



## **MEMTECH INTERNATIONAL LTD**

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

### **Second Quarter Financial Statements Announcement For the period ended 30 June 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 30 June 2010*

	Group Second Quarter			Group Half Year		
	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	30,184	21,856	38.1%	60,968	42,008	45.1%
Cost of sales	(24,422)	(19,058)	28.1%	(49,638)	(36,437)	36.2%
Gross profit	5,762	2,798	105.9%	11,330	5,571	103.4%
Other operating income	368	462	-20.3%	697	641	8.7%
Sales and marketing expenses	(1,600)	(1,294)	23.6%	(3,187)	(2,420)	31.7%
General and Administration expenses	(2,381)	(2,388)	-0.3%	(5,000)	(4,274)	17.0%
Other operating expenses	(217)	(181)	19.9%	(371)	(204)	81.9%
Finance costs	-	-	NM	-	(4)	NM
Exchange (loss)/gain	(392)	534	NM	(384)	355	NM
Share of result of associates	38	(138)	NM	33	(159)	NM
Profit/(loss) before tax	1,578	(207)	NM	3,118	(494)	NM
Income tax expenses, net	(413)	(307)	34.5%	(986)	(766)	28.7%
Profit/(loss) for the period	1,165	(514)	NM	2,132	(1,260)	NM
Attributable to:						
Owners of the Company	1,165	(360)	NM	2,200	(945)	NM
Non controlling interest	-	(154)	NM	(68)	(315)	-78.4%
	1,165	(514)	NM	2,132	(1,260)	NM



## Statement of Comprehensive Income

*For the period ended 30 June 2010*

	Group Second Quarter			Group Half Year		
	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit/(loss) for the period	1,165	(514)	NM	2,132	(1,260)	NM
Other comprehensive income (net of tax)						
Currency translation differences	526	(245)	NM	510	(509)	NM
Total comprehensive income for the period	1,691	(759)	NM	2,642	(1,769)	NM
Total comprehensive income attributable to:						
Owners of the Company	1,691	(605)	NM	2,708	(1,920)	NM
Non controlling interest	-	(154)	NM	(66)	151	NM
	1,691	(759)	NM	2,642	(1,769)	NM

## Notes

NM: Not meaningful

### 1 Profit from operating activities

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

	Group Second Quarter			Group Half Year		
	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)	2010 30-Jun	2009 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	2,431	2,388	1.8%	4,844	4,815	0.6%
(Write back of) /allowance for doubtful receivables, trade	(32)	426	NM	191	301	-36.5%
Net loss on disposal of property, plant and equipment	158	155	1.9%	309	170	81.8%
Exchange loss/(gain)						
Exchange loss/(gain)	392	(374)	NM	384	(203)	NM
Net fair value gain on forward currency contracts	-	(160)	NM	-	(152)	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 30 June 2010*

	Group		Company	
	2010 30-Jun	2009 31-Dec	2010 30-Jun	2009 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets:</b>				
Property, plant and equipment	40,583	42,083	2	2
Investment in subsidiaries	-	-	70,361	67,320
Investment in associates	2,109	2,073	2,307	2,303
Long term investment	2,026	2,023	2,026	2,023
Intangible assets	1,440	1,432	-	-
	<u>46,158</u>	<u>47,611</u>	<u>74,696</u>	<u>71,648</u>
<b>Current Assets:</b>				
Cash and cash equivalents	32,387	38,393	210	494
Trade receivables	38,500	40,035	-	-
Bills and other receivables	16,519	11,339	10	13
Amounts due from subsidiaries	-	-	188	190
Prepayments	3,083	2,257	-	-
Inventories	8,329	8,391	-	-
	<u>98,818</u>	<u>100,415</u>	<u>408</u>	<u>697</u>
<b>Current Liabilities:</b>				
Trade payables and accruals	23,815	27,581	148	266
Bills and other payables	7,405	5,291	605	10
Amounts due to subsidiaries	-	-	19,150	16,732
Other liabilities	1,305	775	299	299
Provision for taxation	597	655	15	15
	<u>33,122</u>	<u>34,302</u>	<u>20,217</u>	<u>17,322</u>
<b>Net Current Assets / (Liabilities)</b>	65,696	66,113	(19,809)	(16,625)
<b>Non-Current Liabilities:</b>				
Deferred taxation	2,327	1,926	-	-
	<u>2,327</u>	<u>1,926</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>109,527</u>	<u>111,798</u>	<u>54,887</u>	<u>55,023</u>



**Balance Sheets (Cont'd)**

*As at 30 June 2010*

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>30-Jun</b>	<b>31-Dec</b>	<b>30-Jun</b>	<b>31-Dec</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Equity Attributable to Owners of the Company</b>				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(502)	(502)	(502)	(502)
Statutory reserve fund	4,235	3,787	-	-
Acquisition reserve	(714)	-	-	-
Currency translation reserve	16,531	16,478	9,051	9,541
Revenue reserves	47,006	48,512	3,367	3,013
	<u>109,527</u>	<u>111,246</u>	<u>54,887</u>	<u>55,023</u>
<b>Minority Interests</b>	-	552	-	-
<b>Total Equity</b>	<u>109,527</u>	<u>111,798</u>	<u>54,887</u>	<u>55,023</u>

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

	<b>Group Secured</b>		<b>Group Unsecured</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>30-Jun</b>	<b>31-Dec</b>	<b>30-Jun</b>	<b>31-Dec</b>
	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 30 June 2010*

	<b>Group</b>		<b>Group</b>	
	<b>Second Quarter</b>		<b>Half Year</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>30-Jun</b>	<b>30-Jun</b>	<b>30-Jun</b>	<b>30-Jun</b>
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit/(loss) before tax	1,578	(207)	3,118	(494)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	2,431	2,388	4,844	4,815
Interest expense	-	-	-	4
Interest income	(53)	(35)	(100)	(75)
Net loss on disposal of property, plant and equipment	158	155	309	170
Share of results of associates	(38)	138	(33)	159
Total adjustments	2,498	2,646	5,020	5,073
Operating cashflow before changes in working capital	4,076	2,439	8,138	4,579
<u>Changes in working capital</u>				
Trade and other receivables	(3,036)	(239)	(5,851)	7,654
Inventories	(199)	(220)	106	1,372
Trade and other payables	(3,541)	(64)	(546)	(5,680)
Cash (used in)/generated from operations	(2,700)	1,916	1,847	7,925
Income tax paid	(354)	(149)	(756)	(232)
Net cash (used in)/generated from operating activities	(3,054)	1,767	1,091	7,693
Cash flows from investing activities:				
Purchases of property, plant and equipment	(1,317)	(427)	(2,981)	(2,110)
Proceeds from disposal of property, plant and equipment	97	55	97	55
Interest income received	53	35	100	75
Acquisition of minority interests	-	-	(600)	-
Net cash used in investing activities	(1,167)	(337)	(3,384)	(1,980)
Cash flows from financing activities:				
Interest paid	-	-	-	(4)
Dividends paid	(3,713)	(2,387)	(3,713)	(2,387)
Repayments of loans and borrowings	-	(1)	-	(3)
Purchase of treasury shares	-	-	-	(23)
Net cash used in financing activities	(3,713)	(2,388)	(3,713)	(2,417)
Net (decrease)/increase in cash and cash equivalents	(7,934)	(958)	(6,006)	3,296
Effects of exchange rate changes on opening cash and cash equivalents	-	7	-	-
Cash and cash equivalents at the beginning of the period	40,321	36,557	38,393	32,310
Cash and cash equivalents at the end of the period	32,387	35,606	32,387	35,606



**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 2010*

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</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	(502)	(479)	(502)	(479)
Purchase of treasury Shares	-	(23)	-	(23)
Balance at 31 March and 30 June	(502)	(502)	(502)	(502)
<b>Statutory Reserve Fund</b>				
Balance at 1 January	3,787	3,747	-	-
Transfer from revenue reserve	140	-	-	-
Balance at 31 March	3,927	3,747	-	-
Transfer from revenue reserve	308	-	-	-
Balance at 30 June	4,235	3,747	-	-
<b>Acquisition Reserve</b>				
Balance at 1 January	-	-	-	-
Premium on acquisition of minority interests	(714)	-	-	-
Balance at 31 March and 30 June	(714)	-	-	-
<b>Currency Translation Reserve</b>				
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
Net effect of exchange translation differences	526	(245)	(206)	2,675
Effect of exchange translation differences on dividend payment	(455)	(283)	(455)	(283)
Balance at 30 June	16,531	16,440	9,051	7,886
<b>Sub-total carried forward</b>				
Balance at 1 January	62,734	63,937	52,010	50,808
Total for the period	(592)	(753)	171	(2,845)
Balance at 31 March	62,142	63,184	52,181	47,963
Total for the period	379	(528)	(661)	2,392
Balance at 30 June	62,521	62,656	51,520	50,355



**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 June 2010*

	Group		Company	
	2010	2009	2010	2009
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Sub-total carried forward</b>				
Balance at 1 January	62,734	63,937	52,010	50,808
Total for the period	(592)	(753)	171	(2,845)
Balance at 31 March	62,142	63,184	52,181	47,963
Total for the period	379	(528)	(661)	2,392
Balance at 30 June	62,521	62,656	51,520	50,355
<b>Revenue Reserves</b>				
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
Net profit/(loss) for the period	1,165	(360)	3,731	154
Dividend paid	(3,258)	(2,104)	(3,258)	(2,104)
Transfer to statutory reserve	(308)	-	-	-
Balance at 30 June	47,006	45,192	3,367	3,248
<b>Minority Interests</b>				
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	-	-
Net loss for the period	-	(154)	-	-
Balance at 30 June	-	1,469	-	-
<b>Total Equity</b>				
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
Total for the period	(2,022)	(3,146)	(188)	442
Balance at 30 June	109,527	109,317	54,887	53,603





**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>2010</b>	<b>2009</b>
	<b>30-Jun</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>2010</b>	<b>2009</b>
	<b>30-Jun</b>	<b>31-Dec</b>
	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.**

	<b>2010</b>	<b>2009</b>
	<b>30-Jun</b>	<b>31-Dec</b>
	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 30 June 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**

	<b>Group Second Quarter</b>		<b>Group Half Year</b>	
	<b>2010 30-Jun</b>	<b>2009 30-Jun</b>	<b>2010 30-Jun</b>	<b>2009 30-Jun</b>
	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)	0.3	(0.1)
(ii) On a fully diluted basis	0.2	(0.1)	0.3	(0.1)
	<b>Group Second Quarter</b>		<b>Group Half Year</b>	
	<b>2010 30-Jun</b>	<b>2009 30-Jun</b>	<b>2010 30-Jun</b>	<b>2009 30-Jun</b>
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	715,640	715,640	715,640	715,765
(ii) On a fully diluted basis	715,640	715,640	715,640	715,765

**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**

	<b>Group</b>		<b>Company</b>	
	<b>2010 30-Jun</b>	<b>2009 31-Dec</b>	<b>2010 30-Jun</b>	<b>2009 31-Dec</b>
	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	15.5	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.**

**Q2 2010 vs. Q2 2009 Results**

In the second quarter of this year, the Group achieved an increase of revenue of 38% over the previous corresponding period to US\$30.2 million. This is due to the improving global economy and increased sales to Samsung and several major fast growing Chinese manufacturers. Gross profit doubled to US\$5.8 million from US\$2.8 million in Q2 2009 and gross profit margin increased by 6.3 percentage points to 19.1%. The improvement is the result of higher sales and tighter control over manufacturing costs.

The increase in sales and marketing expenses is due to higher volume of sales. General and administrative expenses as a percentage of sales decreased to 7.9% from 10.9% in Q2 2009 due mainly to a doubtful debt provision of US\$0.4 million in the previous corresponding period. The strengthening of Renminbi and Singapore dollar against the US dollar has led to the exchange loss of US\$0.4 million.

Our plastics operation has improved significantly and achieved a break-even as against a loss of US\$0.4 million in Q2 2009. This coupled with the stronger performance of our keypads operation and improved operational efficiency has enabled the Group to report a net profit of US\$1.2 million as compared to a loss of US\$0.5 million in Q2 2009.

**Financial Position and Cash Flow**

The decrease in cash and cash equivalents for the period by US\$7.9 million is due mainly to the payment of dividends and purchase of fixed assets. The changes in the balance sheet and cash flow are in line with the Group's operating activities for the period.

- 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 2010 Results Announcement dated 28 April 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**

The recent spate of subdued US economic indicators and Euro zone crisis have resulted in a more somber economic outlook for the rest of the year. In the current quarter, we will focus on maintaining a stable workforce and cost control and get ourselves ready to meet the delivery requirements in the event of a stronger recovery of the global economy in the remaining period of 2010.

For the keypads operation, we will actively pursue new business opportunities, especially the e-book and automobile markets, for increasing sales and to diversify our product base so as to lessen the impact on our factories from the fluctuations in hand phone keypad orders. On the plastics operation, we will continue to strengthen cost control and improve operational efficiency. In Q3 2010, our touch screen panel operation will commence mass production. We will progressively step up our marketing activities in line with our available production capacity.

**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

11 August 2010