



## **MEMTECH INTERNATIONAL LTD**

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

### **Third Quarter Financial Statements Announcement For the period ended 30 September 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 September 2012*

	Group Third Quarter			Group Year to Date		
	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	33,907	40,006	-15.2%	83,109	111,750	-25.6%
Cost of sales	(29,779)	(31,970)	-6.9%	(76,661)	(89,716)	-14.6%
Gross profit	4,128	8,036	-48.6%	6,448	22,034	-70.7%
Other operating income	504	653	-22.8%	1,592	1,482	7.4%
Sales and marketing expenses	(1,960)	(2,144)	-8.6%	(5,480)	(6,228)	-12.0%
General and Administration expenses	(2,897)	(2,898)	0.0%	(8,228)	(8,390)	-1.9%
Other operating expenses	(58)	(74)	-21.6%	(110)	(128)	-14.1%
Finance costs	(47)	(33)	42.4%	(143)	(50)	NM
Exchange gain/(loss)	797	(3,289)	NM	1,837	(3,356)	NM
Share of result of associates	18	10	80.0%	(13)	(20)	-35.0%
Profit/(loss) before tax	485	261	85.8%	(4,097)	5,344	NM
Income tax expenses, net	(89)	(254)	-65.0%	(197)	(680)	-71.0%
Profit/(loss) for the period	396	7	NM	(4,294)	4,664	NM
Attributable to:						
Owners of the Company	396	7	NM	(4,294)	4,664	NM
	396	7	NM	(4,294)	4,664	NM



## Statement of Comprehensive Income

*For the period ended 30 September 2012*

	Group Third Quarter			Group Year to Date		
	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Profit/(loss) for the period	396	7	NM	(4,294)	4,664	NM
Other comprehensive income (net of tax)						
Currency translation differences	(1,022)	4,731	NM	(2,603)	6,865	NM
Total comprehensive income for the period	<u>(626)</u>	<u>4,738</u>	<u>NM</u>	<u>(6,897)</u>	<u>11,529</u>	<u>NM</u>
Total comprehensive (loss)/income						
Owners of the Company	<u>(626)</u>	<u>4,738</u>	<u>NM</u>	<u>(6,897)</u>	<u>11,529</u>	<u>NM</u>
	<u>(626)</u>	<u>4,738</u>	<u>NM</u>	<u>(6,897)</u>	<u>11,529</u>	<u>NM</u>

## Notes

NM: Not meaningful

### 1 Profit from operating activities

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

	Group Third Quarter			Group Year to Date		
	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)	2012 30-Sep	2011 30-Sep	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	3,023	2,854	5.9%	9,366	8,172	14.6%
Allowance for/(write back of)						
doubtful receivables, trade	123	127	-3.1%	(184)	(224)	-17.9%
Net (gain)/loss on disposal of property, plant and equipment	(52)	46	NM	(13)	53	NM
Exchange (gain)/loss						
Exchange (gain)/loss	(978)	3,291	NM	(2,013)	3,356	NM
Net fair value loss/(gain) on forward currency contracts	181	(2)	NM	176	-	NM
Impairment loss on investment in associates	-	-	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 September 2012*

	Group		Company	
	2012 30-Sep	2011 31-Dec	2012 30-Sep	2011 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-Current Assets:</b>				
Property, plant and equipment	47,746	50,601	1	2
Investment in subsidiaries	-	-	98,199	97,589
Investment in associates	627	643	873	835
Intangible assets	1,542	1,552	-	-
	<u>49,915</u>	<u>52,796</u>	<u>99,073</u>	<u>98,426</u>
<b>Current Assets:</b>				
Cash and cash equivalents	36,219	34,576	266	1,289
Bank deposits pledged	820	12,829	-	9,499
Trade receivables	39,888	49,755	-	-
Bills and other receivables	8,933	16,395	8	181
Amounts due from subsidiaries	-	-	4,188	4,946
Prepayments	3,124	3,079	4	17
Inventories	12,250	12,737	-	-
	<u>101,234</u>	<u>129,371</u>	<u>4,466</u>	<u>15,932</u>
<b>Current Liabilities:</b>				
Trade payables and accruals	23,257	27,907	302	398
Bills and other payables	4,646	11,403	5	118
Amounts due to subsidiaries	-	-	38,119	47,124
Other liabilities	708	512	-	-
Loans and borrowings	3,000	10,233	-	9,233
Provision for taxation	43	718	-	-
	<u>31,654</u>	<u>50,773</u>	<u>38,426</u>	<u>56,873</u>
<b>Net Current Assets / (Liabilities)</b>	69,580	78,598	(33,960)	(40,941)
<b>Non-Current Liabilities:</b>				
Deferred taxation	2,852	3,270	-	-
	<u>2,852</u>	<u>3,270</u>	<u>-</u>	<u>-</u>
<b>Net Assets</b>	<u>116,643</u>	<u>128,124</u>	<u>65,113</u>	<u>57,485</u>



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

*As at 30 September 2012*

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>30-Sep</b>	<b>31-Dec</b>	<b>30-Sep</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	(1,054)	(968)	(1,054)	(968)
Statutory reserve fund	8,404	8,531	-	-
Acquisition reserve	(714)	(714)	-	-
Currency translation reserve	23,067	25,674	15,430	12,722
Revenue reserves	43,969	52,630	7,766	2,760
<b>Total Equity</b>	<b>116,643</b>	<b>128,124</b>	<b>65,113</b>	<b>57,485</b>

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

	<b>Group Secured</b>		<b>Group Unsecured</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>30-Sep</b>	<b>31-Dec</b>	<b>30-Sep</b>	<b>31-Dec</b>
	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	-	-	-	-
	<b>-</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 30 September 2012*

	Group		Group	
	Third Quarter		Year to Date	
	2012	2011	2012	2011
	30-Sep	30-Sep	30-Sep	30-Sep
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax	485	261	(4,097)	5,344
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	3,023	2,854	9,366	8,172
Interest expense	47	33	143	50
Interest income	(90)	(322)	(501)	(562)
Net (gain)/loss on disposal of property, plant and equipment	(52)	46	(13)	53
Impairment on investment in associates	-	-	-	500
Share of results of associates	(18)	(10)	13	20
Total adjustments	2,910	2,601	9,008	8,233
Operating cashflow before changes in working capital	3,395	2,862	4,911	13,577
<u>Changes in working capital</u>				
Trade and other receivables	(8,167)	9,018	12,648	10,599
Inventories	(569)	(8,660)	305	(9,521)
Trade and other payables	3,595	3,045	(6,254)	3,276
Cash generated from operations	(1,746)	6,265	11,610	17,931
Income tax paid	(242)	(271)	(583)	(1,338)
Net cash (used in)/generated from operating activities	(1,988)	5,994	11,027	16,593
Cash flows from investing activities:				
Purchases of property, plant and equipment	(2,550)	(4,199)	(9,901)	(11,062)
Proceeds from disposal of fixed assets	183	28	281	137
Interest income received	172	323	487	562
Net cash used in investing activities	(2,195)	(3,848)	(9,133)	(10,363)
Cash flows from financing activities:				
Proceeds from loans and borrowings	-	-	5,499	9,233
Interest paid	(47)	(33)	(143)	(50)
Dividends Paid	-	-	(4,498)	(6,276)
Repayments of loans and borrowings	-	-	(12,732)	-
Bank deposits pledged	(23)	750	11,928	(9,827)
Purchase of treasury shares	(86)	-	(86)	(74)
Net cash (used in)/generated from financing activities	(156)	717	(32)	(6,994)
Net (decrease)/increase in cash and cash equivalents	(4,339)	2,863	1,862	(764)
Effects of exchange rate changes on opening cash and cash equivalents	(87)	735	(219)	1,647
Cash and cash equivalents at the beginning of the period	40,645	36,385	34,576	39,100
Cash and cash equivalents at the end of the period	36,219	39,983	36,219	39,983



**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 September 2012**

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Issued Capital</b>				
Balance at 1 January, 31 March and 30 June	42,971	42,971	42,971	42,971
<b>Treasury Shares</b>				
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)
Purchase of treasury Shares	(86)	-	(86)	-
Balance at 30 September	(1,054)	(894)	(1,054)	(894)
<b>Statutory Reserve Fund</b>				
Balance at 1 January	8,531	8,011	-	-
Transfer from revenue reserve	(127)	-	-	-
Balance at 31 March, 30 June and 30 September	8,404	8,011	-	-
<b>Acquisition Reserve</b>				
Balance at 1 January, 31 March, 30 June and 30 September	(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	1,289
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
Net effect of exchange translation differences	(1,022)	4,731	1,244	(2,158)
Balance at 30 September	23,067	24,205	15,430	13,806
<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	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
Net profit/(loss) for the period	396	7	243	(2,907)
Balance at 30 September	43,969	51,602	7,766	4,942
<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
Total for the period	(7,878)	(3,154)	2,447	2,815
Balance at 30 June	117,355	120,443	63,712	65,890
Total for the period	(712)	4,738	1,401	(5,065)
Balance at 30 September	116,643	125,181	65,113	60,825



**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**

	<b>2012</b>	<b>2011</b>
	<b>30-Sep</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>2012</b>	<b>2011</b>
	<b>30-Sep</b>	<b>31-Dec</b>
	No. of shares	No. of shares
Issued ordinary shares excluding treasury shares	<u>708,920,000</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.**

	<b>2012</b>	<b>2011</b>
	<b>30-Sep</b>	<b>31-Dec</b>
	No. of shares	No. of shares
Balance as at beginning of the period	9,560,000	7,860,000
Open market purchase	<u>1,520,000</u>	<u>1,700,000</u>
Balance as at end of the period	<u>11,080,000</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 year beginning on or after 1 January 2012. Except for 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 Third Quarter		Group Year to Date	
	2012 30-Sep	2011 30-Sep	2012 30-Sep	2011 30-Sep
	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	0.1	-	(0.6)	0.7
(ii) On a fully diluted basis	0.1	-	(0.6)	0.7
	Group Third Quarter		Group Year to Date	
	2012 30-Sep	2011 30-Sep	2012 30-Sep	2011 30-Sep
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	710,058	711,440	710,312	711,899
(ii) On a fully diluted basis	710,058	711,440	710,312	711,899

**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-Sep	2011 31-Dec	2012 30-Sep	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	9.2	8.1
Number of shares ('000)	708,920	710,440	708,920	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.**

**3Q2012 vs. 3Q2011 Results**

The Group's revenue decreased 15.2% or US\$6.1 million over its corresponding period to US\$33.9 million for the third quarter of 2012 due to significantly lower sales of mobile phone keypads. As a result, gross profit slid 48.6% from US\$8 million to US\$4.1million and gross profit margin decreased from 20.1% to 12.2%.

Sales and marketing expenses reduced by 8.6% due to lower level of sales. Through stringent cost control effort, general and administrative expenses have been contained at the same level as the previous corresponding period despite an increasing operating cost environment.

The Group reported a net profit of US\$0.4 million, which is higher than 2011 as there was an exceptional exchange loss in that year.

**Financial Position and Cash Flows**

In 3Q2012, the Group incurred capital expenditure of US\$2.5 million mainly for the factory construction for our plastic operation. The Group's financial position remains healthy. As at 30 September 2012, cash and cash equivalents amounted to US\$36.2 million or approximately 5.1 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**

Not Applicable.

- 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 the increasing dominance of smart phones in the mobile communications market, demand for mobile phone keypads will continue to decline. To meet this challenge, the Group has been actively developing and diversifying into the automobile and accessory keypad markets and satisfactory



progress has been achieved. The Group has secured several customer accreditations and the number of projects is steadily increasing. The Group believes this development will make positive contribution to its operations going forward.

The Group's plastics operation is growing steadily. The Group will continue to invest and capitalize on its strengths in precision tool design, mould making, finishing and assembling; and focus on high value, high precision products and those with stable and growing demand such as the plastic parts for automobiles.

Although the Group's touch screen sales has improved, the operation is still facing significant challenges, for example, its production has been affected by recent shortage of certain key components in the market. The Group will continue to position itself to be a niche-market player focusing on specialized products.

The Group expects the current quarter to remain challenging.

## **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 3Q12 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

8 November 2012