



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2008



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 first quarter ended 31 March 2008

	Group		
	First Quarter		
Note	2008	2007	Increase/ (Decrease)
	31-Mar	31-Mar	(Decrease)
	US\$'000	US\$'000	%
Revenue	23,957	21,652	10.6%
Cost of sales	(18,787)	(16,237)	15.7%
Gross profit	5,170	5,415	-4.5%
Other operating income	279	341	-18.2%
Sales and marketing expenses	(1,273)	(1,141)	11.6%
General and Administration expenses	(2,500)	(2,346)	6.6%
Other operating expenses	(11)	(31)	-64.5%
Finance costs	(6)	(5)	20.0%
Share of result of associates	(55)	(1)	NM
Profit before tax	1,604	2,232	-28.1%
Income tax expense	(284)	(209)	35.9%
Profit for the period	1,320	2,023	-34.8%
Attributable to:			
Equity holders of the parent	1,269	2,049	-38.1%
Minority interests	51	(26)	NM
	1,320	2,023	-34.8%



Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group		
	First Quarter		
	2008	2007	Increase/ (Decrease)
Note	31-Mar	31-Mar	
	US\$'000	US\$'000	%
Depreciation	2,235	1,948	15%
Allowance for doubtful receivables, trade	(738)	339	NM
Loss on disposal of property, plant and equipment	-	1	-100%
Exchange loss	1,167	329	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 2008

	Group		Company	
	2008	2007	2008	2007
	31-Mar	31-Dec	31-Mar	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	42,256	42,223	22	26
Investment in subsidiaries	-	-	54,812	52,180
Investment in associates	7,042	1,957	7,537	2,187
Intangible assets	1,006	967	-	-
	<u>50,304</u>	<u>45,147</u>	<u>62,371</u>	<u>54,393</u>
Current Assets:				
Cash and cash equivalents	31,890	32,759	6,821	7,855
Derivatives	93	186	-	-
Trade receivables	42,021	56,222	-	-
Bills and other receivables	20,040	12,006	16	15
Amounts due from subsidiaries	-	-	4,468	4,473
Prepayments	148	116	-	-
Inventories	9,117	9,065	-	-
	<u>103,309</u>	<u>110,354</u>	<u>11,305</u>	<u>12,343</u>
Current Liabilities:				
Trade payables and accruals	21,777	30,981	457	374
Bills and other payables	9,656	8,328	8	13
Amounts due to subsidiaries	-	-	6,511	2,309
Loans and borrowings	7	6	-	-
Provision for tax	1,381	1,287	33	32
Other liabilities	609	58	-	-
	<u>33,430</u>	<u>40,660</u>	<u>7,009</u>	<u>2,728</u>
Net Current Assets	69,879	69,694	4,296	9,615
Non-Current Liabilities:				
Other payables	-	324	-	-
Loans and borrowings	1	3	-	-
Deferred taxation	1,675	1,609	-	-
	<u>1,676</u>	<u>1,936</u>	<u>-</u>	<u>-</u>
Net Assets	<u>118,507</u>	<u>112,905</u>	<u>66,667</u>	<u>64,008</u>



Balance Sheets (Cont'd)

As at 31 March 2008

	Group		Company	
	2008	2007	2008	2007
	31-Mar	31-Dec	31-Mar	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Equity Attributable to Equity Holders of the Company				
Share capital	42,971	42,971	42,971	42,971
Treasury shares	(441)	(427)	(441)	(427)
Currency translation reserve	15,657	11,450	11,706	8,612
Statutory reserve fund	3,393	3,393	-	-
Revenue reserves	54,613	53,344	12,431	12,852
	<u>116,193</u>	<u>110,731</u>	<u>66,667</u>	<u>64,008</u>
Minority interests	<u>2,314</u>	<u>2,174</u>	<u>-</u>	<u>-</u>
Total Equity	<u><u>118,507</u></u>	<u><u>112,905</u></u>	<u><u>66,667</u></u>	<u><u>64,008</u></u>

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

	Group Secured		Group Unsecured	
	2008	2007	2008	2007
	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	7	6	-	-
Amount repayable after one year	1	3	-	-
	<u>8</u>	<u>9</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 first quarter ended 31 March 2008

	Group	
	First Quarter 2008 31-Mar	2007 31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	1,604	2,232
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,235	1,948
Interest expense	10	6
Interest income	(44)	(184)
Loss on disposal of property, plant and equipment	-	1
Share of results of associates	55	1
Total adjustments	2,256	1,772
Operating cashflow before changes in working capital	3,860	4,004
Decrease in trade and other receivables	5,064	557
Decrease in inventories	178	983
Decrease in trade and other payables	(4,864)	(814)
Cash generated from operations	4,238	4,730
Income tax paid	(64)	(138)
Net cash generated from operating activities	4,174	4,592
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,394)	(2,734)
Interest income received	44	164
Investment in an associate	(5,000)	-
Net cash used in investing activities	(6,350)	(2,570)
Cash flows from financing activities:		
Proceeds from loans and borrowings	3,000	258
Interest paid	(11)	(5)
Repayments of loans and borrowings	(3,001)	(260)
Purchase of treasury shares	(14)	-
Net cash used in financing activities	(26)	(7)
Net (decrease)/increase in cash and cash equivalents	(2,202)	2,015
Effects of exchange rate changes on opening cash	1,333	335
Cash and cash equivalents at the beginning of the period	32,759	34,780
Cash and cash equivalents at the end of the period	31,890	37,130



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 2008

	Group		Company	
	2008	2007	2008	2007
	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	(427)	-	(427)	-
Purchase of treasury shares	(14)	-	(14)	-
Balance at 31 March	(441)	-	(441)	-
Statutory Reserve Fund				
Balance at 1 January and 31 March	3,393	2,413	-	-
Currency Translation Reserve				
Balance at 1 January	11,450	5,749	8,612	5,463
Net effect of exchange translation differences	4,207	895	3,094	678
Balance at 31 March	15,657	6,644	11,706	6,141
Revenue Reserves				
Balance at 1 January	53,344	44,294	12,852	7,087
Net profit for the period	1,269	2,049	(421)	(271)
Balance at 31 March	54,613	46,343	12,431	6,816
Minority Interest				
Balance at 1 January	2,174	728	-	-
Total for the period	140	(17)	-	-
Balance at 31 March	2,314	711	-	-
Total Equity				
Balance at 1 January	112,905	96,155	64,008	55,521
Total for the period	5,602	2,927	2,659	407
Balance at 31 March	118,507	99,082	66,667	55,928



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

There is no change in the issued and paid up capital of the company since 31 December 2007.

1(e) Confirmation of the Board

We refer to the requirement under Rule 705(4) 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 period ended 31 March 2008 to be false or misleading in any material respects.

On behalf of the Board of Directors

Chuang Wen Fu
Executive Chairman

Yap Chin Kuan
Chief Operating Officer

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

There are no changes in accounting policies arising from the adoption of new FRS and the Group continues to adopt the same accounting policies and methods of computation as those of financial year ended 31 December 2007.

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

Not applicable.

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	
	2008	2007
	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	0.2	0.3
(ii) On a fully diluted basis	0.2	0.3

	Group	
	First Quarter	
	2008	2007
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	716,916	720,000
(ii) On a fully diluted basis	716,916	720,000



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	
	2008 31-Mar	2007 31-Dec	2008 31-Mar	2007 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	16.2	15.4	9.3	8.9
Number of shares ('000)	716,900	717,000	716,900	717,000

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 2008 vs. Q1 2007 Results

The Group's revenue increased by US\$2.3 million or 10.6% from US\$21.7 million in Q1 2007 to US\$24.0 million in Q1 2008. While overall market demand declined in Q1 2008, we managed to secure larger orders from premium customers such as Foxconn and Kostal.

As a result of lower selling price, higher raw material prices and labour costs, the Group's gross profit margin declined to 21.6% as compared to 25.0% in Q1 2007.

Sales and marketing expenses increased 11.6% mainly due to salary and general costs increases. General and administrative expenses increased 6.4% due to cost increases as well as higher exchange loss, offset to some extent by lower allowance for doubtful debt. The higher exchange loss is due to the acceleration in appreciation of RMB against USD in Q1 2008.

Profit for Q1 2008 declined by US\$703,000 or 34.8% to US\$1.3 million as compared to the corresponding period.



Balance Sheet and Cash Flow Statement

There was no material change in non-current assets, save for an increase in investment in associates arising from the new investment in Teradisplay Co., Ltd. There was also no material change in current assets, save for an increase in the amount of bills receivables.

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 2007 Full Year Results Announcement dated 28 February 2008.

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 Group started 2008 with a slow Q1 and does not expect a significant improvement in Q2. While there are indications of a recovery, we expect the positive effects to be felt in the second half of 2008. Barring unforeseen circumstances, we expect our performance to improve in Q2 2008 over Q1 2008 and we are cautiously optimistic of our prospects in 2008.



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 geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not Applicable for current quarter.

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 current quarter.

15 A breakdown of sales

Not Applicable for 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 current quarter.

17 Use of IPO proceeds earmarked for working capital and to develop strategic partnerships and further growth opportunities to complement our current and future business.

There is no material disbursement of IPO proceeds earmarked for working capital and to develop strategic partnership and further growth opportunities to complement our current and future business.

BY ORDER OF THE BOARD

Tan Seng Chun
Company Secretary

28 April 2008