



SOLOMON SYSTECH

Interim Results Presentation 2010

18 August 2010
Hong Kong

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Summary



Results summary

- ▶ Unit shipment up 71% to 69 million units
- ▶ Sales grew by 42% to US\$38.0 million
- ▶ Gross profit grew by 51% to US\$11.2 million
- ▶ Net Loss US\$3.9 million
- ▶ Loss in respect of the principal business was US\$2.9 million, reduced by 49%
- ▶ Basic loss per share 1.24 HK cents
- ▶ No interim dividend was declared by the Board
- ▶ Book to bill ratio @ 30 Jun-10 was 1.6



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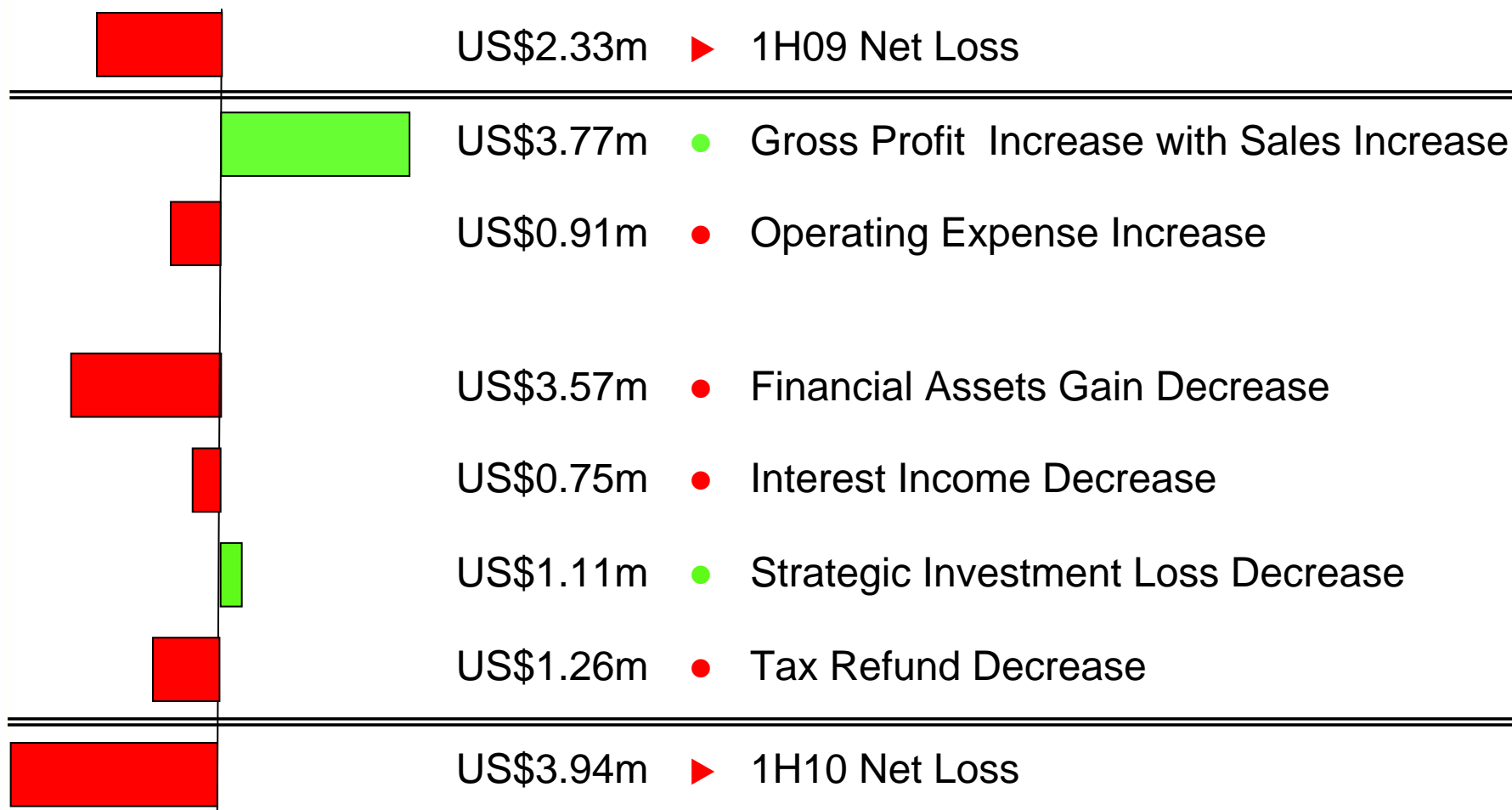
Financial Review



Profit and loss

(US\$ million)	1H10	1H09	YoY
Sales	38.0	26.7	42%
Gross profit	11.2	7.4	51%
<i>Gross profit margin</i>	29.5%	27.9%	1.6% pt
Loss in respect of principal business	2.9	5.7	(49%)
Net loss	3.9	2.3	70%
<i>Net margin</i>	(10.4%)	(8.7%)	
(HK cents)			
Loss per share	1.24	0.75	66%
Dividends per share	Nil	Nil	
Book to Bill ratio	1.6	1.1	

Profit and loss delta analysis 1H10 vs 1H09



Balance sheet

(US\$ million)	As at 30 Jun 2010	As at 31 Dec 2009	HoH Change
Total assets	147.5	150.2	(2%)
Total borrowings	0.8	0.8	0%
Shareholders' funds	129.1	135.8	(5%)
Net cash	78.3	92.8	(16%)
(HK cents)			
Shareholders' funds per share	41	43	(5%)
Net cash per share	25	29	(14%)

Net cash delta analysis Jun 10 vs Dec 09



- ▶ Net Cash @ :
 - ▶ US\$78.3m (30 Jun 10) vs \$92.8m (31 Dec 09)

- ▶ Major Cash Outflow
 - ▶ '10 Interim Net Loss - US\$ 3.9m
 - ▶ Working Capital Change - US\$ 2.9m
 - ▶ Plant, Property & Equipment - US\$ 2.8m
 - ▶ Financial Assets Net Increase - US\$ 2.7m
 - ▶ Dividend Payout - US\$ 3.2m
- ▶ Major Cash Inflow
 - ▶ Interest Received + US\$ 1.0m



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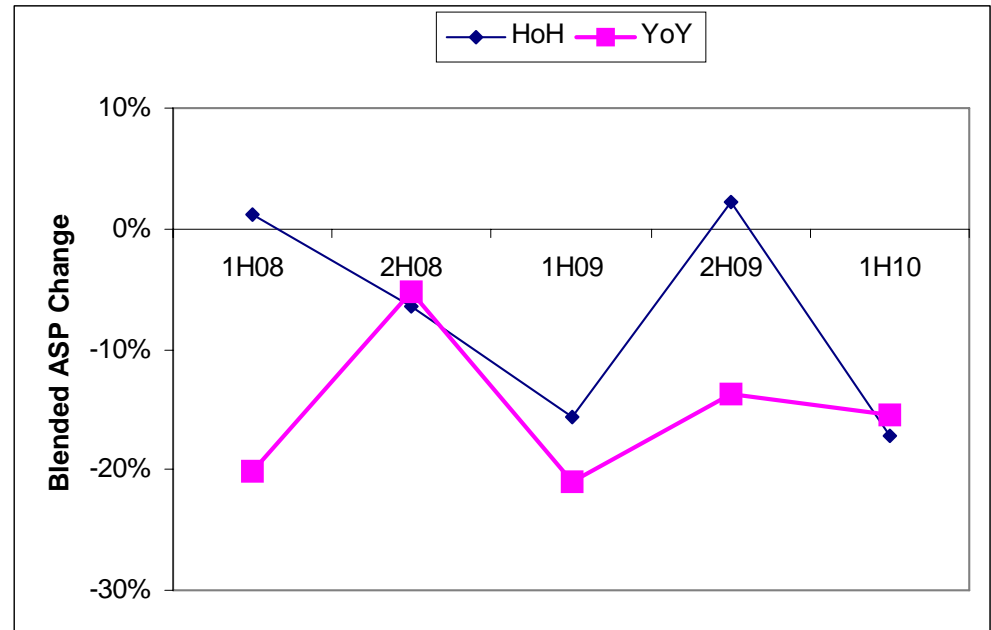
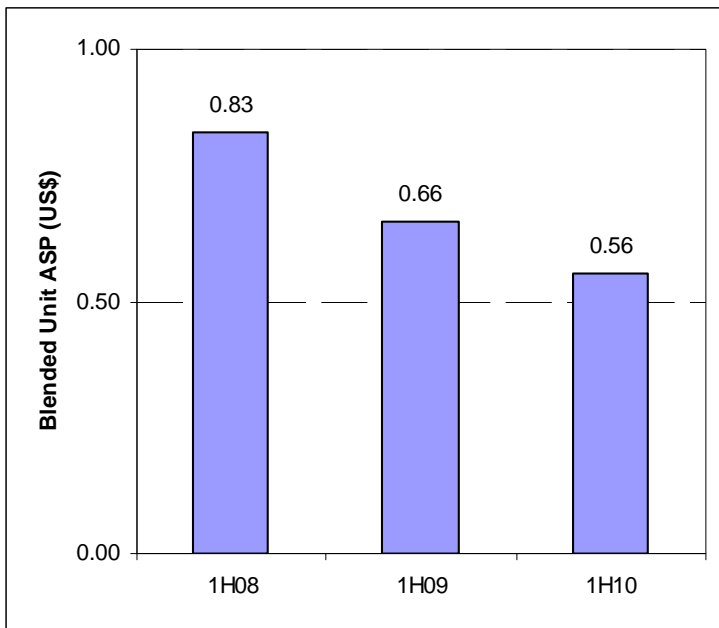
Business Review



Blended average selling price

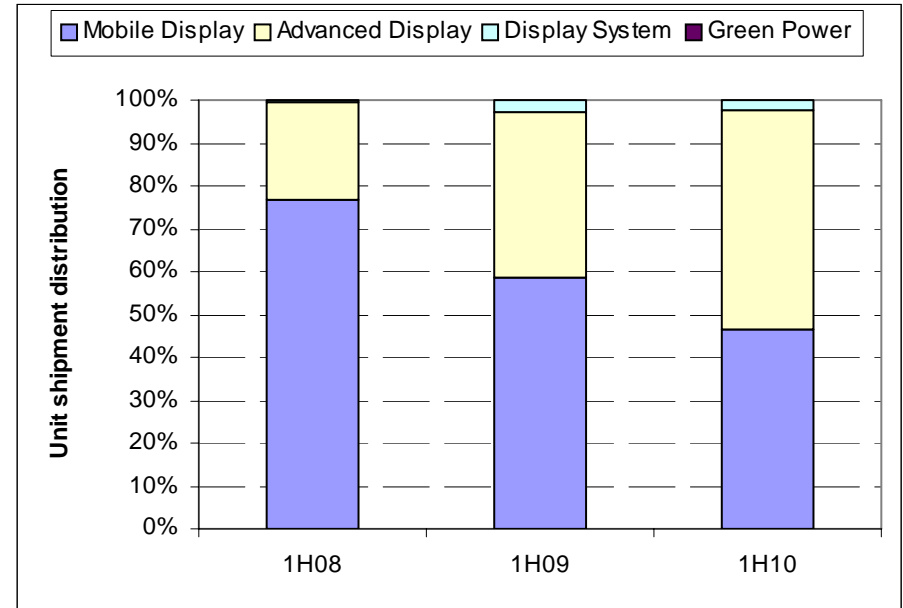
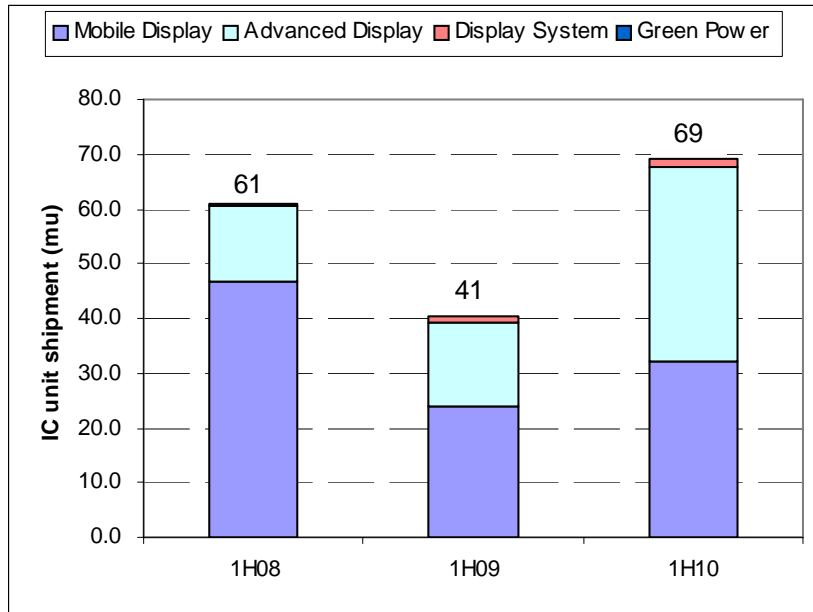


- ▶ 1H10 blended ASP = US\$0.56, down 15% YoY



Unit shipment by product line

- ▶ Total unit shipment 69 million units



Examples of 1H10 design-wins

New Customers, New Products, New Applications

Mobile Display



**Android Phone
with Touch Panel**



**Mobile Internet
Device**



**Personal
Navigation
Device**

Advanced Display



Mobile Phone



USB Bank Key



Price Tag

Display System



Mobile Phone



Pico-projector

Green Power



**LED Indoor
Lamp**



**LED Street
Lamp**



**LED Backlight
Unit**



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Outlook



2H 2010 Outlook

- ▶ Sales
 - ▶ Expect sales continue to grow with higher visibility for 2H 2010
 - ▶ 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
- ▶ 2H 2010 Focus
 - ▶ Speed up product and market development for revenue generation
 - ▶ Execute China business plan
 - ▶ 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 resolution applications
- ▶ Start volume shipment of multi-touch panel controller

Advanced Display

- ▶ Extend PMOLED leadership to AMOLED and OLED Lighting
- ▶ Ramp up in volume shipment of e-Paper IC

Large Display

- ▶ Align to China's emerging large TFT display industry
- ▶ Driver ICs for customers' qualification in 2H 2010



Multi-touch applications



OLED Lighting



LCD TV

Business Plan

▶ System Solutions

Display System Solution

- ▶ Increase sales of multimedia ICs (**MagusCore™**) via pico-projector design-wins
- ▶ Extend multimedia solutions to cover Android-based applications, with time-to-market and cost benefits



Android Mobile Internet Device

Green Power

- ▶ Generate volume shipment of LED driver ICs and power modules in dimmable LED lighting projects
- ▶ Start production of LED backlight unit solutions for monitor / TV applications



LED backlight

Thank You



Solomon Systech (International) Limited

Stock code: 2878

www.solomon-systech.com