



MEMTECH INTERNATIONAL LTD

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

Second Quarter Financial Statements Announcement For the period ended 30 June 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 30 June 2012

	Group Second Quarter			Group Half Year		
	2012 30-Jun	2011 30-Jun	Increase/ (Decrease) %	2012 30-Jun	2011 30-Jun	Increase/ (Decrease) %
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	25,221	37,773	-33.2%	49,202	71,744	-31.4%
Cost of sales	(23,926)	(31,075)	-23.0%	(46,882)	(57,746)	-18.8%
Gross profit	1,295	6,698	-80.7%	2,320	13,998	-83.4%
Other operating income	647	658	-1.7%	1,088	829	31.2%
Sales and marketing expenses	(1,799)	(2,184)	-17.6%	(3,520)	(4,084)	-13.8%
General and Administration expenses	(2,805)	(2,934)	-4.4%	(5,331)	(5,492)	-2.9%
Other operating expenses	15	-	NM	(52)	(54)	-3.7%
Finance costs	(63)	(17)	NM	(96)	(17)	NM
Exchange (loss)/gain	(296)	(128)	NM	1,040	(67)	NM
Share of result of associates	17	4	NM	(31)	(30)	3.3%
(Loss)/profit before tax	(2,989)	2,097	NM	(4,582)	5,083	NM
Income tax expenses, net	(24)	(146)	-83.6%	(108)	(426)	-74.6%
(Loss)/profit for the period	(3,013)	1,951	NM	(4,690)	4,657	NM
Attributable to:						
Owners of the Company	(3,013)	1,951	NM	(4,690)	4,657	NM
	(3,013)	1,951	NM	(4,690)	4,657	NM



Statement of Comprehensive Income

For the period ended 30 June 2012

	Group Second Quarter			Group Half Year		
	2012 30-Jun	2011 30-Jun	Increase/ (Decrease)	2012 30-Jun	2011 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
(Loss)/Profit for the period	(3,013)	1,951	NM	(4,690)	4,657	NM
Other comprehensive income (net of tax)						
Currency translation differences	(367)	1,249	NM	(1,581)	2,134	NM
Total comprehensive income for the period	(3,380)	3,200	NM	(6,271)	6,791	NM
Total comprehensive (loss)/income						
Owners of the Company	(3,380)	3,200	NM	(6,271)	6,791	NM
	(3,380)	3,200	NM	(6,271)	6,791	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		
	2012 30-Jun	2011 30-Jun	Increase/ (Decrease)	2012 30-Jun	2011 30-Jun	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	3,154	2,719	16.0%	6,343	5,318	19.3%
Allowance for/(write back of) doubtful receivables, trade	38	(360)	NM	(307)	(351)	-12.5%
Net (gain)/loss on disposal of property, plant and equipment	(13)	(11)	18.2%	39	7	NM
Exchange loss/(gain)						
Net exchange loss/(gain)	301	128	NM	(1,035)	65	NM
Net fair value (gain)/loss on forward currency contracts	(5)	-	NM	(5)	2	NM
Impairment loss on investment in associates	-	500	NM	-	500	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 30 June 2012

	Group		Company	
	2012 30-Jun	2011 31-Dec	2012 30-Jun	2011 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	48,434	50,601	1	2
Investment in subsidiaries	-	-	93,298	97,589
Investment in associates	610	643	856	835
Intangible assets	1,546	1,552	-	-
	<u>50,590</u>	<u>52,796</u>	<u>94,155</u>	<u>98,426</u>
Current Assets:				
Cash and cash equivalents	40,645	34,576	3,290	1,289
Bank deposits pledged	829	12,829	-	9,499
Trade receivables	32,125	49,755	-	-
Bills and other receivables	10,178	16,395	8	181
Amounts due from subsidiaries	-	-	4,188	4,946
Prepayments	3,158	3,079	4	17
Inventories	11,701	12,737	-	-
	<u>98,636</u>	<u>129,371</u>	<u>7,490</u>	<u>15,932</u>
Current Liabilities:				
Trade payables and accruals	20,297	27,907	275	398
Bills and other payables	5,100	11,403	5	118
Amounts due to subsidiaries	-	-	37,653	47,124
Other liabilities	609	512	-	-
Loans and borrowings	3,000	10,233	-	9,233
Provision for taxation	29	718	-	-
	<u>29,035</u>	<u>50,773</u>	<u>37,933</u>	<u>56,873</u>
Net Current Assets / (Liabilities)	69,601	78,598	(30,443)	(40,941)
Non-Current Liabilities:				
Deferred taxation	2,836	3,270	-	-
	<u>2,836</u>	<u>3,270</u>	<u>-</u>	<u>-</u>
Net Assets	117,355	128,124	63,712	57,485



Statement of Financial Position (Cont'd)

As at 30 June 2012

	Group		Company	
	2012	2011	2012	2011
	30-Jun	31-Dec	30-Jun	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	(968)	(968)	(968)	(968)
Statutory reserve fund	8,404	8,531	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	24,089	25,674	14,186	12,722
Revenue reserves	43,573	52,630	7,523	2,760
Total Equity	117,355	128,124	63,712	57,485

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

	Group Secured		Group Unsecured	
	2012	2011	2012	2011
	30-Jun	31-Dec	30-Jun	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	9,233	3,000	1,000
Amount repayable after one year	-	-	-	-
	-	9,233	3,000	1,000



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 30 June 2012

	Group Second Quarter		Group Half Year	
	2012 30-Jun	2011 30-Jun	2012 30-Jun	2011 30-Jun
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax	(2,989)	2,097	(4,582)	5,083
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	3,154	2,719	6,343	5,318
Interest expense	63	17	96	17
Interest income	(246)	(171)	(411)	(240)
Net loss on disposal of property, plant and equipment	(13)	(11)	39	7
Impairment on investment in associates	-	500	-	500
Share of results of associates	(17)	(4)	31	30
Total adjustments	2,941	3,050	6,098	5,632
Operating cashflow before changes in working capital	(48)	5,147	1,516	10,715
<u>Changes in working capital</u>				
Trade and other receivables	810	1,892	20,815	1,581
Inventories	(144)	175	874	(861)
Trade and other payables	(496)	342	(9,849)	231
Cash generated from operations	122	7,556	13,356	11,666
Income tax paid	(119)	(395)	(341)	(1,067)
Net cash generated from operating activities	3	7,161	13,015	10,599
Cash flows from investing activities:				
Purchases of property, plant and equipment	(2,660)	(3,909)	(7,351)	(6,863)
Proceeds from disposal of fixed assets	89	20	98	109
Interest income received	183	170	315	239
Net cash used in investing activities	(2,388)	(3,719)	(6,938)	(6,515)
Cash flows from financing activities:				
Proceeds from loans and borrowings	-	9,233	5,499	9,233
Interest paid	(63)	(17)	(96)	(17)
Dividends Paid	(4,498)	(6,276)	(4,498)	(6,276)
Repayments of loans and borrowings	(12,732)	-	(12,732)	-
Bank deposits pledged	15,315	(8,287)	11,951	(10,577)
Purchase of treasury shares	-	(74)	-	(74)
Net cash (used in)/generated from financing activities	(1,978)	(5,421)	124	(7,711)
Net (decrease)/increase in cash and cash equivalents	(4,363)	(1,979)	6,201	(3,627)
Effects of exchange rate changes on opening cash and cash equivalents	(168)	517	(132)	912
Cash and cash equivalents at the beginning of the period	45,176	37,847	34,576	39,100
Cash and cash equivalents at the end of the period	40,645	36,385	40,645	36,385



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 2012

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January, 31 March and 30 June	42,971	42,971	42,971	42,971
Treasury Shares				
Balance at 1 January and 31 March	(968)	(816)	(968)	(816)
Purchase of treasury Shares	-	(78)	-	(78)
Balance at 30 June	(968)	(894)	(968)	(894)
Statutory Reserve Fund				
Balance at 1 January	8,531	8,011	-	-
Transfer from revenue reserve	(127)	-	-	-
Balance at 31 March and 30 June	8,404	8,011	-	-
Acquisition Reserve				
Balance at 1 January, 31 March and 30 June	(714)	(714)	-	-
Currency Translation Reserve				
Balance at 1 January	25,674	18,242	12,722	13,932
Net effect of exchange translation differences	(1,214)	885	1,897	1,289
Balance at 31 March	24,460	19,127	14,619	15,221
Net effect of exchange translation differences	(367)	1,249	(429)	1,645
Effect of exchange translation differences on dividend payment	(4)	(902)	(4)	(902)
Balance at 30 June	24,089	19,474	14,186	15,964
Revenue Reserves				
Balance at 1 January	52,630	52,312	2,760	5,477
Net (loss)/profit for the period	(1,677)	2,706	1,883	222
Transfer to statutory reserve	127	-	-	-
Balance at 31 March	51,080	55,018	4,643	5,699
Net (loss)/profit for the period	(3,013)	1,951	7,374	7,524
Dividend paid	(4,494)	(5,374)	(4,494)	(5,374)
Balance at 30 June	43,573	51,595	7,523	7,849
Total Equity				
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
Total for the period	(7,878)	(3,154)	2,447	2,815
Balance at 30 June	117,355	120,443	63,712	65,890



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	2011
	30-Jun	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	2011
	30-Jun	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	2011
	30-Jun	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 Second Quarter		Group Half Year	
	2012 30-Jun	2011 30-Jun	2012 30-Jun	2011 30-Jun
	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	(0.4)	0.3	(0.7)	0.7
(ii) On a fully diluted basis	(0.4)	0.3	(0.7)	0.7
	Group Second Quarter		Group Half Year	
	2012 30-Jun	2011 30-Jun	2012 30-Jun	2011 30-Jun
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	710,440	712,124	710,440	712,132
(ii) On a fully diluted basis	710,440	712,124	710,440	712,132

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 30-Jun	2011 31-Dec	2012 30-Jun	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	16.5	18.0	9.0	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.**

2Q2012 vs. 2Q2011 Results

The Group's revenue decreased 33.2% or US\$12.6 million over its corresponding period to US\$25.2 million for the second quarter of 2012. Gross profit slid 80.7% from US\$6.7 million to US\$1.3 million, and gross profit margin decreased from 17.7% to 5.1% due to significantly lower sales of mobile phone keypads.

The Group's sales and marketing expenses, and general and administration expenses decreased by 17.6% and 4.4% respectively.

The Group incurred net loss after tax of US\$3.0 million against profit after tax of US\$ 2.0 million over the corresponding period because of lower sales.

Financial Position and Cash Flows

With a current ratio of 3.4 times (increased from 2.6 times as of 31 December 2011), the Group's financial position remains healthy. As at 30 June 2012, cash and cash equivalents amounted to US\$40.6 million or approximately 5.7 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 3 August 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**

We expect the market for mobile phone keypads to be very challenging for the rest of 2012, mainly due to the migration of keypad to touch screen panel phones, global economic uncertainties and economic slowdown in China.

We expect our plastic segment to remain profitable in 2H2012 and will expand further into the automotive market.



Our touch screen panel production yield has improved and more sales orders were booked. We will continue to focus on improving the yield and increasing sales. To prepare ourselves for this highly competitive business, we will position ourselves to be a niche-market player focusing on specialized products.

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.

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 2Q12 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

Chuang Wen Fu
Chairman

7 August 2012