



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2011



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 2011

	Group		
	First Quarter		
	2011	2010	Increase/ (Decrease)
	31-Mar	31-Mar	
	US\$'000	US\$'000	%
Revenue	33,971	30,784	10.4%
Cost of sales	(26,671)	(25,216)	5.8%
Gross profit	7,300	5,568	31.1%
Other operating income	171	329	-48.0%
Sales and marketing expenses	(1,900)	(1,587)	19.7%
General and Administration expenses	(2,558)	(2,619)	-2.3%
Other operating expenses	(54)	(154)	-64.9%
Exchange gain	61	8	NM
Share of result of associates	(34)	(5)	NM
Profit before tax	2,986	1,540	93.9%
Income tax expenses, net	(280)	(573)	-51.1%
Profit for the period	2,706	967	179.8%
Attributable to:			
Owners of the Company	2,706	1,035	161.4%
Non-controlling interests	-	(68)	NM
	2,706	967	179.8%



Statement of Comprehensive Income

For the period ended 31 March 2011

	Group First Quarter		
	2011 31-Mar	2010 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit for the period	2,706	967	179.8%
Other comprehensive income (net of tax)			
Currency translation differences	885	(16)	NM
Total comprehensive income for the period	<u>3,591</u>	<u>951</u>	<u>277.6%</u>
Total comprehensive income attributable to:			
Owners of the Company	3,591	1,017	253.1%
Non-controlling interests	-	(66)	NM
	<u>3,591</u>	<u>951</u>	<u>277.6%</u>

Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group First Quarter		
	2011 31-Mar	2010 31-Mar	Increase/ (Decrease)
	US\$'000	US\$'000	%
Depreciation	2,599	2,413	7.7%
Allowance for doubtful receivables, trade	9	223	NM
Net loss on disposal of property, plant and equipment	18	151	-88.1%
Exchange (gain)/loss			
Exchange gain	(63)	(8)	NM
Net fair value loss on forward currency contracts	2	-	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 2011

	Group		Company	
	2011 31-Mar	2010 31-Dec	2011 31-Mar	2010 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	40,892	40,218	3	3
Investment in subsidiaries	-	-	86,262	80,869
Investment in associates	1,729	1,724	2,039	1,997
Long term investment	2,227	2,205	2,251	2,205
Intangible assets	1,492	1,477	-	-
	<u>46,340</u>	<u>45,624</u>	<u>90,555</u>	<u>85,074</u>
Current Assets:				
Cash and cash equivalents	37,847	39,100	157	208
Bank deposits pledged	4,459	2,148	-	-
Trade receivables	45,739	46,266	-	-
Bills and other receivables	16,744	15,649	11	11
Amounts due from subsidiaries	-	-	1,412	1,386
Prepayments	4,960	4,614	-	-
Inventories	9,318	8,431	-	-
	<u>119,067</u>	<u>116,208</u>	<u>1,580</u>	<u>1,605</u>
Current Liabilities:				
Trade payables and accruals	24,318	27,319	463	450
Bills and other payables	13,328	9,962	9	27
Amounts due to subsidiaries	-	-	28,588	24,638
Other liabilities	376	1,701	-	-
Provision for taxation	1,221	361	-	-
	<u>39,243</u>	<u>39,343</u>	<u>29,060</u>	<u>25,115</u>
Net Current Assets / (Liabilities)	79,824	76,865	(27,480)	(23,510)
Non-Current Liabilities:				
Deferred taxation	2,567	2,483	-	-
	<u>2,567</u>	<u>2,483</u>	<u>-</u>	<u>-</u>
Net Assets	<u>123,597</u>	<u>120,006</u>	<u>63,075</u>	<u>61,564</u>



Balance Sheets (Cont'd)

As at 31 March 2011

	Group		Company	
	2011	2010	2011	2010
	31-Mar	31-Dec	31-Mar	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	(816)	(816)	(816)	(816)
Statutory reserve fund	8,011	8,011	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	19,127	18,242	15,221	13,932
Revenue reserves	55,018	52,312	5,699	5,477
Total Equity	123,597	120,006	63,075	61,564

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

	Group Secured		Group Unsecured	
	2011	2010	2011	2010
	31-Mar	31-Dec	31-Mar	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	-	-	-	-
	-	-	-	-



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 2011

	Group	
	First Quarter 2011 31-Mar	2010 31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	2,986	1,540
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,599	2,413
Interest income	(69)	(47)
Net loss on disposal of property, plant and equipment	18	151
Share of results of associates	34	5
Total adjustments	<u>2,582</u>	<u>2,522</u>
Operating cashflow before changes in working capital	5,568	4,062
<u>Changes in working capital</u>		
Trade and other receivables	(311)	(2,751)
Inventories	(1,036)	298
Trade and other payables	(111)	2,927
Cash generated from operations	<u>4,110</u>	<u>4,536</u>
Income tax paid	(672)	(402)
Net cash generated from operating activities	<u>3,438</u>	<u>4,134</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,954)	(1,664)
Proceeds from disposal of fixed assets	89	-
Interest income received	69	47
Acquisition of minority interests	-	(600)
Net cash used in investing activities	<u>(2,796)</u>	<u>(2,217)</u>
Cash flows from financing activities:		
(Increase)/decrease in bank deposits pledged	(2,290)	193
Net cash generated used in financing activities	<u>(2,290)</u>	<u>193</u>
Net (decrease)/increase in cash and cash equivalents	(1,648)	2,110
Effects of exchange rate changes on opening cash and cash equivalents	395	11
Cash and cash equivalents at the beginning of the period	<u>39,100</u>	<u>38,096</u>
Cash and cash equivalents at the end of the period	<u>37,847</u>	<u>40,217</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 2011

	Group		Company	
	2011	2010	2011	2010
	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 and 31 March	(816)	(502)	(816)	(502)
Statutory Reserve Fund				
Balance at 1 January	8,011	3,787	-	-
Transfer from revenue reserve	-	140	-	-
Balance at 31 March	8,011	3,927	-	-
Acquisition Reserve				
Balance at 1 January	(714)	-	-	-
Premium on acquisition of minority interests	-	(714)	-	-
Balance at 31 March	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	18,242	16,478	13,932	9,541
Net effect of exchange translation differences	885	(18)	1,289	171
Balance at 31 March	19,127	16,460	15,221	9,712
Revenue Reserves				
Balance at 1 January	52,312	48,512	5,477	3,013
Net profit/(loss) for the period	2,706	1,035	222	(119)
Transfer to statutory reserve	-	(140)	-	-
Balance at 31 March	55,018	49,407	5,699	2,894
Non-controlling Interests				
Balance at 1 January	-	552	-	-
Net loss for the period	-	(68)	-	-
Acquisition of non-controlling interests	-	(486)	-	-
Net effect of exchange translation differences	-	2	-	-
Balance at 31 March	-	-	-	-
Total Equity				
Balance at 1 January	120,006	111,798	61,564	55,023
Total for the period	3,591	(249)	1,511	52
Balance at 31 March	123,597	111,549	63,075	55,075



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

	2011	2010
	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.

	2011	2010
	31-Mar	31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>712,140,000</u>	<u>712,140,000</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.

	2011	2010
	31-Mar	31-Dec
	No. of shares	No. of shares
Balance as at beginning of the period	7,860,000	4,360,000
Open market purchase	-	3,500,000
Balance as at end of the period	<u>7,860,000</u>	<u>7,860,000</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 2011 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 2010.

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	
	2011	2010
	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	0.4	0.1
(ii) On a fully diluted basis	0.4	0.1

	Group	
	First Quarter	
	2011	2010
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	712,140	715,640
(ii) On a fully diluted basis	712,140	715,640

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	
	2011	2010	2011	2010
	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	17.4	16.9	8.9	8.6
Number of shares ('000)	712,140	712,140	712,140	712,140



- 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 2011 vs. Q1 2010 Results

The Group achieved an increase of 10.4% or US\$3.2 million in revenue over its corresponding period to US\$34.0 million for the first quarter of 2011. Gross profit margin improved from 18.1% to 21.5% due to stronger sales and improvements in manufacturing efficiencies. As a result, gross profit increased by US\$1.7 million or 31.1% from US\$5.6 million to US\$7.3 million. Other operating income was lower due to lower sales of scrap materials.

Increases in salaries and its related expenses and higher packaging costs as a result of increased sales led to the higher level of sales and marketing expenses over Q1 2010. General and administrative expenses, as a percentage of sales, decreased by 1 percentage point when compared with Q1 2010 due to tighter cost control.

On the back of higher sales and improved operational efficiencies, the Group has recorded a net profit of US\$2.7 million versus US\$1.0 million in Q1 2010.

Financial Position and Cash Flow

The higher bank deposits pledged were due to increase in the use of promissory notes payable to suppliers. Conversely, this explains the lower trade payables and accruals, and higher bills and other payables. Inventories were higher mainly due to the stocking up based on customers' forecasts.

Net cash used in investing activities – the higher cash outflow in the current quarter was due to payments made for new equipment purchased from late 2010.

Net cash used in financing activities – the increase in bank deposits pledged was due to the increased volume of promissory notes as compared with the corresponding period.

The Group's financial position remains healthy as at 31 March 2011 with cash and cash equivalents amounting to US\$37.8 million or approximately 5.3 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 2010 Full year Results Announcement dated 24 February 2011.

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

With expectation of higher inflation, increasing labour costs in China, further depreciation of United States Dollars, and political turmoil in the Middle East, this year will remain a challenging year. Nevertheless, we remain cautiously optimistic of the Group's performance in 2011.

Our plastic business has turnaround this quarter. Barring unforeseen circumstances, we expect positive contribution from the plastic segment this year.

We are still tackling some teething issues with our touch screen panel business and had begun to expand our production into more capacitive type touch screen. We will also channel more resources to improve the performance of our touch screen panel business.

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

Ho Liam Shin
Chief Financial Officer

26 April 2011