



SOLOMON
SYSTECH

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Interim Results Presentation 2008

11 September 2008
Hong Kong

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Summary



Results summary

- ▶ Unit shipment 61 mu
- ▶ Sales US\$51 million
- ▶ Net loss US\$6.0 million
- ▶ Basic loss per share 1.95 HK cents
- ▶ No interim dividend was declared by the Board
- ▶ Book to bill ratio @ 30 Jun-08 was 0.90



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Financial Review



Profit and loss

(US\$ million)	Six months ended 30 June		YoY
	2008	2007	Change
Sales	50.8	103.4	-51%
Gross profit	11.0	25.0	-56%
<i>Gross margin</i>	<i>21.7%</i>	<i>24.1%</i>	
Net (loss) / profit	(6.0)	9.8	
<i>Net margin</i>	<i>-11.7%</i>	<i>9.5%</i>	
(HK cents)			
Earnings per share*	-1.95	3.1	
Dividends per share	Nil	1.0	
Book to Bill ratio	0.90	0.67	










* Basic EPS calculation is based on the weighted average number of shares for the period

Balance sheet

(US\$ million)	As at 30 Jun 2008	As at 31 Dec 2007	HoH Change
Total assets	189.2	202.4	-7%
Total borrowings	Nil	Nil	N/A
Shareholders' funds	160.6	172.1	-7%
Net cash	126.3	137.8	-8%
(HK cents)			
Shareholders' funds per share	51	55	-7%
Net cash per share	40	44	-8%

Financial remarks

Key Factors

<p>Sales 51% </p>	<p>Unit shipment 38% YoY </p> <p>Blended ASP 20% YoY </p>															
<p>Net Loss US\$6.0m</p>	<table border="0"> <tr> <td>Operating loss</td> <td>(US\$6.0m)</td> <td rowspan="2"></td> </tr> <tr> <td> <ul style="list-style-type: none"> • Gross profit reduction 56.0% YoY • SG&A + R&D savings 2.6% YoY </td> <td></td> <td></td> </tr> <tr> <td>Investment impairment</td> <td>(US\$1.1m)</td> <td></td> </tr> <tr> <td>Financial asset unrealized loss</td> <td>(US\$1.4m)</td> <td></td> </tr> <tr> <td>Interest income</td> <td>US\$2.6m</td> <td></td> </tr> </table>	Operating loss	(US\$6.0m)		<ul style="list-style-type: none"> • Gross profit reduction 56.0% YoY • SG&A + R&D savings 2.6% YoY 			Investment impairment	(US\$1.1m)		Financial asset unrealized loss	(US\$1.4m)		Interest income	US\$2.6m	
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<p>Capex US\$3.1m</p>	<p>US\$2.2m Property / Plant / Equipment</p> <p>US\$0.9m Strategic Investment</p>															



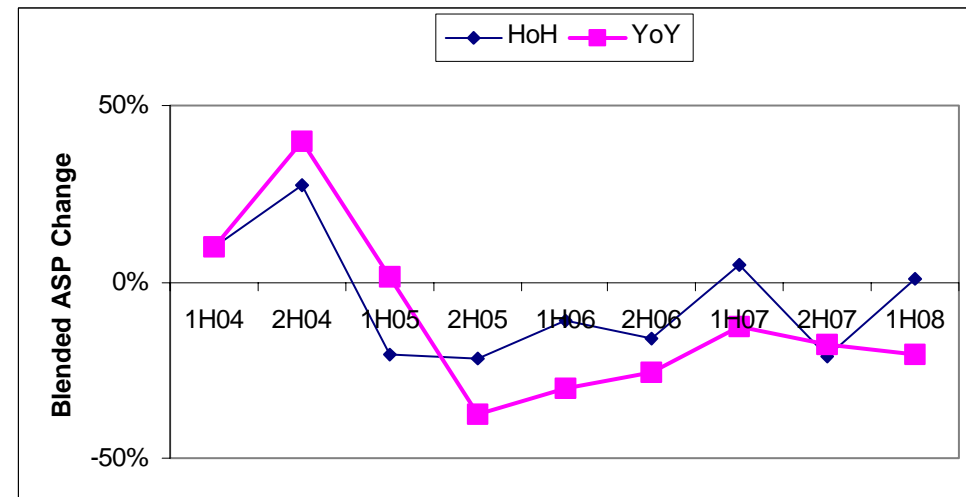
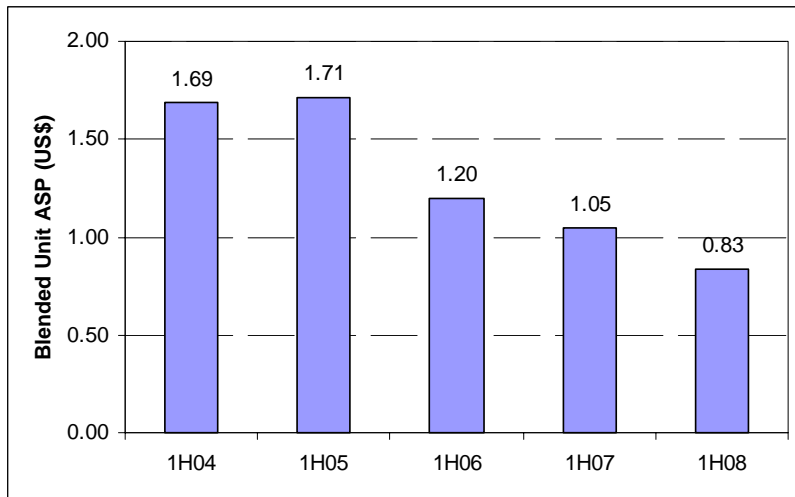
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Business Review



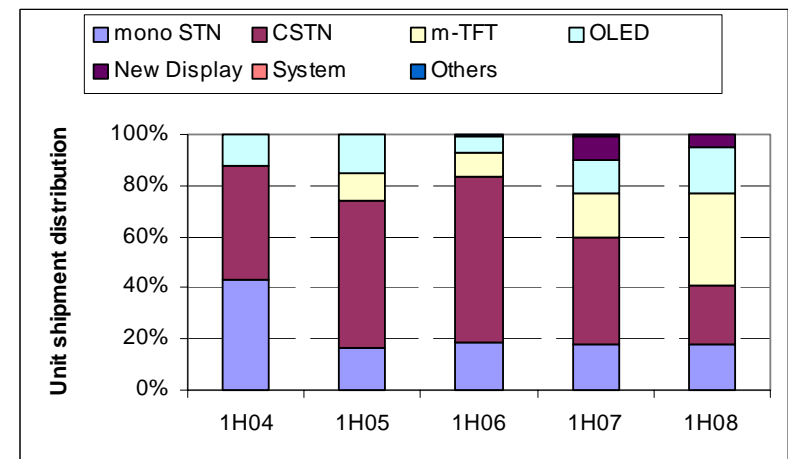
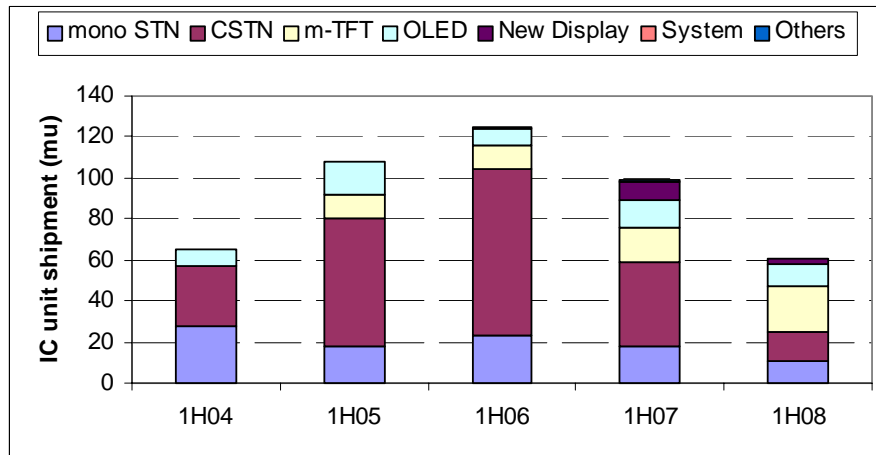
Blended average selling price

- ▶ 1H08 blended ASP = US\$0.83, down 20% YoY
 - ▶ Sequential decline rate moderating



Unit shipment by product line

- ▶ Mono & Color STN: Declined as more mobile phones switched to m-TFT
- ▶ m-TFT: Up 29% YoY as design-wins ramped
- ▶ OLED: Decline 15% YoY as market stabilizing in new applications
- ▶ New Display: Down 67%, e-paper technology still in early stage of commercialization
- ▶ Display System: Small quantity shipped



Note: Others include large panel TFT (L-TFT) driver IC and other IC products

Examples of 1H08 design-wins

New Customers, New Products, New Applications

Mobile Display (STN, TFT)



Mobile Phone



GPS



MP3

OLED



Keyboard



Instrument



MP3

Display System



Mobile Digital TV



Control Panel



Study Machine



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Outlook



2H 2008 Outlook

- ▶ Sales
 - ▶ Uncertain economic condition
 - ▶ Challenging based on the book to bill ratio
- ▶ Gross profit margin
 - ▶ Pressure from market ASP erosion
- ▶ Operating expenses
 - ▶ Maintain control; Invest in focused R&D projects
- ▶ New businesses or customers
 - ▶ Continue development for system solution
 - ▶ Strategic investment in growing industry

Continuous Development

Customer, Product and Application Diversification

▶ Display Panel

Mobile Display

- ▶ m-TFT → Audio / Video equipments, GPS, mobile phone
- ▶ OLED → Mobile phone, MP3, industrial, accessories

New Display

- ▶ E-paper → Electronic shelf label, IC card, storage devices



Mobile Phone - TFT



GPS



Mobile Phone - OLED



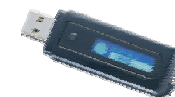
MP3



Keyboard



IC Card



Storage
Device



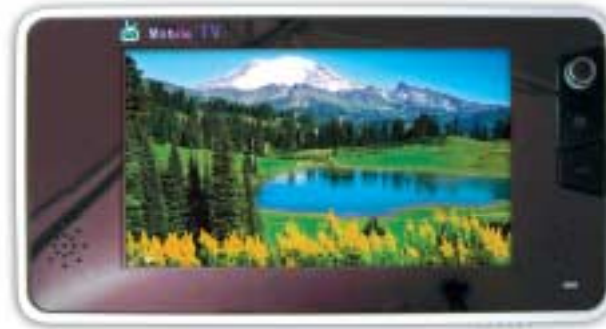
Electronic
Shelf Label

Continuous Development

Customer, Product and Application Diversification

▶ Display System

- ▶ Total system solutions → including multimedia system IC, software, hardware, end product reference design
- ▶ Focus applications → mobile digital TV, portable media player, personal navigation device, digital photo frame
- ▶ Example → 3Q'08 launch of CMMB MDTV in China with IDHs.



Mobile Digital TV

Strategic Investment in Growing Industry

Customer, Product and Application Diversification

- ▶ Solid state lighting Business
 - ▶ Extend display applications into energy-saving “green” products arena
 - ▶ Invest in high brightness LED supplier → formulating supply chain relationship
 - ▶ Develop new associated IC and system → LED drivers, controllers
 - ▶ Focus applications → General lighting, street lighting, large outdoor display



General Lighting



Street Lighting



Large Outdoor Display

Thank You



Solomon Systech (International) Limited

Stock code: 2878

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