



SOLOMON
SYSTECH

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Interim Results Presentation 2007

6 September 2007
Hong Kong

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Summary

Results summary

- Unit shipment close to 100mu
- Sales US\$103.4 million
- Net profit US\$9.8 million
- Basic EPS 3.1 HK cents
- Dividend per share 1.0 HK cent
- Book to Bill ratio @ 30 Jun-07 was 0.67
- Global market share in mobile phone display ICs ranged 13-15%

Financial Review

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2007 Interim Results

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Profit and loss

(US\$ million)	Six months ended 30 June		YoY
	2007	2006	Change
Sales	103.4	149.4	-31%
Gross profit	25.0	37.0	-32%
<i>Gross margin</i>	<i>24.1%</i>	<i>24.8%</i>	
Net profit	9.8	17.9	-45%
<i>Net margin</i>	<i>9.5%</i>	<i>11.9%</i>	
(HK cents)			
Earnings per share*	3.1	5.7	
Dividends per share	1.0	2.0	
Book to Bill ratio	0.67	1.05	

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

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Balance sheet

(US\$ million)	As at 30 Jun 2007	As at 30 Jun 2006	YoY Change
Total assets	219.8	230.2	-5%
Total borrowings	Nil	Nil	N/A
Shareholders' funds	177.5	180.1	-1%
Net cash	153.8	105.9	45%
(HK cents)			
Shareholders' funds per share	56	56	0%
Net cash per share	49	33	48%

* Per share figures are based on the adjusted weighted average number of shares for the period

Financial remarks

	Key Factors
Sales 31% ↓	Unit shipment 21% YoY ↓ Blended ASP 13% YoY ↓
Net profit 45% ↓	Gross profit 32% YoY ↓ -- Gross profit margin 24.1% (1H06: 24.8%) Operating expense 3% YoY ↓ -- Raised R&D 17% while lowered SG&A 18% YoY
Capex US\$2.2m	US\$0.4m Plant / Property /Equipment US\$1.8m strategic investment

Business Review

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2007 Interim Results

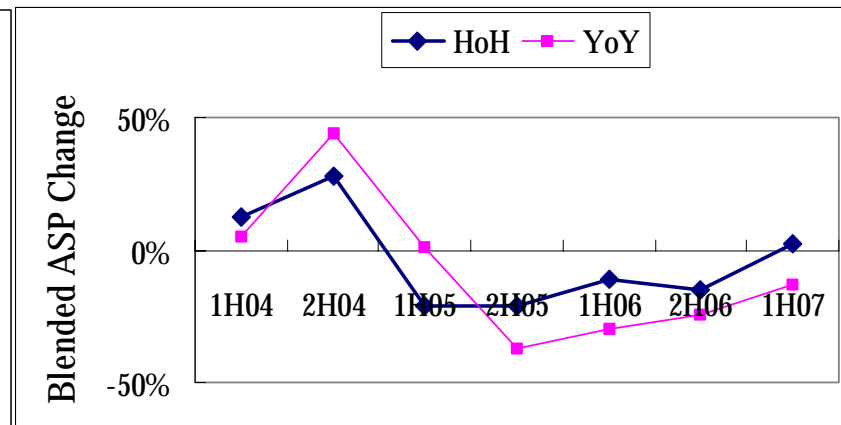
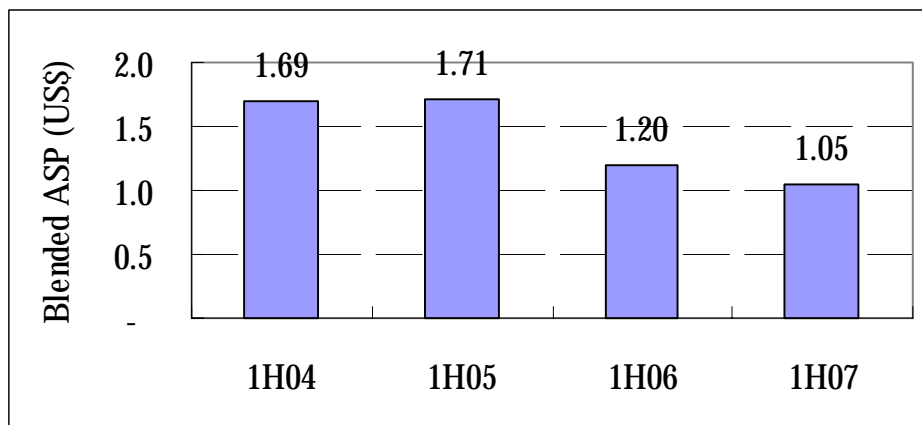
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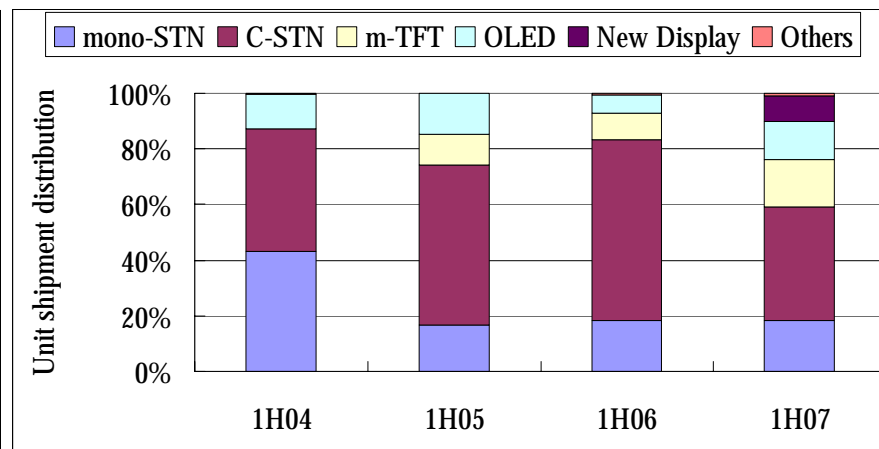
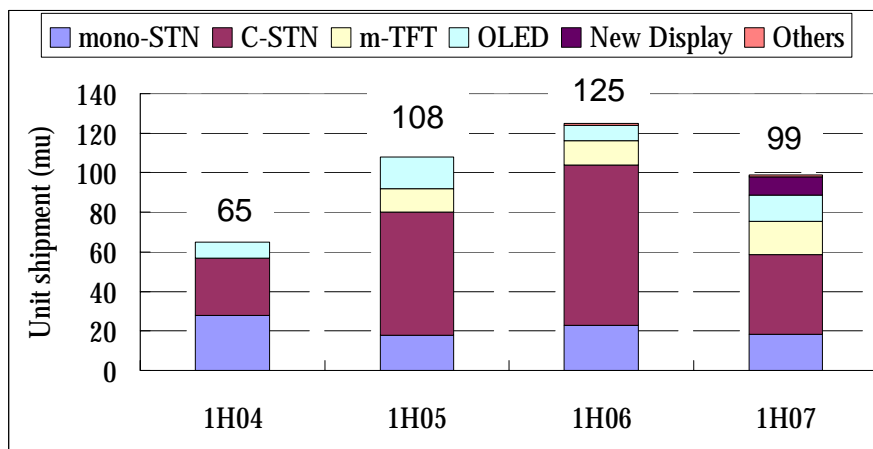
Blended average selling price

- 1H07 blended ASP = US\$1.05, down 13% 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 42% YoY as design-wins ramped
- OLED: Up 63% YoY with sustained leadership as the industry stabilized
- New Display: Shipped 9mu bistable driver IC
- L-TFT: Kept design-in efforts with target customers
- Others: Incubating Display System business



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

Examples of 1H07 design-wins

New Customers, New Products, New Applications

Mobile Display (STN, TFT)



Mobile Phone



MP4



GPS

OLED



Mobile Phone



Mobile Phone Keypad



Bluetooth Earpiece



Automotive mirror with GPS / Radio Locator

New Display



Wristwatch – Bistable IC



Electronic Price Tag – Bistable IC



VGA Eyewear – Microdisplay Solution

Display System



MP4 – Image Processor



Digital Photoframe - Image Processor



Study Machine – Image Processor

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Outlook

2H 2007 Outlook

- Sales year-on-year
 - Challenging based on Book to Bill ratio
- Gross profit margin
 - Still under pressure with market ASP erosion
- Operating expenses
 - Overall under control, keep investing in R&D
- New businesses or customers
 - Continue developing, take time to ramp up

Future Growth Enablers

New Customers, New Products, New Applications

- Mobile Display
 - STN, TFT → Minimize cost and target more top-tier brand names
 - m-TFT → Leverage MIPI leadership to establish closer customer ties
 - OLED → Launch more products for mobile display, wireless peripherals, MP4 & industrial applications

Mobile Display (STN, TFT)



Mobile TV



GPS



DECT Phone

OLED



Bluetooth Earpiece



MP4



Industrial Instrumentation

Future Growth Enablers (Cont'd)

New Customers, New Products, New Applications

- Other IC Products
 - E-paper display → Aim mobile phones, IC card, price tag & other applications
 - MIPI interface ICs → Make early availability for 3G phones
 - MM processor → Offer total solutions for short time-to-market
 - Large panel → target customers

New Display

Display System



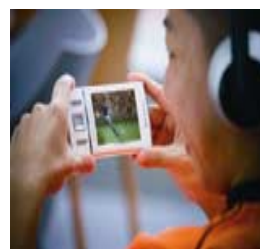
IC Card



Price Tag



Memory Card



Mobile
Infotainment



GPS



Microdisplay for
Games

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Thank You

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