



**TREK 2000 INTERNATIONAL LTD** (Registration Number 199905744N)

**Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2015**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**UNAUDITED RESULTS FOR THE SECOND QUARTER AND FIRST HALF ENDED 30 JUNE 2015**

**(i) Consolidated Income Statement**

	Second Quarter		Increase/ (decrease) %	First Half		Increase/ (decrease) %
	2015 US\$'000	2014 US\$'000		2015 US\$'000	2014 US\$'000	
<b>Revenue</b>	41,827	26,506	57.80	68,647	41,429	65.70
Cost of goods sold	(37,926)	(22,852)	65.96	(61,507)	(35,377)	73.86
<b>Gross profit</b>	<u>3,901</u>	<u>3,654</u>	6.76	<u>7,140</u>	<u>6,052</u>	17.98
<b>Other items of income :</b>						
Interest Income	164	155	5.81	324	305	6.23
Other income	235	235	nm	396	368	7.61
<b>Other items of expense :</b>						
Research and development expenses	(1,418)	(986)	43.81	(2,456)	(1,971)	24.61
Marketing and distribution expenses	(647)	(739)	(12.45)	(1,230)	(1,303)	(5.60)
General administration expenses	(1,016)	(956)	6.28	(1,859)	(1,858)	0.05
Finance costs	(27)	(49)	(44.90)	(66)	(82)	(19.51)
Other expenses	-	(146)	nm	(325)	(260)	25.00
Profit before income tax [1]	<u>1,192</u>	<u>1,168</u>		<u>1,924</u>	<u>1,251</u>	53.80
Income tax	(11)	1	(1200.00)	(22)	34	(164.71)
<b>Profit after tax for the period</b>	<u><b>1,181</b></u>	<u><b>1,169</b></u>	<b>2.05</b>	<u><b>1,902</b></u>	<u><b>1,285</b></u>	<b>48.02</b>
Profit attributable to :						
Non-controlling interest	100	963	(89.62)	277	619	(55.25)
Owners of the Company	<u>1,081</u>	<u>206</u>	424.76	<u>1,625</u>	<u>666</u>	143.99
	<u><b>1,181</b></u>	<u><b>1,169</b></u>	<b>1.03</b>	<u><b>1,902</b></u>	<u><b>1,285</b></u>	<b>48.02</b>
Earnings per share attributable to owners of the parent (expressed in cents per share) :						
- Basic	0.36	0.07		0.55	0.22	
- Diluted	<u>0.36</u>	<u>0.07</u>		<u>0.55</u>	<u>0.22</u>	

**(ii) Breakdown and Explanatory notes to Consolidated Income Statement**

NM denotes not meaningful

[1] Profit before income tax is stated after (charging)/crediting the following:

	Second Quarter		Increase/ (decrease)	First Half		Increase/ (decrease)
	2015 US\$'000	2014 US\$'000	%	2015 US\$'000	2014 US\$'000	%
Interest income from:						
- fixed deposits	16	16	nm	23	27	(14.81)
- available for sale financial assets	148	139	6.47	301	278	8.27
Gain on disposal of property, plant & equipment	-	26	nm	41	29	41.38
Writeback/(Provision) of doubtful debt	32	(180)	(117.78)	13	(180)	(107.22)
Depreciation of fixed assets	(550)	(370)	48.65	(854)	(729)	17.15
Amortization of intangibles	(460)	(434)	5.99	(940)	(870)	8.05
Net foreign exchange (loss)/gain	278	(147)	(289.12)	(179)	(261)	(31.42)
Interest expense – hire purchase	(4)	(5)	(20.00)	(8)	(9)	(11.11)
Interest on term loan/bank overdrafts	(23)	(44)	(47.73)	(58)	(73)	(20.55)

**(iii) Statement of consolidated comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial period**

	Group					
	US\$'000		%	US\$'000		%
	Q2 FY2015	Q2 FY2014	Increase/ (decrease)	1H FY2015	1H FY2014	Increase/ (decrease)
<b>Profit after tax for the period</b>	<b>1,181</b>	<b>1,169</b>	<b>1.03</b>	<b>1,902</b>	<b>1,285</b>	<b>48.02</b>
<b>Other Comprehensive Income:</b>						
Fair value adjustment on investment securities	(147)	210	(170.00)	20	248	(91.94)
Foreign currency translation	(183)	177	(203.39)	(618)	(357)	73.11
Other comprehensive income:	(330)	387	(185.27)	(598)	(109)	448.62
<b>Total Comprehensive Income for the period, net of tax</b>	<b>851</b>	<b>1,556</b>	<b>(45.31)</b>	<b>1,304</b>	<b>1,176</b>	<b>10.88</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>						
Owners of the Company	752	590	27.46	1,028	556	84.89
Non-controlling interest	99	966	(89.75)	276	620	(55.48)
	851	1,556	(45.31)	1,304	1,176	10.88

**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 SHEET as at	GROUP		COMPANY	
	30 Jun 2015 US\$'000	31 Dec 2014 US\$'000	30 Jun 2015 US\$'000	31 Dec 2014 US\$'000
<b>Non-Current Assets</b>				
Plant, property and equipment	14,711	11,736	8	7
Intangible assets	11,116	11,229	4,416	4,500
Investment in subsidiaries	-	-	5,441	5,441
Investment in associates	-	-	5	5
Quoted investments	9,503	9,408	9,503	9,408
Unquoted investments	191	197	-	-
	<b>35,521</b>	<b>32,570</b>	<b>19,373</b>	<b>19,361</b>
<b>Current assets</b>				
Trade receivables	16,474	26,194	19	13
Inventories	17,631	12,883	-	-
Amounts due from subsidiaries	-	-	16,486	17,992
Amounts due from associates	165	186	-	-
Other receivables	3,794	4,593	830	986
Prepayments	931	1,678	36	354
Fixed deposits	9,423	3,170	-	-
Cash and bank balances	6,423	8,879	711	462
	<b>54,841</b>	<b>57,583</b>	<b>18,082</b>	<b>19,807</b>
<b>Total assets</b>	<b>90,362</b>	<b>90,153</b>	<b>37,455</b>	<b>39,168</b>
<b>Current liabilities</b>				
Trade payables and accruals	25,616	20,674	105	101
Other payables	1,622	8,417	335	326
Amounts due to subsidiaries	-	-	34	54
Hire purchase payables	233	239	-	-
Term loans and bank overdrafts	2,177	6,914	-	-
Income tax payable	772	838	-	-
	<b>30,420</b>	<b>37,082</b>	<b>474</b>	<b>481</b>
<b>Net current assets</b>	<b>24,421</b>	<b>20,501</b>	<b>17,608</b>	<b>19,326</b>
<b>Non-current liabilities</b>				
Term loans	588	682	-	-
Deferred taxation	693	696	-	-
Hire purchase payables	221	193	-	-
	<b>1,502</b>	<b>1,571</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>31,922</b>	<b>38,653</b>	<b>474</b>	<b>481</b>
<b>Net assets</b>	<b>58,440</b>	<b>51,500</b>	<b>36,981</b>	<b>38,687</b>
<b>Capital and reserves attributable to the equity holders of the Company</b>				
Share capital	29,669	29,605	29,669	29,605
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	599	579	599	579
Revaluation reserve	2,029	2,029	-	-
Revenue reserve	9,072	8,570	6,935	8,725
Capital reserve	2,717	2,717	-	-
Translation reserve	(1,221)	(603)	-	-
Non-controlling interest	15,832	8,860	-	-
<b>Total Equity</b>	<b>58,440</b>	<b>51,500</b>	<b>36,981</b>	<b>38,687</b>
<b>Total equity and liabilities</b>	<b>90,362</b>	<b>90,153</b>	<b>37,455</b>	<b>39,168</b>

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

Amount repayable in one year or less, or on demand

As at 30 June 2015 US\$'000		As at 31 December 2014 US\$'000	
Secured	Unsecured	Secured	Unsecured
2,410	-	7,153	-

Amount repayable after one year

As at 30 June 2015 US\$'000		As at 31 December 2014 US\$'000	
Secured	Unsecured	Secured	Unsecured
809	-	875	-

**Details of any collateral :**

The Group's assets at net book value of US\$620,240 (FY2014: US\$531,087) are pledged as collaterals to the hire purchase creditors.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**CONSOLIDATED CASH FLOW STATEMENT for the periods ended 30<sup>th</sup> June**

	2Q 2015 US\$'000	2Q 2014 US\$'000	1H 2015 US\$'000	1H 2014 US\$'000
<b>Cash flow from operating activities:-</b>				
Profit before income tax	1,192	1,168	1,924	1,251
Adjustments for:-				
Amortisation of intangible assets	460	434	940	870
Depreciation of property, plant and equipment	550	370	854	729
(Writeback)/Provision for doubtful debts	(32)	180	(13)	180
Gain on disposal of property, plant and equipment	-	(26)	(41)	(29)
Gain on disposal of investment securities	-	-	-	(30)
Interest income	(164)	(155)	(324)	(305)
Interest expenses	27	49	66	82
Translation difference	(236)	196	(217)	(166)
<b>Operating profit before changes in working capital</b>	<b>1,797</b>	<b>2,216</b>	<b>3,189</b>	<b>2,582</b>
(Increase)/decrease in trade receivables, other receivables and prepayments	(931)	(6,211)	11,298	(698)
(Increase)/Decrease in inventories	(1,440)	1,166	(4,748)	(2,461)
Increase in trade and other payables	3,375	12,456	(1,853)	6,492
<b>Cash generated from operating activities</b>	<b>2,801</b>	<b>9,627</b>	<b>7,886</b>	<b>5,915</b>
Interest paid	(27)	(49)	(66)	(82)
Income tax paid	(80)	45	(80)	47
Interest received	16	16	23	27
<b>Net cash generated from operating activities</b>	<b>2,710</b>	<b>9,639</b>	<b>7,763</b>	<b>5,907</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of investment securities	600	-	600	1,030
Proceeds from disposal of property, plant & equipment	-	27	99	34
Purchase of property, plant and equipment	(3,722)	(335)	(3,995)	(401)
Payment for patent & trademark registration expenses	(52)	(79)	(124)	(157)
Payment for development expenditures	(401)	(374)	(779)	(740)
Purchase of quoted investments	(688)	(1,145)	(688)	(1,645)
Interest income from available-for-sale investment	148	139	301	278
<b>Net cash used in investing activities</b>	<b>(4,115)</b>	<b>(1,767)</b>	<b>(4,586)</b>	<b>(1,601)</b>
<b>Cash flow from financing activities</b>				
Repayment of hire purchase instalments	(27)	(76)	(97)	(170)
Employees' share option exercised	-	-	64	7
Repayment of term loans	(41)	(44)	(4,582)	(93)
Capital contribution from non-controlling interest	5,444	-	6,696	-
Payment of dividends	(1,123)	-	(1,123)	-
<b>Net cash used in financing activities</b>	<b>4,253</b>	<b>(120)</b>	<b>958</b>	<b>(256)</b>
Net decrease in cash and cash equivalents	2,848	7,752	4,135	4,050
Cash and cash equivalents as beginning of period	11,295	4,739	10,162	8,455
Effect of foreign exchange difference	25	16	(129)	2
<b>Cash and cash equivalents at end of period</b>	<b>14,168</b>	<b>12,507</b>	<b>14,168</b>	<b>12,507</b>

Group cash and cash equivalents in the consolidated cash flow statement consist of the following:

	30 <sup>th</sup> Jun 2015 \$'000	30 <sup>th</sup> Jun 2014 \$'000
Cash and Bank Balances	9,423	8,524
Fixed Deposits	6,423	5,880
Bank Overdrafts	(1,678)	(1,897)
	<b>14,168</b>	<b>12,507</b>

**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**

	<b>Equity attributable to equity holders of the Company</b>									
	Share Capital	Treasury Shares	Capital Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Other Reserve	Revaluation reserve	Total	Non-Controlling Interest	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>THE GROUP</b>										
<b>Balance at 1 January 2014</b>	29,595	(257)	2,717	581	6,025	580	334	39,575	6,505	46,080
Increase in shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	(534)	460	38	-	(36)	(346)	(382)
<b>Balance at 31 March 2014</b>	29,602	(257)	2,717	47	6,485	618	334	39,546	6,159	45,705
Total comprehensive income for the period	-	-	-	177	206	210	-	593	966	1,559
<b>Balance at 30 June 2014</b>	<b>29,602</b>	<b>(257)</b>	<b>2,717</b>	<b>224</b>	<b>6,691</b>	<b>828</b>	<b>334</b>	<b>40,139</b>	<b>7,125</b>	<b>47,264</b>
<b>Balance at 1 January 2015</b>	29,605	(257)	2,717	(603)	8,570	579	2,029	42,640	8,860	51,500
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	1,252	1,252
Total comprehensive income for the period	-	-	-	(435)	544	167	-	276	177	453
<b>Balance at 31 March 2015</b>	29,669	(257)	2,717	(1,038)	9,114	746	2,029	42,980	10,289	53,269
Tax exempt (one-tier) dividends @ 0.005 cts @ 1.322= US\$0.00378 Per share	-	-	-	-	(1,123)	-	-	(1,123)	-	(1,123)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	5,444	5,444
Total comprehensive income for the period	-	-	-	(183)	1,081	(147)	-	751	99	850
<b>Balance at 30 June 2015</b>	<b>29,669</b>	<b>(257)</b>	<b>2,717</b>	<b>(1,221)</b>	<b>9,072</b>	<b>599</b>	<b>2,029</b>	<b>42,608</b>	<b>15,832</b>	<b>58,440</b>

	Equity attributable to equity holders of the Company							Total	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Capital Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Other Reserve	Revaluation reserve			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>THE COMPANY</b>										
<b>Balance at 1 January 2014</b>	29,595	(222)	-	-	9,867	580	-	39,820	-	39,820
Increase in shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	-	(305)	38	-	(267)	-	(267)
<b>Balance at 31 March 2014</b>	29,602	(222)	-	-	9,562	618	-	39,560	-	39,560
Total comprehensive income for the period	-	-	-	-	(374)	210	-	(164)	-	(164)
<b>Balance at 30 June 2014</b>	<b>29,602</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>9,188</b>	<b>828</b>	<b>-</b>	<b>39,396</b>	<b>-</b>	<b>39,396</b>
<b>Balance at 1 January 2015</b>	29,605	(222)	-	-	8,725	579	-	38,687	-	38,687
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Total comprehensive income for the period	-	-	-	-	(345)	167	-	(178)	-	(178)
<b>Balance at 31 March 2015</b>	29,669	(222)	-	-	8,380	746	-	38,573	-	38,573
Tax exempt (one-tier) dividends @ 0.005 cts @1.322= US\$0.00378 Per share	-	-	-	-	(1,123)	-	-	(1,123)	-	(1,123)
Total comprehensive income for the period	-	-	-	-	(322)	(147)	-	(469)	-	(469)
<b>Balance at 30 June 2015</b>	<b>29,669</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>6,935</b>	<b>599</b>	<b>-</b>	<b>36,981</b>	<b>-</b>	<b>36,981</b>

**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 was no change in the issued and paid-up capital of the Company since the previous period reported on.

During the 2Q 2015 no share options were granted under the Trek 2000 International Share Options Scheme.

The outstanding share options under Trek 2000 International Share Options Scheme as at 30 June 2015 is as follows:

Unexercised Share Option	No. of shares
Balance as at 1 <sup>st</sup> January 2015	3,082,500
Share options granted during the period	4,090,000
Share options exercised during the period	(445,000)
<b>Balance as at 30<sup>th</sup> June 2015</b>	<b>6,727,500</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 June 2015, share capital of the Company is as follows:

	No. of shares	US\$
Ordinary Shares Issued and fully paid		
Balance as at 1 <sup>st</sup> January 2015	297,671,925	29,605,242
Movement in Shares	445,000	63,792
<b>Balance as at 30<sup>th</sup> June 2015</b>	<b>298,116,925</b>	<b>29,669,034</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the period under review, no new treasury shares were acquired by the Company to acquire shares pursuant to the Share Purchase Mandate to be held as "Treasury Shares".

	No. of shares	US\$
Balance as at 1 <sup>st</sup> January 2015	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
<b>Balance as at 30<sup>th</sup> June 2015</b>	<b>1,293,000</b>	<b>(256,914)</b>

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard) or practice.**

The above figures have not been audited or reviewed by its auditors, Messrs Ernst & Young.

**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**

Except as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and method of computation in the consolidated financial statements for the current financial period as compared with the audited financial statement for the financial year ended 31 December 2014.

**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**

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant.

**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**

THE GROUP	Q2FY2015	Q2FY2014	1HFY2015	1HFY2014
Profit after tax (US\$'000)	1,081	206	1,625	666
Weighted average number of ordinary shares in issue (in '000)	297,748	296,349	297,748	296,349
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	298,162	296,918	298,162	296,918

THE GROUP	Q2FY2015	Q2FY2014	1HFY2015	1HFY2014
<b>(Amount in USD cents)</b>				
Earnings per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on existing issued share capital	0.36	0.07	0.55	0.22
(ii) On a fully diluted basis	0.36	0.07	0.55	0.22

**Note:**

Basic earnings per share amounts are calculated by dividing profit for the period that is attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share amounts are calculated by dividing profit for the period that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For 2QFY14, some of the outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the financial period.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

NET ASSETS VALUE	GROUP		COMPANY	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Number of ordinary shares (in '000)	298,014	297,644	298,014	297,644
<b>(Amount in USD cents)</b>				
Net assets value per ordinary share based on issued share capital at the end of the period	19.61	17.30	12.44	13.00

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

For the three months ended 30 June 2015 ("2QFY15"), the Group reported a 57.8% year-on-year ("yoy") increase in revenue to US\$41.8 million. Gross profit increased 6.8% yoy to US\$3.9 million while gross profit margin decreased to 9.3% from 13.8% in the previous corresponding period. The Group reported a net profit attributable to owners of the Company of US\$1.1 million, recording a yoy growth of 424.8% for 2QFY15.

In the first half of FY2015 ("1HFY15"), the Group reported a 65.7% yoy increase in revenue to US\$68.6 million. Gross profit increased 18.0% yoy to US\$7.1 million in 1HFY15, although the gross profit margin moderated to 10.4% from 14.6% in the previous corresponding period. The Group reported a 144.0% yoy increase in net profit attributable to owners of the Company to US\$1.6 million.

The Group's performance is attributable to the following factors :

**Revenue**

- The increase in revenue was mainly contributed by the Group's core Interactive Consumer Solutions (ICS) Division, which increased 60.0% yoy to US\$39.3 million driven by an increase in demand for our proprietary products such as Flucard® and Wi-Fi memory modules.
- Licensing revenue in 2QFY15 increased by 48.0% to US\$ 0.6 million as the Group's third party licensing customers experienced an increased in sales for the quarter.

**Profitability**

- Gross profit increased 6.8% yoy to US\$3.9 million. While gross profit margin decreased from 13.8% to 9.3%, it was a result of the Group's strategy to secure higher volume business and growing market share.



### **Expenses**

- The Group's total expenses amounted to US\$3.1 million in 2QFY15 (2QFY14: US\$2.9 million) representing an increase of 8.5% yoy. This increase was mainly attributable to a 43.8% increase in Research and Development expenses (R&D) to US\$1.4 million (2QFY14: US\$1.0 million) in new technologies.

### **Net profit after tax**

- The Group reported a net profit attributable to owners of the company of US\$1.1 million in 2QFY15 (2QFY14: US\$0.2 million) and US\$1.6 million in 1HFY15 (1HFY14: US\$0.7 million) driven by an increase in demand for the Group's products.

### **Other Financial Highlights**

- **Property, plant and equipment** – Property, plant and equipment reported a increase of US\$3.0 million from US\$11.7 million as at 31 December 2014 to US\$14.7 million as at 30 June 2015. The increase was attributable mainly to the Group's principal subsidiary, Racer Technology Pte. Ltd. acquiring fixed assets in 2QFY15, in line with the Group's announcement filed on 10 April 2015.
- **Intangible Assets** – Intangible assets remained stable at US\$11.1 million as at 30 June 2015 compared to US\$11.2 million as at 31 December 2014. Being a leader in the technology space, the Group continues to focus investments in research and development to grow its existing portfolio of 436 granted patents.
- **Quoted Investments** - Investments in quoted investments stands at US\$9.5 million as at 30 June 2015 compared to US\$9.4 million as at 31 December 2014. This was a result of mark to market valuations and acquisition of bond investments during the period.
- **Unquoted Investments** - Investments in unquoted investments remained unchanged at US\$0.2 million.
- **Trade Receivables** – The Group reported lower trade receivables of US\$16.5 million as at 30 June 2015 from US\$26.2 million as at 31 December 2014.
- **Inventories** – The Group's inventories increased to US\$17.6 million as at 30 June 2015, from US\$12.9 million as at 31 December 2014.

### **Cashflow**

The Group continued to generate positive operating cash flow of US\$2.7 million in 2QFY15 and US\$7.8 million for 1HFY15. The Group's cash & cash equivalents as at 30 June 2015 stood at US\$15.8 million compared to US\$12.0 million as at 31 December 2014.

There were no other significant factors that affected the revenues, costs, and earnings of the Group for the current quarter under review.

Besides the factors mentioned above, there were no other material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current quarter under review.

There are no interested persons transactions during the current quarter under review.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not Applicable.

### **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**

Staying on track with the Group's vision to be a regional technology centre for eco-solutions, an Internet of Things (IoT) advancement, there is a continued focus on growth in this space through new innovations and development of disruptive technologies.

With reference to the Group's announcement filed on 24 June 2015, OSIM International Ltd (OSIM) subscribed for 24 million new shares and purchased one million Treasury shares at S\$0.4365/share, bringing its total equity interest to 8.75% in the Group. In the same placement exercise, RHB Securities Singapore Ltd. (RHB) also subscribed 2 million new shares at the same price which raised total net proceeds of S\$11.8 million for the Group. Half of the proceeds is

allocated for general working capital, while the balance of the net proceeds will go towards the Group's R&D efforts. The placement exercise was completed on 30 July 2015.

The Group maintains its focus on three key areas within the IoT market - Consumer Wearable, Medical and Cloud Technologies. With regard to Wearable and Medical Technologies, Trek is currently collaborating with partners on the development and commercialisation of various products within the space.

On the Cloud Technology front, the Group has been actively seeking opportunities to expand its Cloudstringers database of users. On 2 June 2015, the platform signed a strategic partnership with Kiteboard Tour Asia (KTA), the only official Championship tour organisation in Asia, to be the organisation's exclusive channel for photo and video coverage at all of KTA's events. This collaboration will quadruple Cloudstringer's current user base of 50,000 users with guaranteed sign-ups. In addition, the revolutionary Cloudstringers enterprise service which offers an integrated and customised solution continues to gain traction with professional users. The solution attracted recent sign-ups from regional broadcasters such as News Connect Thailand and HTV, Ho Chi Minh City's official television channel as the platform complemented their workflow management systems.

As the Group makes headway into the IoT market with its dedication for development of disruptive technologies, it continues to exercise prudence in its operations and remains focused on streamlining operations to manage costs. Leveraging on the Group's asset light business model to consistently grow its top and bottom line, it is also well positioned to mitigate the global uncertainties.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? **NO**

### (b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial period? **NO**

### (c) Date payable

Not Applicable.

### (d) Books closure date

Not Applicable.

## 12. If no dividend has been declared/(recommended), a statement to that effect

No interim dividend has been declared/(recommended) for the current period under review.

## 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any general mandate from shareholders pursuant to Rule 920.

## 14. If the case of an announcement of interim financial statement (quarterly or half-yearly), the issuer's directors must confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading, in any material aspect. Please confirm that such a statement has been made.

The Company have not issued any intermin financial statements which may render the interim financial statements to be false or misleading, in any material aspect pursuant to Rule 705(5).

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

15. **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

16. **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

17. **A breakdown of sales**

Not Applicable

18. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not Applicable

BY ORDER OF THE BOARD

**GURCHARAN SINGH**

Executive Director  
12<sup>th</sup> August 2015

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 30 June 2015 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN  
Director

12<sup>th</sup> August 2015

Signed

GURCHARAN SINGH  
Director