



MEMTECH INTERNATIONAL LTD

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

**Third Quarter Financial Statements Announcement
For the period ended 30 September 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 period ended 30 September 2007

	Note	Group 3rd Quarter			Group Year to Date		
		2007 30-Sep	2006 30-Sep	Increase/ (Decrease)	2007 30-Sep	2006 30-Sep	Increase/ (Decrease)
		US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue		36,944	27,862	32.6%	83,826	79,466	5.5%
Cost of sales		(27,225)	(19,900)	36.8%	(62,600)	(56,845)	10.1%
Gross profit		9,719	7,962	22.1%	21,226	22,621	-6.2%
Other operating income		207	231	-10.4%	856	734	16.6%
Sales and marketing expenses		(1,302)	(1,669)	-22.0%	(3,569)	(5,210)	-31.5%
General and Administration expenses		(3,372)	(3,307)	2.0%	(9,049)	(7,050)	28.4%
Other operating expenses		(26)	(65)	-60.0%	(83)	(225)	-63.1%
Finance costs		(4)	(4)	0.0%	(14)	(17)	-17.6%
		(4,704)	(5,045)	-6.8%	(12,715)	(12,502)	1.7%
Profit before taxation and minority interests	1	5,222	3,148	65.9%	9,367	10,853	-13.7%
Share of result of associates		(28)	(20)	40.0%	(73)	(20)	NM
Profit before tax		5,194	3,128	66.0%	9,294	10,833	-14.2%
Tax expense		(478)	8	NM	(178)	(592)	-69.9%
Profit from ordinary activities after taxation		4,716	3,136	50.4%	9,116	10,241	-11.0%
Attributable to:							
Equity holders of the Company		4,550	3,201	42.1%	8,923	10,629	-16.1%
Minority interests		166	(65)	NM	193	(388)	NM
		4,716	3,136	50.4%	9,116	10,241	-11.0%



Notes

NM: Not meaningful

1 Profit from operating activities

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

	Group 3rd Quarter			Group Year to Date		
	2007	2006	Increase/ (Decrease)	2007	2006	Increase/ (Decrease)
	Note 30-Sep	30-Sep		30-Sep	30-Sep	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation	2,054	1,675	23%	5,984	4,683	28%
Allowance for doubtful trade receivables	867	1,130	-23%	2,266	1,131	100%
Loss on disposal of fixed assets	6	43	-86%	13	180	-93%
Exchange loss	342	342	0%	1,059	600	77%



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 30 September 2007

	Group		Company	
	2007	2006	2007	2006
	30-Sep	31-Dec	30-Sep	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Non-Current Assets				
Property, plant and equipment	39,593	38,104	30	44
Investment in subsidiaries	-	-	47,628	40,016
Investment in associates	1,988	634	1,127	705
Intangible assets	940	566	-	-
	<u>42,521</u>	<u>39,304</u>	<u>48,785</u>	<u>40,765</u>
Current Assets				
Cash and short term deposits	31,025	34,780	5,100	10,864
Trade receivables	49,067	41,600	-	-
Bills and other receivables	13,946	7,609	18	24
Amounts due from subsidiaries	-	-	4,473	13,721
Prepayments	168	133	-	-
Inventories	8,895	8,095	-	-
	<u>103,101</u>	<u>92,217</u>	<u>9,591</u>	<u>24,609</u>
Current Liabilities				
Trade payables and accruals	31,921	21,879	256	437
Bills and other payables	6,525	9,556	81	13
Amounts due to subsidiary companies	-	-	8,138	9,327
Interest-bearing loans and borrowings	272	262	-	-
Provision for tax	556	732	-	76
Other liabilities	648	344	-	-
	<u>39,922</u>	<u>32,773</u>	<u>8,475</u>	<u>9,853</u>
Net Current Assets	63,179	59,444	1,116	14,756
Non-Current Liabilities				
Other payables	315	606	-	-
Interest-bearing loans and borrowings	5	9	-	-
Deferred taxation	2,056	1,978	-	-
	<u>2,376</u>	<u>2,593</u>	<u>-</u>	<u>-</u>
Net Assets	<u>103,324</u>	<u>96,155</u>	<u>49,901</u>	<u>55,521</u>



Balance Sheets (Cont'd)

As at 30 September 2007

	Group		Company	
	2007	2006	2007	2006
	30-Sep	31-Dec	30-Sep	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	(306)	-	(306)	-
Currency translation reserve	8,690	5,749	6,503	5,463
Statutory reserve	3,208	2,413	-	-
Revenue reserves	46,654	44,294	733	7,087
Shareholders' equity	101,217	95,427	49,901	55,521
Minority interests	2,107	728	-	-
Total Equity	103,324	96,155	49,901	55,521

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

	Group Secured		Group Unsecured	
	2007	2006	2007	2006
	30-Sep	31-Dec	30-Sep	31-Dec
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less or on demand	-	-	272	262
Amount repayable after one year	-	-	5	9
	-	-	277	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 period ended 30 September 2007

	Group		Group	
	3rd Quarter		Year to Date	
	2007	2006	2007	2006
	30-Sep	30-Sep	30-Sep	30-Sep
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities:				
Profit before tax	5,194	3,128	9,294	10,833
Adjustments for:				
Depreciation of fixed assets	2,054	1,680	5,984	4,683
Interest expense	4	4	14	17
Interest income	(89)	(125)	(398)	(445)
Loss on disposal of fixed assets	6	44	13	180
Share of results of associates	28	20	73	20
Operating cashflow before reinvestment in working capital	7,197	4,751	14,980	15,288
(Increase)/decrease in trade and other receivables	(12,759)	2,380	(13,842)	(5,836)
Increase in inventories	(1,582)	(1,346)	(557)	(2,993)
Increase in trade and other payables	11,452	2,866	9,425	5,997
Cash generated from operations	4,308	8,651	10,006	12,456
Net income tax paid	(917)	(48)	(964)	(346)
Net cash generated from operating activities	3,391	8,603	9,042	12,110
Cash flows from investing activities:				
Purchases of fixed assets	(3,068)	(4,097)	(7,895)	(9,579)
Proceeds from disposal of fixed assets	8	36	8	108
Interest income received	92	130	395	436
Investment in associates	(1,000)	(686)	(1,392)	(686)
Net cash used in investing activities	(3,968)	(4,617)	(8,884)	(9,721)
Cash flows from financing activities:				
Proceeds from interest-bearing loans and borrowings	282	251	799	767
Proceeds from issuance of shares by subsidiary company to minority shareholders	800	-	800	-
Repayments of interest-bearing loans and borrowings	(275)	(253)	(804)	(751)
Interest paid	(4)	(4)	(14)	(17)
Dividends Paid	-	-	(5,768)	(4,549)
Purchase of treasury shares	(306)	-	(306)	-
Net cash generated from/(used in) financing activities	497	(6)	(5,293)	(4,550)
Net (decrease)/increase in cash and cash equivalents	(80)	3,980	(5,135)	(2,161)
Cash and cash equivalents at the beginning of the period	30,608	27,647	34,780	32,786
Effects of exchange rate changes on opening cash	497	268	1,380	1,270
Cash and cash equivalents at the end of the period	31,025	31,895	31,025	31,895



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 30 September 2007

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 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
Treasury Shares				
Balance at 1 January	-	-	-	-
Transfer from retained earnings	-	-	-	-
Balance at 31 March	-	-	-	-
Transfer from retained earnings	-	-	-	-
Balance at 30 June	-	-	-	-
Transfer from retained earnings	(306)	-	(306)	-
Balance at 30 September	(306)	-	(306)	-
Statutory Reserve				
Balance at 1 January	2,413	1,478	-	-
Transfer from retained earnings	-	-	-	-
Balance at 31 March	2,413	1,478	-	-
Transfer from retained earnings	-	-	-	-
Balance at 30 June	2,413	1,478	-	-
Transfer from retained earnings	795	-	-	-
Balance at 30 September	3,208	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
Currency translation differences	1,062	502	(630)	978
Dividend paid	(292)	(289)	(284)	(289)
Balance at 30 June	7,414	3,547	5,227	3,582
Currency translation differences	1,276	779	1,276	83
Balance at 30 September	8,690	4,326	6,503	3,665
Sub-total carried forward				
Balance at 1 January	51,133	46,869	48,434	44,272
Total for the period	895	914	678	1,592
Balance at 31 March	52,028	47,783	49,112	45,864
Total for the period	770	213	(914)	689
Balance at 30 June	52,798	47,996	48,198	46,553
Total for the period	1,765	779	970	83
Balance at 30 September	54,563	48,775	49,168	46,636



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 30 September 2007

	Group		Company	
	2007 US\$'000	2006 US\$'000	2007 US\$'000	2006 US\$'000
Sub-total brought forward				
Balance at 1 January	51,133	46,869	48,434	44,272
Total for the period	895	914	678	1,592
Balance at 31 March	52,028	47,783	49,112	45,864
Total for the period	770	213	(914)	689
Balance at 30 June	52,798	47,996	48,198	46,553
Total for the period	1,765	779	970	83
Balance at 30 September	54,563	48,775	49,168	46,636
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
Net profit/(loss) for the period	2,324	2,673	(196)	(94)
Dividend paid	(5,768)	(4,260)	(5,768)	(4,260)
Balance at 30 June	42,899	37,840	852	546
Net profit/(loss) for the period	4,550	3,201	676	(102)
Transfer to statutory reserve	(795)	-	(795)	-
Balance at 30 September	46,654	41,041	733	444
Minority Interest				
Balance at 1 January	728	1,413	-	-
Total for the period	(17)	(163)	-	-
Balance at 31 March	711	1,250	-	-
Total for the period	67	(148)	-	-
Balance at 30 June	778	1,102	-	-
Total for the period	1,329	(53)	-	-
Balance at 30 September	2,107	1,049	-	-
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
Total for the period	(2,607)	(1,522)	(6,878)	(3,665)
Balance at 30 June	96,475	86,938	49,050	47,099
Total for the period	6,849	3,927	851	(19)
Balance at 30 September	103,324	90,865	49,901	47,080



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 30 September 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 3rd Quarter		Group Year to Date	
	2007 30-Sep	2006 30-Sep	2007 30-Sep	2006 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	0.6	0.4	1.2	1.5
(ii) On a fully diluted basis	0.6	0.4	1.2	1.5
	Group 3rd Quarter		Group Year to Date	
	2007 30-Sep	2006 30-Sep	2007 30-Sep	2006 30-Sep
	'000	'000	'000	'000
Weighted average number of shares:				
(i) Based on weighted average number of ordinary shares on issue	718,139	720,000	717,915	720,000
(ii) On a fully diluted basis	718,139	720,000	717,915	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
	30-Sep	31-Dec	30-Sep	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	14.1	13.3	7.0	7.7
Number of shares ('000)	717,800	720,000	717,800	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.

Q3 2007 vs. Q3 2006 Results

The Group revenue increased by US\$9.0 million or 32.6%, from US\$27.9 million to US\$36.9 million in Q3 2007 over the corresponding period. The recovery of the mobile phone market after two quarters of weaknesses led to increase in orders from both domestic and international customers.

Gross profit rose 22.1% to US\$9.7 million in 3Q 2007. Gross profit margins however fell marginally to 26.3%, impacted by lower selling prices, higher raw material prices and labour costs. This was however an improvement over the gross profit margin of 24.1% recorded in 2Q 2007.

On the back of higher sales, profit attributable to shareholders for Q3 2007 increased by US\$1.3 million or 42.1% over the corresponding period.



Balance Sheet and Cash Flow Statement

The increase in investment in associates relates to our new investment in VLU Corporation Limited (“VLU”), a 25% owned associate. VLU is in business of research and development, design and manufacturing of magnesium alloy products. Trade debtors and creditors increased in line with stronger sales in Q3 2007. The increase in equity interests from 60% to 75% in Taitech Singapore Pte Ltd, holding company of our plastic plant Taitech Precision Electronic (Kunshan) Co., Ltd, resulted in US\$349K goodwill during the period. Our cash flow position remains strong with marginal gearing at Q3 2007.

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 Second Quarter Results Announcement dated 6 August 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

We experienced market recovery in Q3 2007 and expect the momentum to sustain in Q4 2007.

We are actively scouting for new products that will complement our businesses in the long run. In this quarter, we have invested US\$1 million in VLU, a Korean company specializing in the production of magnesium products. The initial US\$1 million will kick start one test production line by Q1 2008 and we expect VLU to expand its operation further by end of 2008. We are of the view that demand for magnesium components will increase rapidly within next 3 to 5 years. Our competitiveness will strengthen with magnesium components included in our scope of services.

Barring unforeseen circumstances, we expect Q4 2007 to be another strong quarter for the Group.



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

31 October 2007