



**MEMTECH INTERNATIONAL LTD**

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

**First Quarter Financial Statements Announcement  
For the period ended 31 March 2012**



1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:

**Income Statement**

*For the period ended 31 March 2012*

	Group		
	First Quarter		
	2012	2011	Increase/ (Decrease)
	31-Mar	31-Mar	(Decrease)
	US\$'000	US\$'000	%
Revenue	23,981	33,971	-29.4%
Cost of sales	(22,956)	(26,671)	-13.9%
Gross profit	1,025	7,300	-86.0%
Other operating income	441	171	NM
Sales and marketing expenses	(1,721)	(1,900)	-9.4%
General and Administration expenses	(2,526)	(2,558)	-1.3%
Other operating expenses	(67)	(54)	24.1%
Finance costs	(33)	-	NM
Exchange gain	1,336	61	NM
Share of result of associates	(48)	(34)	41.2%
(Loss)/profit before tax	(1,593)	2,986	NM
Income tax expenses, net	(84)	(280)	-70.0%
(Loss)/profit for the period	(1,677)	2,706	NM
Attributable to:			
Owners of the Company	(1,677)	2,706	NM
	(1,677)	2,706	NM



**Statement of Comprehensive Income**

*For the period ended 31 March 2012*

	Group		
	First Quarter		
	2012	2011	Increase/ (Decrease)
	31-Mar	31-Mar	%
	US\$'000	US\$'000	
(Loss)/Profit for the period	(1,677)	2,706	NM
Other comprehensive income (net of tax)			
Currency translation differences	(1,214)	885	NM
Total comprehensive income for the period	(2,891)	3,591	NM
Total comprehensive (loss)/income			
Owners of the Company	(2,891)	3,591	NM
	(2,891)	3,591	NM

**Notes**

NM: Not meaningful

**1 Profit from operating activities**

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

	Group		
	First Quarter		
	2012	2011	Increase/ (Decrease)
	31-Mar	31-Mar	%
	US\$'000	US\$'000	
Depreciation	3,189	2,599	22.7%
(Write back of)/Allowance for doubtful receivables, trade	(345)	9	NM
Net loss on disposal of property, plant and equipment	52	18	NM
Exchange gain			
Exchange gain	(1,336)	(63)	NM
Net fair value loss on forward currency contracts	-	2	NM



1(b)(i) A statement of financial position (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 31 March 2012*

	Group		Company	
	2012 31-Mar	2011 31-Dec	2012 31-Mar	2011 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets:</b>				
Property, plant and equipment	51,031	50,601	1	2
Investment in subsidiaries	-	-	101,783	97,589
Investment in associates	596	643	862	835
Intangible assets	1,554	1,552	-	-
	<u>53,181</u>	<u>52,796</u>	<u>102,646</u>	<u>98,426</u>
<b>Current Assets:</b>				
Cash and cash equivalents	45,176	34,576	1,346	1,289
Bank deposits pledged	16,207	12,829	9,511	9,499
Trade receivables	30,043	49,755	-	-
Bills and other receivables	15,790	16,395	250	181
Amounts due from subsidiaries	-	-	6,970	4,946
Prepayments	1,138	3,079	4	17
Inventories	11,615	12,737	-	-
	<u>119,969</u>	<u>129,371</u>	<u>18,081</u>	<u>15,932</u>
<b>Current Liabilities:</b>				
Trade payables and accruals	18,974	27,907	368	398
Bills and other payables	9,068	11,403	135	118
Amounts due to subsidiaries	-	-	49,726	47,124
Other liabilities	389	512	-	-
Loans and borrowings	15,732	10,233	9,233	9,233
Provision for taxation	464	718	-	-
	<u>44,627</u>	<u>50,773</u>	<u>59,462</u>	<u>56,873</u>
<b>Net Current Assets / (Liabilities)</b>	<b>75,342</b>	<b>78,598</b>	<b>(41,381)</b>	<b>(40,941)</b>
<b>Non-Current Liabilities:</b>				
Deferred taxation	3,290	3,270	-	-
	<u>3,290</u>	<u>3,270</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<b>125,233</b>	<b>128,124</b>	<b>61,265</b>	<b>57,485</b>



**Statement of Financial Position (Cont'd)**

*As at 31 March 2012*

	Group		Company	
	2012 31-Mar	2011 31-Dec	2012 31-Mar	2011 31-Dec
	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	(968)	(968)	(968)	(968)
Statutory reserve fund	8,404	8,531	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	24,460	25,674	14,619	12,722
Revenue reserves	51,080	52,630	4,643	2,760
<b>Total Equity</b>	<b>125,233</b>	<b>128,124</b>	<b>61,265</b>	<b>57,485</b>

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

	Group Secured		Group Unsecured	
	2012 31-Mar	2011 31-Dec	2012 31-Mar	2011 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	12,732	9,233	3,000	1,000
Amount repayable after one year	-	-	-	-
	<b>12,732</b>	<b>9,233</b>	<b>3,000</b>	<b>1,000</b>



1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cashflows**

*For the period ended 31 March 2012*

	Group	
	2012	2011
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	(1,593)	2,986
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	3,189	2,599
Interest expense	33	-
Interest income	(165)	(69)
Net loss on disposal of property, plant and equipment	52	18
Share of results of associates	48	34
Total adjustments	<u>3,157</u>	<u>2,582</u>
Operating cashflow before changes in working capital	1,564	5,568
<u>Changes in working capital</u>		
Trade and other receivables	20,005	(311)
Inventories	1,018	(1,036)
Trade and other payables	(9,353)	(111)
Cash generated from operations	<u>13,234</u>	<u>4,110</u>
Income tax paid	(222)	(672)
Net cash generated from operating activities	<u>13,012</u>	<u>3,438</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,691)	(2,954)
Proceeds from disposal of fixed assets	9	89
Interest income received	132	69
Net cash used in investing activities	<u>(4,550)</u>	<u>(2,796)</u>
Cash flows from financing activities:		
Proceeds from loans and borrowings	5,499	-
Interest paid	(33)	-
Bank deposits pledged	(3,364)	(2,290)
Net cash generated from/(used in) financing activities	<u>2,102</u>	<u>(2,290)</u>
Net increase/(decrease) in cash and cash equivalents	10,564	(1,648)
Effects of exchange rate changes on opening cash and cash equivalents	36	395
Cash and cash equivalents at the beginning of the period	34,576	39,100
Cash and cash equivalents at the end of the period	<u>45,176</u>	<u>37,847</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 2012**

	Group		Company	
	2012	2011	2012	2011
	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 and 31 March	(968)	(816)	(968)	(816)
<b>Statutory Reserve Fund</b>				
Balance at 1 January	8,531	8,011	-	-
Transfer from revenue reserve	(127)	-	-	-
Balance at 31 March	8,404	8,011	-	-
<b>Acquisition Reserve</b>				
Balance at 1 January and 31 March	(714)	(714)	-	-
<b>Currency Translation Reserve</b>				
Balance at 1 January	25,674	18,242	12,722	13,932
Net effect of exchange translation differences	(1,214)	885	1,897	1,298
Balance at 31 March	24,460	19,127	14,619	15,230
<b>Revenue Reserves</b>				
Balance at 1 January	52,630	52,312	2,760	5,477
Net (loss)/profit for the period	(1,677)	2,706	1,883	213
Transfer to statutory reserve	127	-	-	-
Balance at 31 March	51,080	55,018	4,643	5,690
<b>Total Equity</b>				
Balance at 1 January	128,124	120,006	57,485	61,564
Total for the period	(2,891)	3,591	3,780	1,511
Balance at 31 March	125,233	123,597	61,265	63,075



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 well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, 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

	2012 31-Mar	2011 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.

	2012 31-Mar	2011 31-Dec
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>710,440,000</u>	<u>710,440,000</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.

	2012 31-Mar	2011 31-Dec
	No. of shares	No. of shares
Balance as at beginning of the period	9,560,000	7,860,000
Open market purchase	-	1,700,000
Balance as at end of the period	<u>9,560,000</u>	<u>9,560,000</u>





**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 2011. 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 2011.

**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	
	2012 31-Mar	2011 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	(0.2)	0.4
(ii) On a fully diluted basis	(0.2)	0.4

	Group First Quarter	
	2012 31-Mar	2011 31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	710,440	712,140
(ii) On a fully diluted basis	710,440	712,140

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year

	Group		Company	
	2012 31-Mar	2011 31-Dec	2012 31-Mar	2011 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	17.6	18.0	8.6	8.1
Number of shares ('000)	710,440	710,440	710,440	710,440



**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.**

**1Q2012 vs. 1Q2011 Results**

The Group's revenue decreased 29.4% or US\$10 million over its corresponding period to US\$24.0 million for the first quarter of 2012. Gross profit slid 86% from US\$7.3 million to US\$1.0 million, and gross profit margin decreased from 21.5% to 4.2% due to significantly lower sales of mobile phone keypads.

The Group's sales and marketing expenses, and general and administration expenses decreased by 9.4% and 1.3% respectively.

The Group incurred net loss after tax of US\$1.7 million against profit after tax of US\$ 2.7 million over the corresponding period because of lower sales.

**Financial Position and Cash Flows**

Trade receivables decreased from US\$49.6 million to US\$30.0 million due to lower sales and better collections.

Despite the loss, the Group generated cash inflows of US\$13.0 million in 1Q 2012 against US\$3.4 million in 1Q 2011 from operations.

With a current ratio is 2.7 times, the Group's financial position remains healthy. As at 31 March 2012, cash and cash equivalents amounted to US\$45.2 million or approximately 6.4 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 profit guidance announcement made on 13 April 2012.

**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 demand for mobile phone keypads had been soft in the first quarter of 2012. We expect the market for mobile phone keypads to be very challenging for the rest of 2012, coupled with the rising labour cost, economic uncertainties in the European Union and anticipated economic slowdown in China.

Our plastic business was profitable in the first quarter of 2012 and we expect this business to remain profitable in 2012.

Our touch screen panel business continues to face certain operational issues, which we target to resolve by this year. We will continue to channel resources to improve the performance of our touch screen panel business.

We will focus our effort on enhancing our operational efficiency and cost structure, as well as, to diversify further into the automotive market. Notwithstanding the very challenging environment, the group is cautiously optimistic of its prospect for the long term.

## **11 Dividend**

**(a) *Current Financial Period Reported On***

None.

**(b) *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**

No dividend has been declared or recommended.



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**13 Interested Person Transactions**

The Company does not have a shareholders' mandate for interested person transactions.

**14 Negative Confirmation of the Board pursuant to Rule 705 (5)**

Chuang Wen Fu and Yap Chin Kuan, being two directors of Memtech International Limited ("the Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the 1Q12 financial results to be false or misleading in any material aspect.

**15 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.

**16 A breakdown of sales**

Not Applicable for the current quarter.

**17 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.

**18 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

25 April 2012

