



MEMTECH INTERNATIONAL LTD

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

First Quarter Financial Statements Announcement For the period ended 31 March 2007



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 2007

	Note	Group First Quarter		Increase/ (Decrease) %
		2007 31-Mar	2006 31-Mar	
		US\$'000	US\$'000	
Revenue		21,652	25,902	-16.4%
Cost of sales		(16,237)	(17,616)	-7.8%
Gross profit		5,415	8,286	-34.6%
Other operating income		341	266	28.2%
Sales and marketing expenses		(1,141)	(1,731)	-34.1%
General and administration expenses		(2,346)	(1,885)	24.5%
Other operating expenses		(31)	(21)	47.6%
Finance costs		(5)	(8)	-37.5%
		(3,523)	(3,645)	-3.3%
Operating profit		2,233	4,907	-54.5%
Share of result of associates		(1)	-	NM
Profit before tax		2,232	4,907	-54.5%
Tax expense		(209)	(324)	-35.5%
Profit from ordinary activities after taxation		2,023	4,583	-55.9%
Attributable to:				
Equity holders of the Company		2,049	4,755	-56.9%
Minority interests		(26)	(172)	-84.9%
		2,023	4,583	-55.9%



Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group First Quarter		
	2007 31-Mar	2006 31-Mar	Increase/ (Decrease)
Note	US\$'000	US\$'000	%
Depreciation	1,948	1,456	34%
Allowance for doubtful trade receivables	339	56	NM
Loss on disposal of fixed assets	1	14	-93%
Exchange loss	329	155	112%



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 2007

	Group		Company	
	2007	2006	2007	2006
	31-Mar	31-Dec	31-Mar	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Property, plant and equipment	37,736	38,104	39	44
Investment in subsidiaries	-	-	41,072	40,016
Investment in associates	639	634	714	705
Intangible assets	572	566	-	-
	<u>38,947</u>	<u>39,304</u>	<u>41,825</u>	<u>40,765</u>
Current Assets:				
Cash and short term deposits	37,130	34,780	10,845	10,864
Trade receivables	34,678	41,600	-	-
Bills and other receivables	14,466	7,609	34	24
Amounts due from subsidiaries	-	-	11,730	13,721
Prepayments	117	133	-	-
Inventories	7,155	8,095	-	-
	<u>93,546</u>	<u>92,217</u>	<u>22,609</u>	<u>24,609</u>
Current Liabilities:				
Trade payables and accruals	18,842	21,879	538	437
Bills and other payables	10,361	9,556	5	13
Amounts due to subsidiary companies	-	-	7,886	9,327
Interest-bearing loans and borrowings	265	262	-	-
Provision for tax	784	732	77	76
Other liabilities	849	344	-	-
	<u>31,101</u>	<u>32,773</u>	<u>8,506</u>	<u>9,853</u>
Net Current Assets	62,445	59,444	14,103	14,756
Non-Current Liabilities:				
Other payables	306	606	-	-
Interest-bearing loans and borrowings	7	9	-	-
Deferred taxation	1,997	1,978	-	-
	<u>2,310</u>	<u>2,593</u>	<u>-</u>	<u>-</u>
Net Assets	99,082	96,155	55,928	55,521



Balance Sheets (Cont'd)

As at 31 March 2007

	Group		Company	
	2007	2006	2007	2006
	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
Currency translation reserve	6,644	5,749	6,141	5,463
Statutory reserve	2,413	2,413	-	-
Revenue reserves	46,343	44,294	6,816	7,087
Shareholders' equity	98,371	95,427	55,928	55,521
Minority interests	711	728	-	-
Total Equity	99,082	96,155	55,928	55,521

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

	Group Secured		Group Unsecured	
	2007	2006	2007	2006
	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	-	-	265	262
Amount repayable after one year	-	-	7	9
	-	-	272	271



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 third quarter ended 31 March 2007

	Group	
	First Quarter	
	2007	2006
	31-Mar	31-Mar
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before tax	2,233	4,907
Adjustments for:		
Depreciation of fixed assets	1,948	1,456
Interest expense	5	8
Interest income	(184)	(148)
Loss on disposal of fixed assets	1	14
Share of results of associates	1	-
Operating cashflow before reinvestment in working capital	4,004	6,237
Decrease/(increase) in trade and other receivables	557	(9,995)
Decrease/(increase) in inventories	983	(1,024)
(Increase)/decrease in trade and other payables	(814)	2,996
Cash generated from operations	4,730	(1,786)
Income tax paid	(138)	(31)
Net cash generated from (used in) operating activities	4,592	(1,817)
Cash flows from investing activities:		
Purchases of fixed assets	(2,734)	(2,804)
Proceeds from disposal of fixed assets	-	31
Interest income received	164	132
Net cash used in investing activities	(2,570)	(2,641)
Cash flows from financing activities:		
Proceeds from interest-bearing loans and borrowings	258	248
Interest paid	(5)	(8)
Repayments of interest-bearing loans and borrowings	(260)	(248)
Net cash used in financing activities	(7)	(8)
Net increase/(decrease) in cash and cash equivalents	2,015	(4,466)
Cash and cash equivalents at the beginning of the period	34,780	32,786
Effects of exchange rate changes on opening cash	335	593
Cash and cash equivalents at the end of the period	37,130	28,913



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 Equity

As at 31 March 2007

	Group		Company	
	2007	2006	2007	2006
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January and 31	42,971	42,971	42,971	42,971
Statutory Reserve				
Balance at 1 January and 31	2,413	1,478	-	-
Currency Translation Reserve				
Balance at 1 January	5,749	2,420	5,463	1,301
Currency translation differences	895	914	678	1,592
Balance at 31 March	6,644	3,334	6,141	2,893
Revenue Reserves				
Balance at 1 January	44,294	34,672	7,087	4,908
Net profit for the period	2,049	4,755	(271)	(8)
Balance at 31 March	46,343	39,427	6,816	4,900
Minority Interest				
Balance at 1 January	728	1,413	-	-
Total for the period	(17)	(163)	-	-
Balance at 31 March	711	1,250	-	-
Total Equity				
Balance at 1 January	96,155	82,954	55,521	49,180
Total for the period	2,927	5,506	407	1,584
Balance at 31 March	99,082	88,460	55,928	50,764



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 2006.

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 2007 to be false or misleading in any material aspects.

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 2006.

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	
	2007	2006
	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	0.3	0.7
(ii) On a fully diluted basis	0.3	0.7

	Group	
	First Quarter	
	2007	2006
	31-Mar	31-Mar
	'000	'000
Weighted average number of shares:		
(i) Based on weighted average number of ordinary shares on issue	720,000	720,000
(ii) On a fully diluted basis	720,000	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	
	2007	2006	2007	2006
	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	13.7	13.3	7.8	7.7
Number of shares ('000)	720,000	720,000	720,000	720,000

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 2007 vs. Q1 2006 Results

The Group revenue declined by 16.4% or US\$4.3 million to US\$21.7 million in Q1 2007 over the corresponding period. The slowdown in mobile phone industry coupled with price pressures resulted in sales decline in Q1 2007 as compared to the corresponding period. While overall sales have declined in Q1 2007, we have managed to secure larger orders from our premium customers such as Foxconn, Flextronics and Vtech over the corresponding period.

Lower selling price and lower utilization rate reduced the Group's gross margin from 32.0% in Q1 2006 to 25.0% in Q1 2007.

The reduction in sales and marketing expenses were due mainly to tighter cost control as compared to Q1 2007. The increase in general and administration expenses were due mainly to higher allowance for doubtful debts and exchange losses.



Balance Sheet and Cash Flow Statement

There are no significant fluctuations in the balance sheet. Despite a lower operating profit, our cashflow improved as compared to the corresponding period.

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 2006 Full Year Results Announcement dated 27 February 2007.

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

While the Group started its 2007 with a slow Q1, there are indications of a recovery in the mobile phone market. We expect the positive effects to be felt in the second half of 2007. Barring unforeseen circumstances, we expect our performance to improve in Q2 2007 over Q1 2007 and we are optimistic of our prospects in 2007.

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 other 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

27 April 2007