



MEMTECH INTERNATIONAL LTD

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

Third Quarter Financial Statements Announcement For the period ended 30 September 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 September 2009

	Note	Group Third Quarter			Group Year to Date		
		2009 30-Sep US\$'000	2008 30-Sep US\$'000	Increase/ (Decrease) %	2009 30-Sep US\$'000	2008 30-Sep US\$'000	Increase/ (Decrease) %
Revenue		29,962	31,385	-4.5%	71,970	84,258	-14.6%
Cost of sales		(24,245)	(25,952)	-6.6%	(60,682)	(68,486)	-11.4%
Gross profit		5,717	5,433	5.2%	11,288	15,772	-28.4%
Other operating income		341	215	58.6%	982	786	24.9%
Sales and marketing expenses		(1,345)	(1,696)	-20.7%	(3,765)	(4,414)	-14.7%
General and administration expenses		(3,044)	(2,102)	44.8%	(7,318)	(4,760)	53.7%
Other operating expenses		(141)	(9)	NM	(345)	(90)	NM
Finance costs		-	(27)	NM	(4)	(38)	-89.5%
Exchange gain/(loss)		397	(318)	NM	752	(2,163)	NM
Share of result of associates		(11)	45	NM	(170)	(162)	4.9%
Profit before tax	1	1,914	1,541	24.2%	1,420	4,931	-71.2%
Income tax expense		(444)	(638)	-30.4%	(1,210)	(1,324)	-8.6%
Profit for the period		1,470	903	62.8%	210	3,607	-94.2%
Attributable to:							
Equity holders of the parent		1,550	811	91.1%	605	3,387	-82.1%
Minority interests		(80)	92	NM	(395)	220	NM
		1,470	903	62.8%	210	3,607	-94.2%



Statement of Comprehensive Income

For the period ended 30 September 2009

	Group Third Quarter			Group Year to Date			
	Note	2009 30-Sep	2008 30-Sep	Increase/ (Decrease)	2009 30-Sep	2008 30-Sep	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit for the period		1,470	903	62.8%	210	3,607	-94.2%
Other comprehensive income (net of tax)							
Currency translation differences		(5)	730	NM	(514)	7,367	NM
Total comprehensive income for the period		1,465	1,633	-10.3%	(304)	10,974	NM
Total comprehensive income attributable to:							
Owners of the parent		1,922	1,526	26.0%	2	10,592	NM
Minority interests		(457)	107	NM	(306)	382	NM
		1,465	1,633	-10.3%	(304)	10,974	NM

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group Third Quarter			Group Year to Date			
	Note	2009 30-Sep	2008 30-Sep	Increase/ (Decrease)	2009 30-Sep	2008 30-Sep	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation		2,437	2,345	4%	7,252	6,905	5%
Allowance/(write back) for doubtful receivables, trade		809	(72)	NM	1,110	(1,662)	NM
Loss on disposal of property, plant and equipment		46	14	NM	216	19	NM
Exchange (gain)/loss							
Exchange (gain)/loss		(397)	340	NM	(600)	2,227	NM
Net fair value gain on foreign exchange derivatives		-	(22)	NM	(152)	(64)	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 September 2009

	Group		Company	
	2009 30-Sep	2008 31-Dec	2009 30-Sep	2008 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	42,506	44,470	2	8
Investment in subsidiaries	-	-	65,996	52,603
Investment in associates	2,014	6,731	2,292	7,618
Long term investment	2,013	-	2,013	-
Intangible assets	1,432	1,033	-	-
	<u>47,965</u>	<u>52,234</u>	<u>70,303</u>	<u>60,229</u>
Current Assets:				
Cash and cash equivalents	36,757	32,310	89	355
Trade receivables	37,817	38,277	-	-
Bills and other receivables	8,413	10,938	15	14
Amounts due from subsidiaries	-	-	188	4,478
Prepayments	1,083	486	-	-
Inventories	9,303	8,904	-	-
	<u>93,373</u>	<u>90,915</u>	<u>292</u>	<u>4,847</u>
Current Liabilities:				
Trade payables and accruals	22,867	20,716	211	260
Bills and other payables	4,589	7,033	4	11
Amounts due to subsidiaries	-	-	15,499	8,502
Loans and borrowings	-	3	-	-
Provision for tax	934	149	15	15
Other liabilities	399	100	-	-
Derivatives	-	129	-	-
	<u>28,789</u>	<u>28,130</u>	<u>15,729</u>	<u>8,788</u>
Net Current Assets / (Liabilities)	64,584	62,785	(15,437)	(3,941)
Non-Current Liabilities:				
Deferred taxation	1,767	1,523	-	-
	<u>1,767</u>	<u>1,523</u>	<u>-</u>	<u>-</u>
Net Assets	110,782	113,496	54,866	56,288



Statement of Financial Position (Cont'd)

As at 30 September 2009

	Group		Company	
	2009 30-Sep	2008 31-Dec	2009 30-Sep	2008 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	16,812	17,698	9,271	8,316
Statutory reserve fund	3,747	3,747	-	-
Revenue reserves	46,742	48,241	3,126	5,480
	<u>109,770</u>	<u>112,178</u>	<u>54,866</u>	<u>56,288</u>
Minority Interests	<u>1,012</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>110,782</u></u>	<u><u>113,496</u></u>	<u><u>54,866</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 30-Sep	2008 31-Dec	2009 30-Sep	2008 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 September 2009

	Group		Group	
	Third Quarter	2008	Year to Date	2008
	2009	2008	2009	2008
	30-Sep	30-Sep	30-Sep	30-Sep
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax	1,914	1,541	1,420	4,931
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	2,437	2,345	7,252	6,905
Interest expense	-	27	4	38
Interest income	(72)	(86)	(147)	(208)
Loss on disposal of property, plant and equipment	46	14	216	19
Share of results of associates	11	(45)	170	162
Total adjustments	2,422	2,255	7,495	6,916
Operating cashflow before changes in working capital	4,336	3,796	8,915	11,847
<u>Changes in working capital</u>				
Trade and other receivables	(7,163)	8,843	491	14,953
Inventories	(1,453)	(1,126)	(81)	(1,568)
Trade and other payables	6,965	(3,590)	1,285	(8,621)
Cash generated from operations	2,685	7,923	10,610	16,611
Income tax paid	(368)	(394)	(600)	(850)
Net cash generated from operating activities	2,317	7,529	10,010	15,761
Cash flows used in investing activities:				
Purchases of property, plant and equipment	(1,645)	(5,543)	(3,755)	(8,097)
Proceeds from disposal of fixed assets	34	-	89	11
Interest income received	72	86	147	208
Investment in associates	-	-	-	(5,649)
Investment in a subsidiary (net)	397	-	397	-
Long term investment	(51)	-	(51)	-
Net cash used in investing activities	(1,193)	(5,457)	(3,173)	(13,527)
Cash flows used in financing activities:				
Proceeds from loans and borrowings	-	-	-	5,000
Interest paid	-	(27)	(4)	(38)
Dividends Paid	-	-	(2,387)	(6,674)
Repayments of loans and borrowings	-	(2,002)	(3)	(5,005)
Purchase of treasury shares	-	(20)	(23)	(34)
Net cash used in financing activities	-	(2,049)	(2,417)	(6,751)
Net increase/(decrease) in cash and cash equivalents	1,124	23	4,420	(4,517)
Effects of exchange rate changes on opening cash	27	182	27	2,336
Cash and cash equivalents at the beginning of the period	35,606	30,373	32,310	32,759
Cash and cash equivalents at the end of the period	36,757	30,578	36,757	30,578



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 September 2009

	Group		Company	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March, 30 June and 30 September	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)
Purchase of treasury Shares	-	(20)	-	(20)
Balance at 30 September	(502)	(461)	(502)	(461)
Statutory Reserve Fund				
Balance at 1 January, 31 March, 30 June and 30 September	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
Net effect of exchange translation differences	372	715	1,385	(2,586)
Balance at 30 September	16,812	18,010	9,271	9,297
Sub-total carried forward				
Balance at 1 January	63,937	57,387	50,808	51,156
Total for the period	(753)	4,193	(2,845)	3,080
Balance at 31 March	63,184	61,580	47,963	54,236
Total for the period	(528)	1,638	2,392	177
Balance at 30 June	62,656	63,218	50,355	54,413
Total for the period	372	695	1,385	(2,606)
Balance at 30 September	63,028	63,913	51,740	51,807



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 (Cont'd)

As at 30 September 2009

	Group		Company	
	2009	2008	2009	2008
	US\$'000	US\$'000	US\$'000	US\$'000
Sub-total carried forward				
Balance at 1 January	63,937	57,387	50,808	51,156
Total for the period	(753)	4,193	(2,845)	3,080
Balance at 31 March	63,184	61,580	47,963	54,236
Total for the period	(528)	1,638	2,392	177
Balance at 30 June	62,656	63,218	50,355	54,413
Total for the period	372	695	1,385	(2,606)
Balance at 30 September	63,028	63,913	51,740	51,807
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
Net profit/(loss) for the period	1,550	811	(122)	(412)
Balance at 30 September	46,742	50,702	3,126	5,751
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	-	-
Net (loss)/profit for the period	(80)	92	-	-
Net effect of exchange translation differences	(377)	15	-	-
Balance at 30 September	1,012	2,556	-	-
Total Equity				
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
Total for the period	(3,146)	(2,949)	442	(6,091)
Balance at 30 June	109,317	115,558	53,603	60,576
Total for the period	1,465	1,613	1,263	(3,018)
Balance at 30 September	110,782	117,171	54,866	57,558



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-Sep	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.

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-Sep
	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 September 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

The Group has adopted all the new/revised FRSs that are mandatory for financial years beginning on or after 1 January 2009. Except the adoption of these new/revised FRSs, the Group has consistently adopted the same accounting policies and methods of computation as stated in the audited financial statements of the Group for the 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

The adoption of the new/revised FRSs has no material financial impact on the Group's financial statements.



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 Third Quarter		Group Year to Date	
	2009 30-Sep	2008 30-Sep	2009 30-Sep	2008 30-Sep
	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	0.2	0.1	0.1	0.5
(ii) On a fully diluted basis	0.2	0.1	0.1	0.5

	Group Third Quarter		Group Year to Date	
	2009 30-Sep	2008 30-Sep	2009 30-Sep	2008 30-Sep
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	715,640	716,857	715,723	716,889
(ii) On a fully diluted basis	715,640	716,857	715,723	716,889

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-Sep	2008 31-Dec	2009 30-Sep	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	15.3	15.7	7.7	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.**

Q3 2009 vs. Q3 2008 Results

The Group's revenue for the third quarter of 2009 was US\$30.0 million, a decrease of 4.5% compared to US\$31.4 million for the third quarter of 2008. Notwithstanding the decline in revenue, the Group's gross profit margin improved from 17.3% to 19.1% as a result of cost savings and operational efficiencies achieved by the Group. Gross profit improved by 5.2% from US\$5.4 million to US\$5.7 million compared to the corresponding period.

General and administrative expenses increased by 44.8% or US\$0.9 million mainly due to higher allowance for doubtful receivables compared to the corresponding period and the expansion of the touch screen panel operations during the quarter.

With higher sales compared to the preceding quarter and benefits from our costs savings and operational efficiencies, the Group returned to profitability in Q3 2009 following losses for the preceding three quarters with a profit of US\$1.5 million as compared to US\$903K for the corresponding period. Profit attributable to shareholders increased by 91.1% or US\$739K to US\$1.6 million as compared to the corresponding period of US\$811K.

Financial Position and Cash Flow

As per our announcement on 7 August 2009, upon the completion of the share transfer in relation to our touch screen business, our cost of investment in Galaxia Display Co Ltd ("GDC"), formerly known as Teradisplay Co., Ltd and Nantong Memtech TSP Solution Co., Ltd ("MTSP"), formerly known as Nantong Tera China Co., Ltd are reclassified from investment in associates to long term investment and investment in subsidiaries accordingly. The net tangible assets acquired and goodwill arising from the acquisition of MTSP were US\$2.4 million and US\$398K respectively. Net cash inflow following the share transfer is US\$346K.

Other than the above, the changes in the balance sheet are in line with the Group's operating activities in Q3 2009. Our cash flow position remains healthy as at the end of Q3 2009 with balances of US\$36.8 million representing 33.6% of our net tangible assets or approximately 5.1 US cents per share.



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

Our results are in line with the prospect statement made in our Q2 2009 Results Announcement dated 11 August 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 the economic conditions remain challenging, we are cautiously optimistic of the Group's performance in the current quarter.

With an experienced management team and healthy cash flow, we 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.

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

10 November 2009