45,192	49,891	3,248	6,163
Minority Interests				
Balance at 1 January	1,318	2,174	-	-
Net (loss)/profit for the period	(161)	51	-	-
Net effect of exchange translation differences	466	89	-	-
Balance at 31 March	1,623	2,314	-	-
Net (loss)/profit for the period	(154)	77	-	-
Net effect of exchange translation differences	-	58	-	-
Balance at 30 June	1,469	2,449	-	-
Total Equity				
Balance at 1 January	113,496	112,905	56,288	64,008
Total comprehensive income	(1,010)	5,616	(3,104)	2,673
Purchase of treasury shares	(23)	(14)	(23)	(14)
Balance at 31 March	112,463	118,507	53,161	66,667
Total comprehensive income	(759)	3,725	2,829	583
Dividend paid	(2,387)	(6,674)	(2,387)	(6,674)
Balance at 30 June	109,317	115,558	53,603	60,576



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

	2009	2008
	30-Jun	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.

	2009	2008
	30-Jun	31-Dec
	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.

	2009
	30-Jun
	No. of
Balance as at beginning and end of the period	<u>4,360,000</u>



1(e) Confirmation of the Board

We refer to the requirement under Rule 705(4) of the Listing Manual.

We hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for the period ended 30 June 2009 to be false or misleading in any material respect.

On behalf of the Board of Directors

Chuang Wen Fu
Executive Chairman

Yap Chin Kuan
Chief Operating Officer

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

	Group Second Quarter		Group Half Year	
	2009 30-Jun	2008 30-Jun	2009 30-Jun	2008 30-Jun
	US cents	US cents	US cents	US cents
Earnings per ordinary share for the period after deducting any provision for preference dividends:				
(i) Based on weighted average number of ordinary shares on issue	(0.1)	0.2	(0.1)	0.4
(ii) On a fully diluted basis	(0.1)	0.2	(0.1)	0.4

	Group Second Quarter		Group Half Year	
	2009 30-Jun	2008 30-Jun	2009 30-Jun	2008 30-Jun
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	715,765	716,900	715,765	716,905
(ii) On a fully diluted basis	715,765	716,900	715,765	716,905

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 30-Jun	2008 31-Dec	2009 30-Jun	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	15.1	15.7	7.5	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.**

Q2 2009 vs. Q2 2008 Results

The Group's revenue decreased by 24.4% from US\$28.9 million in Q2 2008 to US\$21.9 million in Q2 2009 in line with the weak market conditions during the quarter.

As a result of lower capacity utilization and lower selling prices, the Group's gross profit margin declined to 12.8% as compared to 17.9% in Q2 2008.

Other operating income increased due mainly to one off insurance claim, government grant, gain on currency hedge contract and exchange gain arising from appreciation of RMB against USD. Other operating losses increased due mainly to loss on disposal of property, plant and equipment.

General and administrative expenses increased by 10.3% or US\$206K mainly due to higher allowance for doubtful receivables. Excluding allowance for doubtful debts and exchange losses, general and administrative expenses decreased by 13.6% from US\$2.2 million to US\$1.9 million as compared to the corresponding period.

Despite a loss, income tax expense amounted to US\$307K 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 an after tax loss of US\$514,000 in Q2 2009. Loss attributable to shareholders reduced from US\$585,000 to US\$360,000 as compared to the Q1 2009.

Financial Position and Cash Flow

The changes in the balance sheets are in line with the Group's operating activities in Q2 2009. Our cash flow position remains healthy as at end of Q2 2009 with balances of US\$35.6 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 Q1 2009 Results Announcement dated 30 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

While there are indications of market recovery, the economy remains weak and we expect a slow rate of recovery in the second half of 2009.

As per our previous announcement on 7 August 2009, the Company acquired the remaining 80% interests in Tera China, a company with principal activities of manufacturing and sale of touch screen panels, converting Tera China from an associate to a wholly owned subsidiary. We intend to put in more resources and expand the touch screen panels business. While we do not expect Tera China to contribute positively to the results of the Group in 2009, we are optimistic in its long term prospect.

With an experienced management team and healthy cash flow, we remain optimistic of our prospects in the long run.

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.

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

14 August 2009