



MEMTECH INTERNATIONAL LTD

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

Full Year Financial Statements Announcement For the year ended 31 December 2006



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 year ended 31 December 2006

	Group 4th Quarter			Group Full Year		
	2006 31-Dec	2005 31-Dec	Increase/ (Decrease)	2006 31-Dec	2005 31-Dec	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	28,191	27,270	3.4%	107,657	74,892	43.7%
Cost of sales	(19,555)	(16,771)	16.6%	(76,400)	(50,770)	50.5%
Gross profit	8,636	10,499	-17.7%	31,257	24,122	29.6%
Other income	132	79	67.1%	421	184	128.8%
Fixed deposits interest income	175	165	6.1%	620	512	21.1%
Sales and marketing expenses	(1,786)	(1,983)	-9.9%	(6,996)	(5,139)	36.1%
General and Administration expenses	(2,768)	(3,114)	-11.1%	(9,818)	(9,045)	8.5%
Interest expense	(3)	(12)	-75.0%	(20)	(200)	-90.0%
Other operating expenses	(86)	(31)	177.4%	(311)	(48)	NM
	(4,643)	(5,140)	-9.7%	(17,145)	(14,432)	18.8%
Profit before taxation and minority interests	4,300	5,603	-23.3%	15,153	10,386	45.9%
Share of result of an associate	(44)	-	NM	(64)	-	NM
Profit before tax	4,256	5,603	-24.0%	15,089	10,386	45.3%
Taxation	(401)	(433)	-7.4%	(993)	(448)	121.7%
Profit from ordinary activities after taxation	3,855	5,170	-25.4%	14,096	9,938	41.8%
Attributable to:						
Equity of the Company	4,188	5,332	-21.5%	14,817	10,390	42.6%
Minority interests	(333)	(162)	105.6%	(721)	(452)	59.5%
	3,855	5,170	-25.4%	14,096	9,938	41.8%



Notes

NM: Not meaningful

1 Profit before taxation and minority interests

Profit before taxation and minority interests is arrived at after charging / (crediting):

	Group 4th Quarter			Group Full Year		
	2006 31-Dec	2005 31-Dec	Increase/ (Decrease)	2006 31-Dec	2005 31-Dec	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	1,873	1,305	43.5%	6,556	4,230	55.0%
Allowance for doubtful trade receivables	136	1,490	NM	1,267	2,193	-42.2%
Loss on disposal of fixed assets	23	1	NM	203	4	NM
Exchange loss / (gain)	456	(8)	NM	1,056	782	35.0%



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 December 2006

	Group		Company	
	2006	2005	2006	2005
	31-Dec	31-Dec	31-Dec	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets:				
Fixed assets	38,104	30,752	44	21
Investment in subsidiary companies	-	-	40,016	31,100
Investment in an associate	634	-	705	-
Intangible assets	566	548	-	-
	<u>39,304</u>	<u>31,300</u>	<u>40,765</u>	<u>31,121</u>
Current Assets:				
Cash and bank balances	16,944	13,703	223	1,434
Fixed deposits	17,836	19,083	10,641	19,080
Trade receivables	41,600	39,004	-	-
Bills and other receivables	7,295	4,119	21	28
Amounts due from subsidiary companies	-	-	13,721	7,406
Stocks	8,095	6,238	-	-
Other non-financial assets	447	1,996	3	3
	<u>92,217</u>	<u>84,143</u>	<u>24,609</u>	<u>27,951</u>
Current Liabilities:				
Trade payables and accruals	21,879	20,165	437	272
Bills and other payables	9,029	8,245	13	17
Amounts due to subsidiary companies	-	-	9,327	9,503
Interest-bearing loans and borrowings	271	248	-	-
Provision for tax	732	255	76	100
Other non-financial liabilities	344	1,153	-	-
	<u>32,255</u>	<u>30,066</u>	<u>9,853</u>	<u>9,892</u>
Net Current Assets	59,962	54,077	14,756	18,059
Non-Current Liabilities:				
Other payables	1,133	510	-	-
Deferred taxation	1,978	1,913	-	-
	<u>3,111</u>	<u>2,423</u>	<u>-</u>	<u>-</u>
Net Assets	<u>96,155</u>	<u>82,954</u>	<u>55,521</u>	<u>49,180</u>



Balance Sheets (Cont'd)

As at 31 December 2006

	Group		Company	
	2006	2005	2006	2005
	31-Dec	31-Dec	31-Dec	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	6,038	2,420	5,312	1,301
Statutory reserve	2,413	1,478	-	-
Revenue reserves	44,005	34,672	7,238	4,908
Shareholders' equity	95,427	81,541	55,521	49,180
Minority interests	728	1,413	-	-
Total Equity	96,155	82,954	55,521	49,180

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

	Group Secured		Group Unsecured	
	2006	2005	2006	2005
	31-Dec	31-Dec	31-Dec	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	-	271	248
Amount repayable after one year	-	-	-	-
	-	-	271	248



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 year ended 31 December 2006

	Group 4th Quarter		Group Year to Date	
	2006 31-Dec	2005 31-Dec	2006 31-Dec	2005 31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit from ordinary activities before taxation and minority interest	4,256	5,603	15,089	10,386
Adjustments for:				
Depreciation of fixed assets	1,873	1,305	6,556	4,230
Interest expense	3	12	20	200
Interest income	(175)	(165)	(620)	(512)
Loss on disposal of fixed assets	23	1	203	4
Share of results of an associate	44	-	64	-
Operating cashflow before reinvestment in working capital	6,024	6,756	21,312	14,308
Decrease/(increase) in trade and other receivables	3,884	(8,091)	(1,952)	(12,265)
Decrease/(increase) in stocks	1,799	(754)	(1,194)	(1,901)
(Decrease)/increase in trade and other payables	(4,812)	6,700	1,185	8,919
Cash generated from operations	6,895	4,611	19,351	9,061
Income tax paid / refunded	(402)	433	(748)	193
Net cash generated from operating activities	6,493	5,044	18,603	9,254
Cash flows from investing activities:				
Purchases of fixed assets	(3,625)	(2,979)	(13,204)	(17,243)
Proceeds from disposal of fixed assets	15	8	123	8
Interest income received	175	163	611	494
Acquisition of subsidiary	-	-	-	(149)
Investment in an associate	-	-	(686)	-
Increase in interest in subsidiary	-	-	-	(402)
Net cash used in investing activities	(3,435)	(2,808)	(13,156)	(17,292)
Cash flows from financing activities:				
Proceeds from interest-bearing loans and borrowings	769	249	788	2,073
Repayments of interest-bearing loans and borrowings	(770)	(18)	(773)	(4,372)
Proceeds from issuance of shares by subsidiary company to minority shareholders	-	-	-	1,867
Interest paid	(3)	(11)	(20)	(203)
Dividend Paid	-	-	(4,549)	(4,410)
Net cash used in financing activities	(4)	220	(4,554)	(5,045)
Net increase/(decrease) in cash and cash equivalents	3,054	2,456	893	(13,083)
Cash and cash equivalents at the beginning of the period/year	31,895	29,978	32,786	45,659
Effects of exchange rate changes on opening cash	(169)	352	1,101	210
Cash and cash equivalents at the end of the period/year	34,780	32,786	34,780	32,786



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 December 2006

	Group		Company	
	2006	2005	2006	2005
	US\$'000	US\$'000	US\$'000	US\$'000
Issued Capital				
Balance at 1 January	42,971	42,971	42,971	42,971
Issue of share capital	-	-	-	-
Balance at 31 March	42,971	42,971	42,971	42,971
Issue of share capital	-	-	-	-
Balance at 30 June	42,971	42,971	42,971	42,971
Issue of share capital	-	-	-	-
Balance at 30 September	42,971	42,971	42,971	42,971
Issue of share capital	-	-	-	-
Balance at 31 December	42,971	42,971	42,971	42,971
Statutory Reserve				
Balance at 1 January	1,478	-	-	-
Transfer from retained earnings	-	473	-	-
Balance at 31 March	1,478	473	-	-
Transfer from retained earnings	-	1,005	-	-
Balance at 30 June	1,478	1,478	-	-
Transfer from retained earnings	-	-	-	-
Balance at 30 September	1,478	1,478	-	-
Transfer from retained earnings	935	-	-	-
Balance at 31 December	2,413	1,478	-	-
Currency Translation Reserve				
Balance at 1 January	2,420	1,538	1,301	1,776
Currency translation differences	914	(37)	281	(43)
Balance at 31 March	3,334	1,501	1,582	1,733
Currency translation differences	502	(631)	2,073	(843)
Balance at 30 June	3,836	870	3,655	890
Currency translation differences	779	1,146	83	16
Balance at 30 September	4,615	2,016	3,738	906
Currency translation differences	1,423	404	1,574	395
Balance at 31 December	6,038	2,420	5,312	1,301
Sub-total carried forward				
Balance at 1 January	46,869	44,509	44,272	44,747
Total for the period	914	436	281	(43)
Balance at 31 March	47,783	44,945	44,553	44,704
Total for the period	502	374	2,073	(843)
Balance at 30 June	48,285	45,319	46,626	43,861
Total for the period	779	1,146	83	16
Balance at 30 September	49,064	46,465	46,709	43,877
Total for the period	2,358	404	1,574	395
Balance at 31 December	51,422	46,869	48,283	44,272



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 (Cont'd)

As at 31 December 2006

	Group		Company	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Sub-total brought forward				
Balance at 1 January	46,869	44,509	44,272	44,747
Total for the period	914	436	281	(43)
Balance at 31 March	47,783	44,945	44,553	44,704
Total for the period	502	374	2,073	(843)
Balance at 30 June	48,285	45,319	46,626	43,861
Total for the period	779	1,146	83	16
Balance at 30 September	49,064	46,465	46,709	43,877
Total for the period	2,358	404	1,574	395
Balance at 31 December	51,422	46,869	48,283	44,272
Revenue Reserves				
Balance at 1 January	34,672	30,170	4,908	4,712
Transfer to statutory reserve	-	(473)	-	-
Net profit for the period	4,755	2,148	208	74
Balance at 31 March	39,427	31,845	5,116	4,786
Transfer to statutory reserve	-	(1,005)	-	-
Net profit/(loss) for the period	2,673	1,245	(94)	32
Dividend paid	(4,549)	(4,410)	(4,549)	(4,410)
Balance at 30 June	37,551	27,675	473	408
Net profit/(loss) for the period	3,201	1,665	(102)	(60)
Balance at 30 September	40,752	29,340	371	348
Net profit for the period	4,188	5,332	6,867	4,560
Transfer to statutory reserve	(935)	-	-	-
Balance at 31 December	44,005	34,672	7,238	4,908
Minority Interest				
Balance at 1 January	1,413	225	-	-
Total for the period	(163)	1,859	-	-
Balance at 31 March	1,250	2,084	-	-
Total for the period	(148)	(332)	-	-
Balance at 30 June	1,102	1,752	-	-
Total for the period	(53)	(179)	-	-
Balance at 30 September	1,049	1,573	-	-
Total for the period	(321)	(160)	-	-
Balance at 31 December	728	1,413	-	-
Total Equity				
Balance at 1 January	82,954	74,904	49,180	49,459
Total for the period	5,506	3,970	489	31
Balance at 31 March	88,460	78,874	49,669	49,490
Total for the period	(1,522)	(4,128)	(2,570)	(5,221)
Balance at 30 June	86,938	74,746	47,099	44,269
Total for the period	3,927	2,632	(19)	(44)
Balance at 30 September	90,865	77,378	47,080	44,225
Total for the period	5,290	5,576	8,441	4,955
Balance at 31 December	96,155	82,954	55,521	49,180



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 2005.

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 2005.

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 4th Quarter		Group Full Year	
	2006 31-Dec	2005 31-Dec	2006 31-Dec	2005 31-Dec
	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	0.6	0.7	2.1	1.4
(ii) On a fully diluted basis	0.6	0.7	2.1	1.4
	Group 4th Quarter		Group Full Year	
	2006 31-Dec	2005 31-Dec	2006 31-Dec	2005 31-Dec
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	720,000	720,000	720,000	720,000
(ii) On a fully diluted basis	720,000	720,000	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	
	2006 31-Dec	2005 31-Dec	2006 31-Dec	2005 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	13.3	11.3	7.7	6.8
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.**

2006 Financial Highlights

The Group recorded revenue of US\$107.7 million in 2006 with gross profit of US\$31.3 million. Profit before taxation and profit attributable to shareholders were US\$15.1 million and US\$14.8 million respectively. Gross profit margin and net profit margin were 29.0% and 13.8% respectively.

As at 31 December 2006, the Group's shareholders' equity was US\$95.4 million with cash and cash equivalent of US\$34.8 million. Earnings per share and net asset value per share were 2.1 US cents and 13.3 US cents respectively. Cash and cash equivalent per share was 4.8 US cents.

Q4 2006 vs. Q4 2005 Results

The Group recorded revenue growth of 3.4% or US\$0.9 million to US\$28.2 million in Q4 2006 over the corresponding period. While revenue for Q4 2006 increased marginally as compared to Q4 2005, revenue mix has changed from domestic and export sales of 57.6% and 42.4% respectively in Q4 2005 to 54.6% and 45.4% respectively in Q4 2006.

Increased sales to MNC customers such as Flextronics Ltd and Motorola and domestic customers such as Bird contributed to the increase in sales in Q4 2006 as compared to the corresponding period.

While lower selling price, increase in raw material prices and labour costs, caused the Group gross margin to decline by 7.9% from 38.5% in Q4 2005 to 30.6% in Q4 2006, gross margin has improved by 2.2% from 28.6% in Q3 2006 to 30.6% in Q4 2006 mainly through improved operating efficiency.

The decrease in general and administration expenses were mainly due to a lower provision of allowance for doubtful debts by US\$1.4 million in Q4 2006 as compared to the corresponding period. Sales and marketing expenses reduced with tighter control in marketing expenses.



Share of results of an associated company relates to share of losses from our new investment in Raytech, which is engaged in the design, manufacture and sale of radio frequency products. Net profit after taxation and minority shareholders for Q4 2006 was US\$4.2 million or US\$1.1 million lower than Q4 2005 mainly due to lower gross margin.

2006 vs. 2005

The Group recorded revenue growth by US\$32.8 million or 43.7% from US\$74.9 million in 2005 to US\$107.7 million in 2006. The increase in revenue is mainly attributable to stronger demand from key customers. The Group has also secured a number of new projects from these customers.

Lower selling price, increase in raw material prices and overheads, caused the Group gross margin to decline by 3.2% from 32.2% in 2005 to 29.0% in 2006.

The decrease in general and administration expenses were mainly due to lower provision for doubtful debts.

Provision for taxation is higher in 2006 in line with higher profit and higher tax rate applicable to some of our subsidiaries.

Balance Sheet and Cash Flow Statement

Additional investments in fixed assets were mainly to expand the Group's capacity, including introduction of new processes. Associated company relates to our new antenna investment, Raytech Company Limited.

Other than the above, there are no other significant fluctuations in the balance sheet items.

Net cash generated from operating activities for 2006 was US\$18.6 million.

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 Third Quarter Results Announcement dated 31 October 2006.



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

Growth in world wide demand for mobile phone is expected to moderate in 2007. With continuous price pressure and weaker market growth, we are expecting competition in the industry to further intensify in 2007. In 2006, we produced keypads for 4 out of 5 major mobile phone manufacturers, being Nokia, Motorola, Sony Ericsson and LG. To meet the challenges of 2007, we will be stepping up our marketing efforts to secure more projects from these customers.

While Q1 2007 is expected to be a weak quarter, baring unforeseen circumstances, we are optimistic in our overall performance for 2007.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The directors have proposed the following dividend payment:

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	1.3 cent per ordinary share
Tax Rate	Not applicable (one-tier tax)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	1 cent per ordinary share
Tax Rate	Not applicable (one-tier tax)

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.



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

By Geographical Segments

	People's Republic of China		Asia*		Europe		Others		Elimination		Consolidated	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Segment revenue												
Sales to external customers	56,828	44,042	38,652	16,774	7,166	12,604	5,011	1,472	-	-	107,657	74,892
Intersegment sales	54,322	35,137	-	-	-	-	-	-	(54,322)	(35,137)	-	-
Total revenue	111,150	79,179	38,652	16,774	7,166	12,604	5,011	1,472	(54,322)	(35,137)	107,657	74,892
Segment results	8,160	5,609	4,531	1,774	1,059	2,411	803	280	-	-	14,553	10,074
Financial income (costs), net											600	312
Share of results of an associate											(64)	-
Profit from ordinary activities before taxation and minority interests											15,089	10,386
Taxation											(993)	(448)
Profit from ordinary activities after taxation											14,096	9,938
Minority interests											721	452
Net profit attributable to shareholders of											14,817	10,390



By Business Segments

	Keypads		Others		Elimination		Consolidated	
	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000	2006 US\$'000	2005 US\$'000
Segment revenue								
Sales to external customers	100,724	73,245	6,933	1,647	-	-	107,657	74,892
Intersegment sales	<u>53,089</u>	<u>34,960</u>	<u>1,233</u>	<u>177</u>	<u>(54,322)</u>	<u>(35,137)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>153,813</u>	<u>108,205</u>	<u>8,166</u>	<u>1,824</u>	<u>(54,322)</u>	<u>(35,137)</u>	<u>107,657</u>	<u>74,892</u>
Segment results	<u>16,209</u>	<u>11,895</u>	<u>(1,656)</u>	<u>(1,821)</u>	<u>-</u>	<u>-</u>	14,553	10,074
Financial income (costs), net							600	312
Share of results of an associate							<u>(64)</u>	<u>-</u>
Profit from ordinary activities before taxation and minority interests							15,089	10,386
Taxation							<u>(993)</u>	<u>(448)</u>
Profit from ordinary activities after taxation							14,096	9,938
Minority interests							<u>721</u>	<u>452</u>
Net profit attributable to shareholders of							<u>14,817</u>	<u>10,390</u>

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

	Group		Difference
	2007	2006	
	31-Dec	31-Dec	
	US\$'000	US\$'000	%
Sales reported for the first half year	51,604	30,166	71.1%
Operating profit after tax before deducting minority interests reported for the first half	7,105	3,291	115.9%
Sales reported for the second half year	56,053	44,726	25.3%
Operating profit after tax before deducting minority interests reported for second half	6,991	6,647	5.2%

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Full Year	
	2006	2005
	31-Dec	31-Dec
	S\$'000	S\$'000
Ordinary shares	<u>720,000</u>	<u>720,000</u>

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 February 2007