



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2010



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 2010

	Group		
	First Quarter		
	2010	2009	Increase/ (Decrease)
	31-Mar	31-Mar	
	US\$'000	US\$'000	%
Revenue	30,784	20,152	52.8%
Cost of sales	(25,216)	(17,379)	45.1%
Gross profit	5,568	2,773	100.8%
Other operating income	329	179	83.8%
Sales and marketing expenses	(1,587)	(1,126)	40.9%
General and Administration expenses	(2,619)	(1,886)	38.9%
Other operating expenses	(154)	(23)	NM
Finance costs	-	(4)	NM
Exchange gain/(loss)	8	(179)	NM
Share of result of associates	(5)	(21)	-76.2%
Profit/(loss) before tax	1,540	(287)	NM
Income tax expenses, net	(573)	(459)	24.8%
Profit/(loss) for the period	967	(746)	NM
Attributable to:			
Owners of the Company	1,035	(585)	NM
Minority interests	(68)	(161)	-57.8%
	967	(746)	NM



Statement of Comprehensive Income

For the period ended 31 March 2010

	Group First Quarter		
	2010 31-Mar	2009 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit/(loss) for the period	967	(746)	NM
Other comprehensive income (net of tax)			
Currency translation differences	(16)	(264)	NM
Total comprehensive income for the period	951	(1,010)	NM
Total comprehensive income attributable to:			
Owners of the Company	1,017	(1,315)	NM
Minority interests	(66)	305	NM
	951	(1,010)	NM

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group First Quarter		
	2010 31-Mar	2009 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	%
Depreciation	2,413	2,427	-0.6%
Allowance for/(write back of) doubtful receivables, trade	223	(125)	NM
Net loss on disposal of property, plant and equipment	151	15	NM
Exchange (gain)/loss			
Exchange (gain)/loss	(8)	171	NM
Net fair value loss on forward currency contracts	-	8	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

Balance Sheets

As at 31 March 2010

	Group		Company	
	2010 31-Mar	2009 31-Dec	2010 31-Mar	2009 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	41,498	42,083	2	2
Investment in subsidiaries	-	-	69,739	67,320
Investment in associates	2,075	2,073	2,310	2,303
Long term investment	2,029	2,023	2,029	2,023
Intangible assets	1,432	1,432	-	-
	<u>47,034</u>	<u>47,611</u>	<u>74,080</u>	<u>71,648</u>
Current Assets:				
Cash and cash equivalents	40,321	38,393	310	494
Trade receivables	39,500	40,035	-	-
Bills and other receivables	13,000	11,339	18	13
Amounts due from subsidiaries	-	-	191	190
Prepayments	2,425	2,257	-	-
Inventories	8,059	8,391	-	-
	<u>103,305</u>	<u>100,415</u>	<u>519</u>	<u>697</u>
Current Liabilities:				
Trade payables and accruals	27,266	27,581	262	266
Bills and other payables	7,870	5,291	603	10
Amounts due to subsidiaries	-	-	18,345	16,732
Other liabilities	739	775	299	299
Provision for taxation	689	655	15	15
	<u>36,564</u>	<u>34,302</u>	<u>19,524</u>	<u>17,322</u>
Net Current Assets / (Liabilities)	66,741	66,113	(19,005)	(16,625)
Non-Current Liabilities:				
Deferred taxation	2,226	1,926	-	-
	<u>2,226</u>	<u>1,926</u>	<u>-</u>	<u>-</u>
Net Assets	<u><u>111,549</u></u>	<u><u>111,798</u></u>	<u><u>55,075</u></u>	<u><u>55,023</u></u>



Balance Sheets (Cont'd)

As at 31 March 2010

	Group		Company	
	2010 31-Mar	2009 31-Dec	2010 31-Mar	2009 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Owners of the Company				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(502)	(502)	(502)	(502)
Statutory reserve fund	3,927	3,787	-	-
Acquisition reserve	(714)	-	-	-
Currency translation reserve	16,460	16,478	9,712	9,541
Revenue reserves	49,407	48,512	2,894	3,013
	<u>111,549</u>	<u>111,246</u>	<u>55,075</u>	<u>55,023</u>
Minority Interests	-	552	-	-
Total Equity	<u><u>111,549</u></u>	<u><u>111,798</u></u>	<u><u>55,075</u></u>	<u><u>55,023</u></u>

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

	Group Secured		Group Unsecured	
	2010 31-Mar	2009 31-Dec	2010 31-Mar	2009 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>-</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 2010

	Group	
	First Quarter	2009
	2010	2009
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit/(loss) before tax	1,540	(287)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,413	2,427
Interest expense	-	4
Interest income	(47)	(40)
Net loss on disposal of property, plant and equipment	151	15
Share of results of associates	5	21
Total adjustments	<u>2,522</u>	<u>2,427</u>
Operating cashflow before changes in working capital	4,062	2,140
<u>Changes in working capital</u>		
Trade and other receivables	(2,815)	7,893
Inventories	305	1,592
Trade and other payables	2,995	(5,616)
Cash generated from operations	<u>4,547</u>	<u>6,009</u>
Income tax paid	(402)	(83)
Net cash generated from operating activities	<u>4,145</u>	<u>5,926</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,664)	(1,683)
Interest income received	47	40
Acquisition of minority interests	(600)	-
Net cash used in investing activities	<u>(2,217)</u>	<u>(1,643)</u>
Cash flows from financing activities:		
Interest paid	-	(4)
Repayments of loans and borrowings	-	(2)
Purchase of treasury shares	-	(23)
Net cash generated from/(used in) financing activities	<u>-</u>	<u>(29)</u>
Net increase in cash and cash equivalents	1,928	4,254
Effects of exchange rate changes on opening cash and cash equivalents	-	(7)
Cash and cash equivalents at the beginning of the period	38,393	32,310
Cash and cash equivalents at the end of the period	<u>40,321</u>	<u>36,557</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 Changes in Equity

As at 31 March 2010

	Group		Company	
	2010	2009	2010	2009
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January and 31 March	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January	(502)	(479)	(502)	(479)
Purchase of treasury Shares	-	(23)	-	(23)
Balance at 31 March	(502)	(502)	(502)	(502)
Statutory Reserve Fund				
Balance at 1 January	3,787	3,747	-	-
Transfer from revenue reserve	140	-	-	-
Balance at 31 March	3,927	3,747	-	-
Acquisition Reserve				
Balance at 1 January	-	-	-	-
Premium on acquisition of minority interests	(714)	-	-	-
Balance at 31 March	(714)	-	-	-
Currency Translation Reserve				
Balance at 1 January	16,478	17,698	9,541	8,316
Net effect of exchange translation differences	(18)	(730)	171	(2,822)
Balance at 31 March	16,460	16,968	9,712	5,494
Revenue Reserves				
Balance at 1 January	48,512	48,241	3,013	5,480
Net profit/(loss) for the period	1,035	(585)	(119)	(282)
Transfer to statutory reserve	(140)	-	-	-
Balance at 31 March	49,407	47,656	2,894	5,198
Minority Interests				
Balance at 1 January	552	1,318	-	-
Net loss for the period	(68)	(161)	-	-
Purchase of minority interests	(486)	-	-	-
Net effect of exchange translation differences	2	466	-	-
Balance at 31 March	-	1,623	-	-
Total Equity				
Balance at 1 January	111,798	113,496	55,023	56,288
Total for the period	(249)	(1,033)	52	(3,127)
Balance at 31 March	111,549	112,463	55,075	53,161



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

	2010	2009
	31-Mar	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.

	2010	2009
	31-Mar	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>715,640,000</u>	<u>715,640,000</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.

	2010	2009
	31-Mar	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the period	4,360,000	3,700,000
Open market purchase	-	660,000
Balance as at end of the period	<u>4,360,000</u>	<u>4,360,000</u>



1(e) Confirmation of the Board

We refer to the requirement under Rule 705(5) 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 31 March 2010 to be false or misleading in any material respect.

On behalf of the Board of Directors

Chuang Wen Fu
Executive Chairman

Yap Chin Kuan
Director

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 2010. 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 2009.

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	
	First Quarter	
	2010	2009
	31-Mar	31-Mar
	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	(0.1)
(ii) On a fully diluted basis	0.1	(0.1)

	Group	
	Fourth Quarter	
	2010	2009
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	715,640	715,890
(ii) On a fully diluted basis	715,640	715,890

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	
	2010	2009	2010	2009
	31-Mar	31-Dec	31-Mar	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	15.6	15.5	7.7	7.7
Number of shares ('000)	715,640	715,640	715,640	715,640



- 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 2010 vs. Q1 2009 Results

The Group achieved an increase of 52.8% or US\$10.6 million in revenue over its corresponding period to US\$30.8 million for the first quarter of 2010. This is a record high of the Group for first quarter sales. Gross profit margin improved from 13.8% to 18.1% due to stronger sales and improvements in manufacturing efficiencies. As a result, gross profit increased by US\$2.8 million or 100.8% from US\$2.8 million to US\$5.6 million.

Increases in salaries and related expenses and higher packaging costs as a result of increased sales led to the higher level of sales and marketing expenses over Q1 2009. General and administrative expenses went up mainly due to the increase in salaries and its related expenses. In addition, there was a provision for doubtful debts of US\$0.2 million in Q1 2010 as compared to a reversal of US\$0.1million in the corresponding period.

On the back of higher sales and improved operational efficiencies, the Group has recorded a net profit of US\$1.0 million against a loss of US\$0.7 million in Q1 2009

Financial Position and Cash Flow

In February 2010, the Company acquired an additional 25% equity interest in Taitech Singapore Pte Ltd ("TTS") for a cash consideration of US\$1.2 million. Following this acquisition, TTS and its wholly-owned subsidiary, Taitech Precision Electronic (Kunshan) Co., Ltd have become wholly-owned subsidiaries of the Company. The acquisition resulted in the premium paid on acquisition of minority interests of US\$714,000 and a cash outflow of US\$600,000 during the quarter, with the remaining US\$600,000 payable in August 2010. We have recognized the premium paid on acquisition of minority interests directly to equity in accordance with the revised FRS 27 effective for annual periods beginning on or after 1 July 2009.

Other than the above, the changes in the balance sheet and cash flow are in line with the Group's operating activities in Q1 2010. The Group's financial position remains healthy as at 31 March 2010 with cash and bank balances amounted to US\$40.3 million or approximately 5.6 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 result is in line with the prospect statement made in our 2009 Full year Results Announcement dated 25 February 2010.

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 healthy growth in our keypad business in 2010. This is because: (i) the world economy is recovering; (ii) our products have recently won approval from Samsung and several major fast growing Chinese manufacturers; and (iii) improved operational efficiency and a stronger team following the organizational restructuring in 2009. Our plastic business, on the other hand, is still subject to intense competition and price pressure. We will step up our efforts to improve its performance. Although at its infancy stage, the products of our touch screen panel business are well received by its customers. We are confident that our touch screen business will achieve significant growth by the end of this year.

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 business segments (of the group) in the form for which information is reported to key management personnel for the purpose of evaluating the units' past performance and for making decisions about future allocations of resources.

Not Applicable.

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 the current quarter.

15 A breakdown of sales

Not Applicable for the 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 the current quarter.

BY ORDER OF THE BOARD

Chuang Wen Fu
Chairman

28 April 2010