



**SOLOMON
SYSTECH**

Solomon Systech (International) Limited

2009 Annual Results Announcement

20 April 2010

Hong Kong



**RESILIENT
AGAINST
ADVERSITY**

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Summary



Results summary

- ▶ Unit shipment 93 mu
- ▶ Sales US\$61.8 million
- ▶ Net profit US\$0.7 million
- ▶ Book to Bill ratio close to 1.0
- ▶ Basic earnings per share 0.2 HK cent
- ▶ Proposed final dividend per share 1 HK cent



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Financial Review



Profit and loss

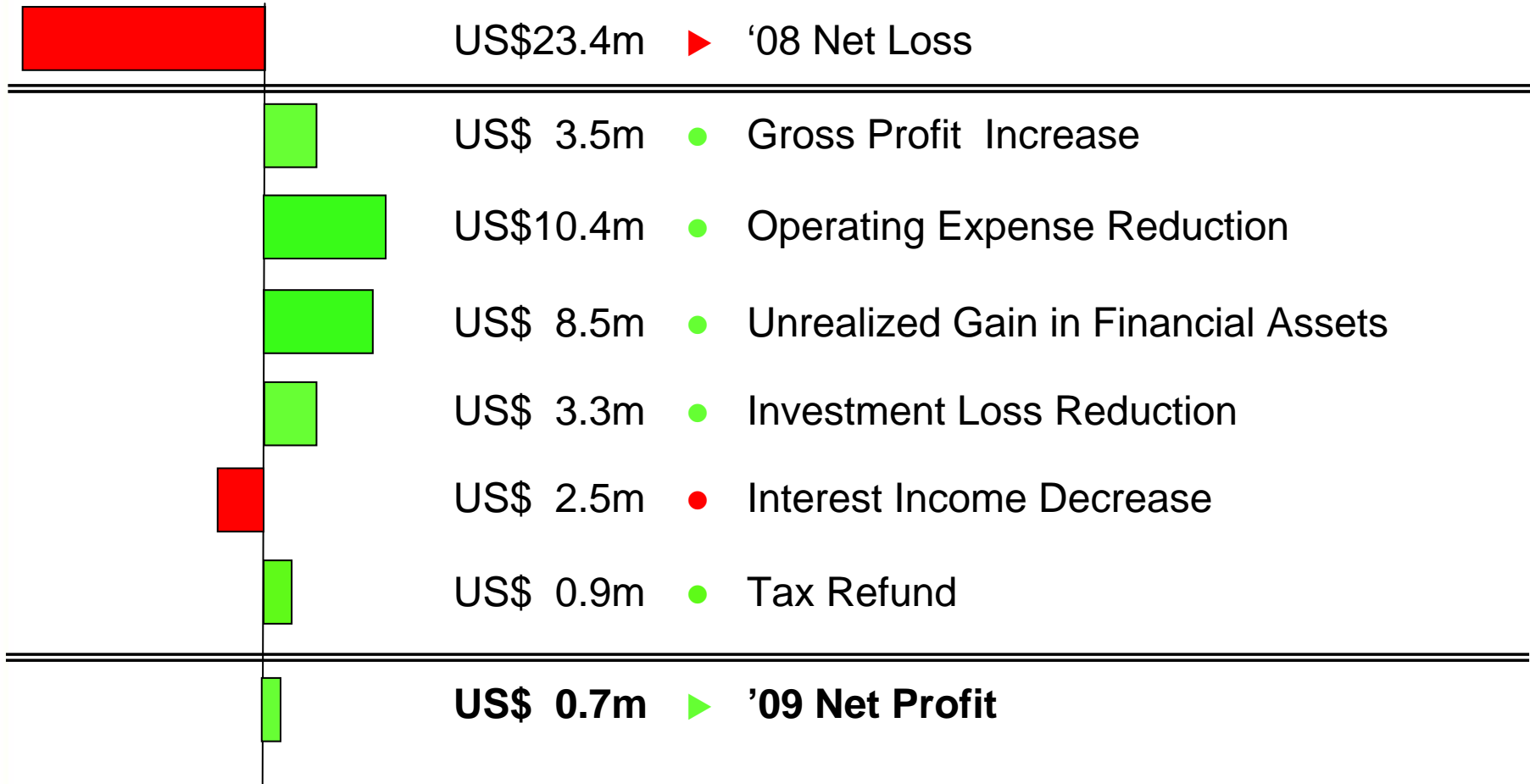
(US\$ million)	Twelve months ended 31 Dec		YoY
	2009	2008	Change
Sales	61.8	92.8	(33%)
Gross profit	20.4	16.9	21%
<i>Gross margin</i>	33.0%	18.2%	
Net profit/(loss)	0.7	(23.4)	↑
<i>Net margin</i>	1.1%	(25.2%)	
(HK cents)			
Earnings/(Loss) per share	0.2	(7.5)	↑
Dividend per share	1.0	3.0	
Book to Bill ratio	1.0	0.8	

Financial Remark



		Key Factors	
Sales	33% ↓	Unit shipment	19% YoY ↓
		Blended ASP	18% YoY ↓
Net profit	↑	Gross profit	21% YoY ↑
-- Turnaround to US\$0.7m		-- Gross profit margin	33.0% ('08: 18.2%)
from '08 Net loss US\$23.4m		Operating expenses	27% YoY ↓
		-- Lowered SG&A 28% YoY and R&D 26% YoY	
		Other Financial Income	↑
		-- US\$6.9m Gain ('08: US\$0.1m Gain)	
		Strategic investment loss	↓
		-- US\$1.8m Loss ('08: US\$5.1m Loss)	
		Tax Refund	US\$1.2m

Profit and loss delta analysis '09 vs '08



Balance sheet

(US\$ million)	As at 31 Dec 2009	As at 31 Dec 2008	YoY Change
Total assets	150.2	162.3	(7%)
Total borrowings	0.8	Nil	N/A
Shareholders' funds	135.8	143.8	(6%)
Net cash	92.9	110.9	(16%)
(HK cents)			
Shareholders' funds per share	43	46	(7%)
Net cash per share	29	35	(17%)

Net cash delta analysis '09 vs '08



▶ Net Cash @ 31st Dec:

- ▶ US\$92.8m ('09) vs \$110.9m ('08) - US\$18.1m
-

▶ Major Cash Outflow

- ▶ Business Operating Activities - US\$10.1m
- ▶ Dividend Payout - US\$ 9.5m
- ▶ Strategic Investment (Net) - US\$ 0.4m
- ▶ Plant, Property & Equipment - US\$ 1.0m

▶ Major Cash Inflow

- ▶ Bank Loan + US\$ 0.8m
- ▶ Interest Received + US\$ 2.0m



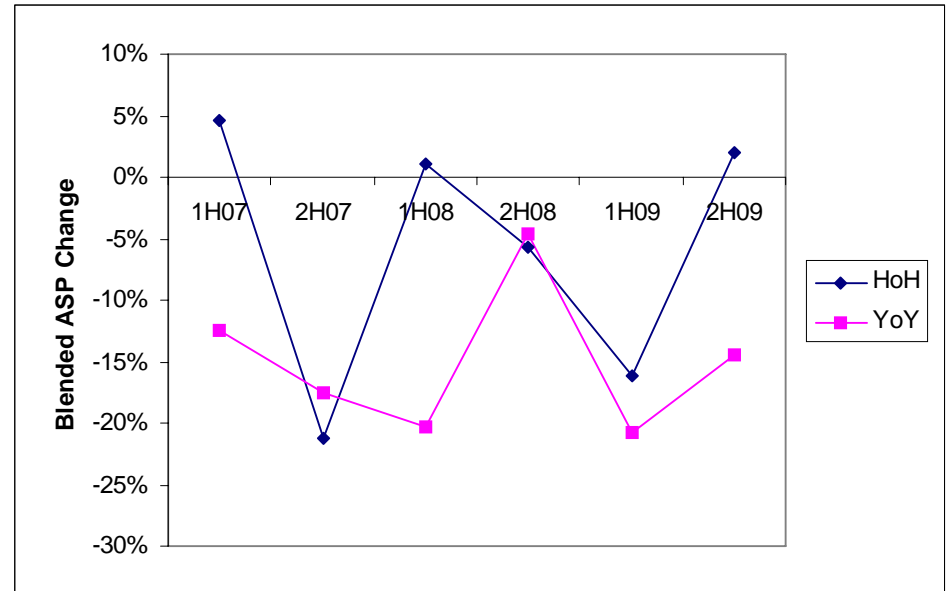
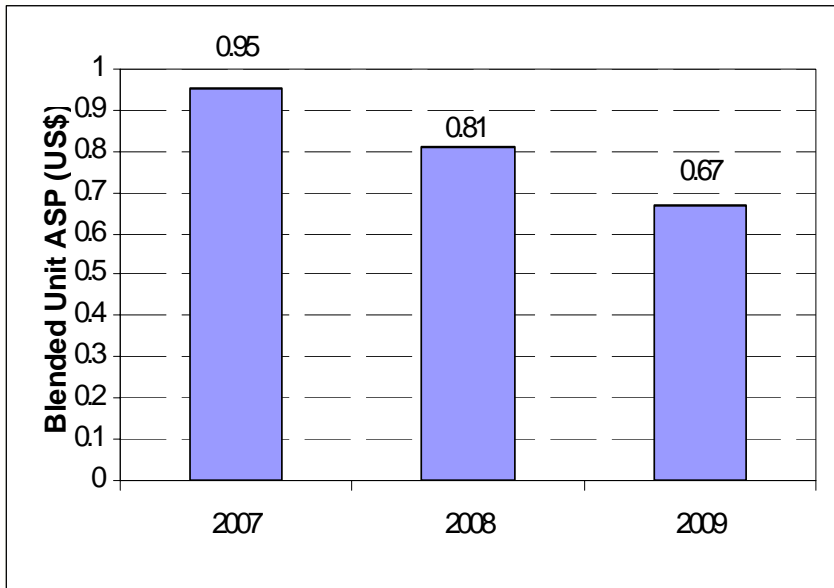
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Business Review



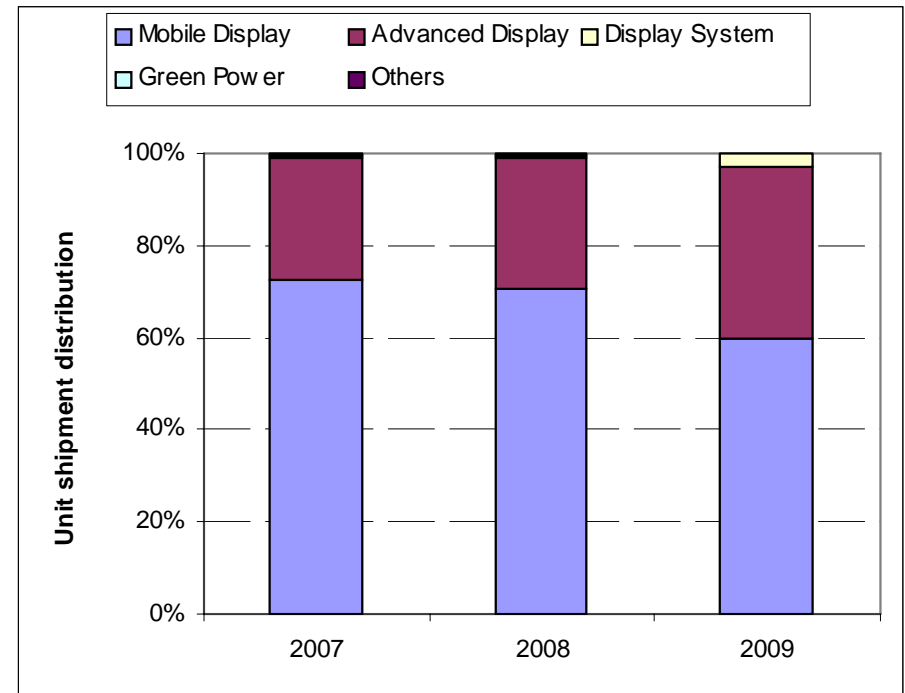
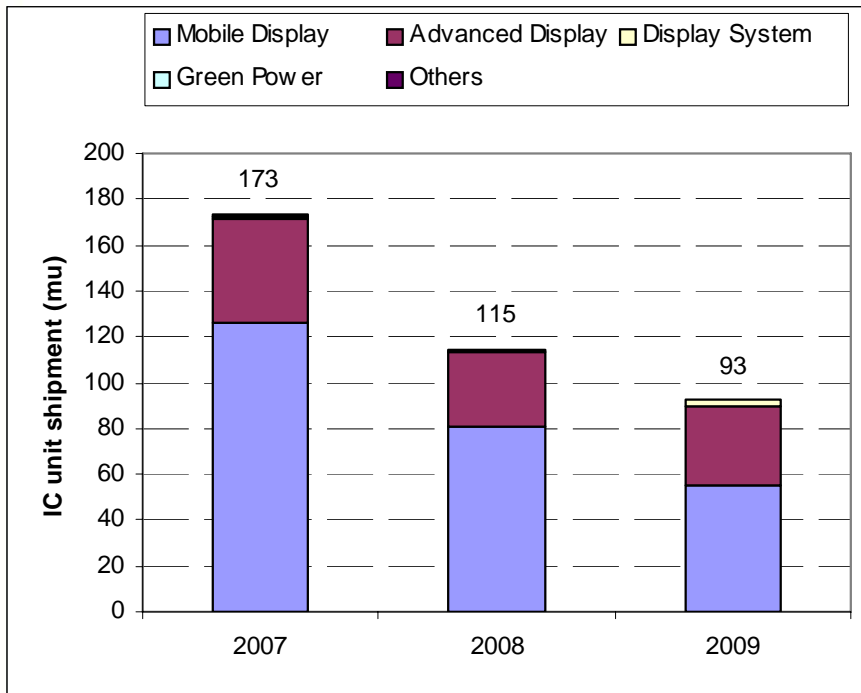
Blended average selling price

- ▶ 2009 blended ASP = US\$0.67, down 18% YoY



Unit shipment by product line

- ▶ Total unit shipment 93 million units



Examples of 2009 design-wins

New Customers, New Products, New Applications

Mobile Display



**Messaging
Phone**



Mobile TV



Photo Printer

Advanced Display



MP3



USB Bank Key



Electronic Shelf Label

Display System



Mobile Phone



Pico-projector



Green Power



LED Indoor / Outdoor Lighting



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Outlook



2010 Outlook

- ▶ Sales
 - ▶ Expect increase in market demand
 - ▶ Gain new business from China based customers
 - ▶ Anticipate growth in diversified business
- ▶ Gross profit margin
 - ▶ Stay in line with industry
- ▶ Operating expenses
 - ▶ Continue monitoring
 - ▶ Invest in focused R&D projects
- ▶ Challenges
 - ▶ Capacity shortage and cost pressure from supply chain
- ▶ 2010 Focus
 - ▶ Speed up product and market development for revenue generation
 - ▶ Dedicate strategic effort to expand China business
 - ▶ Manage supply chain capacity and lead time

Business Plan

▶ Display IC

Mobile Display

- ▶ Increase driver IC business from integrated panel / module makers and new high-end applications
- ▶ Start volume shipment of multi-touch panel controller



Multi-touch applications

Advanced Display

- ▶ Extend PMOLED leadership to health care products / industrial applications
- ▶ Establish presence in growing AMOLED and e-Paper applications



Health care products

Large Display

- ▶ Align to China's emerging large TFT display industry
- ▶ Attain driver IC qualification status with one or more panel makers



LCD TV

Business Plan

▶ System Solutions

Display System Solution

- ▶ Generate volume shipment via Pico-projector and Mobile TV design-wins
- ▶ Refine multimedia solutions to cover a wide range of applications, with time-to-market and cost benefits



Pico-projector

Green Power

- ▶ Accelerate growth in LED street lamp and indoor lighting projects
- ▶ Introduce LED backlight unit solutions for large TFT display applications



LED backlight

Thank You



Solomon Systech (International) Limited

Stock code: 2878

www.solomon-systech.com