



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2014

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 2014

(i) Consolidated Income Statement

| | Second Quarter | | Increase/ (decrease) | First Half | | Increase/ (decrease) |
|---|---------------------|-------------------|-------------------------|---------------------|-------------------|-------------------------|
| | 2014 US\$'000 | 2013 US\$'000 | % | 2014 US\$'000 | 2013 US\$'000 | % |
| Revenue | 26,506 | 16,378 | 61.84 | 41,429 | 33,294 | 24.43 |
| Cost of goods sold | (22,852) | (13,757) | 66.11 | (35,377) | (27,897) | 26.81 |
| Gross profit | <u>3,654</u> | <u>2,621</u> | 39.41 | <u>6,052</u> | <u>5,397</u> | 12.14 |
| Other items of income : | | | | | | |
| Interest Income | 155 | 113 | 37.17 | 305 | 226 | 34.96 |
| Other income | 235 | 225 | 4.44 | 368 | 458 | (19.65) |
| Other items of expense : | | | | | | |
| Research and development expenses | (986) | (910) | 8.35 | (1,971) | (1,832) | 7.59 |
| Marketing and distribution expenses | (739) | (786) | (5.98) | (1,303) | (1,528) | (14.73) |
| General administration expenses | (956) | (940) | 1.70 | (1,858) | (1,912) | (2.82) |
| Finance costs | (49) | (40) | 22.50 | (82) | (76) | 7.89 |
| Other expenses | (146) | - | NA | (260) | (80) | 225.00 |
| Profit before income tax [1] | <u>1,168</u> | <u>283</u> | 312.72 | <u>1,251</u> | <u>653</u> | 91.58 |
| Income tax | 1 | (17) | (105.88) | 34 | 28 | 21.43 |
| Profit after tax for the period | <u>1,169</u> | <u>266</u> | 339.47 | <u>1,285</u> | <u>681</u> | 88.69 |
| Profit attributable to : | | | | | | |
| Non-controlling interest | 963 | 161 | 498.14 | 619 | 94 | 558.51 |
| Owners of the Company | <u>206</u> | <u>105</u> | 96.19 | <u>666</u> | <u>587</u> | 13.46 |
| | <u>1,169</u> | <u>266</u> | 339.47 | <u>1,285</u> | <u>681</u> | 88.69 |
| Earnings per share attributable to owners of the parent (expressed in cents per share) : | | | | | | |
| - Basic | 0.07 | 0.04 | | 0.22 | 0.20 | |
| - Diluted | <u>0.07</u> | <u>0.04</u> | | <u>0.22</u> | <u>0.20</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) |
|--|------------------|------------------|-------------------------|------------------|------------------|-------------------------|
| | 2014 US\$'000 | 2013 US\$'000 | % | 2014 US\$'000 | 2013 US\$'000 | % |
| Interest income - fixed deposits | 155 | 113 | 37.17 | 305 | 226 | 34.96 |
| Gain/(loss) on disposal of property, plant & equipment | 26 | (5) | 620.00 | 29 | (5) | 680.00 |
| Provision of doubtful debt | (180) | (186) | (3.23) | (180) | (371) | (51.48) |
| Depreciation of fixed assets | (370) | (412) | (10.19) | (729) | (745) | (2.15) |
| Amortization of intangibles | (434) | (380) | 14.21 | (870) | (762) | 14.17 |
| Net foreign exchange (loss)/gain | (147) | 158 | (193.04) | (261) | 184 | (241.85) |
| Interest expense – hire purchase | (5) | (3) | 66.67 | (9) | (6) | 50.00 |
| Interest on term loan | (44) | (12) | 266.67 | (73) | (25) | 192.00 |

(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 FY2014 | Q2 FY2013 | Increase/ (decrease) | 1H FY2014 | 1H FY2013 | Increase/ (decrease) |
| Profit after tax for the period | 1,169 | 266 | 339.47 | 1,285 | 681 | 88.69 |
| Other Comprehensive Income: | | | | | | |
| Fair value adjustment on investment securities | 210 | (148) | 241.89 | 248 | (119) | 308.40 |
| Foreign currency translation | 177 | (270) | 165.56 | (357) | (457) | (21.88) |
| Other comprehensive income: | 387 | (418) | 192.58 | (109) | (576) | (81.08) |
| Total Comprehensive Income for the period, net of tax | 1,556 | (152) | 1123.68 | 1,176 | 105 | 1020.00 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | 590 | (303) | 294.72 | 556 | 26 | 2038.46 |
| Non-controlling interest | 966 | 151 | 539.74 | 620 | 79 | 684.81 |
| | 1,556 | (152) | 1123.68 | 1,176 | 105 | 1020.00 |

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 2014 US\$'000 | 31 Dec 2013 US\$'000 | 30 Jun 2014 US\$'000 | 31 Dec 2013 US\$'000 |
| Non-Current Assets | | | | |
| Plant, property and equipment | 10,345 | 10,859 | 9 | 7 |
| Intangible assets | 11,369 | 11,341 | 4,610 | 4,697 |
| Investment in subsidiaries | - | - | 6,507 | 6,507 |
| Investment in associates | - | - | 5 | 5 |
| Quoted investments | 8,988 | 8,095 | 8,988 | 8,095 |
| Unquoted investments | 205 | 204 | - | - |
| | 30,907 | 30,499 | 20,119 | 19,311 |
| Current assets | | | | |
| Trade receivables | 17,221 | 17,296 | 20 | 15 |
| Inventories | 13,236 | 10,775 | - | - |
| Amounts due from subsidiaries | - | - | 15,905 | 18,900 |
| Amounts due from associates | 185 | 185 | - | - |
| Other receivables | 2,546 | 1,852 | 375 | 375 |
| Prepayments | 1,479 | 1,581 | 699 | 992 |
| Fixed deposits | 5,880 | 5,144 | 3,001 | 1,093 |
| Cash and bank balances | 8,524 | 4,913 | 293 | 166 |
| | 49,071 | 41,746 | 20,293 | 21,541 |
| Total assets | 79,978 | 72,245 | 40,412 | 40,852 |
| Current liabilities | | | | |
| Trade payables and accruals | 22,604 | 17,009 | 182 | 233 |
| Other payables | 4,617 | 4,051 | 266 | 230 |
| Amounts due to subsidiaries | - | - | 54 | 55 |
| Hire purchase payables | 307 | 269 | - | - |
| Term loans and bank overdrafts | 2,464 | 2,184 | - | - |
| Income tax payable | 519 | 506 | 183 | 183 |
| | 30,511 | 24,019 | 685 | 701 |
| Net current assets | 18,560 | 17,727 | 19,608 | 20,840 |
| Non-current liabilities | | | | |
| Term loans | 785 | 861 | - | - |
| Deferred taxation | 1,098 | 1,089 | 331 | 331 |
| Hire purchase payables | 320 | 200 | - | - |
| | 2,203 | 2,150 | 331 | 331 |
| Total liabilities | 32,714 | 26,165 | 1,016 | 1,032 |
| Net assets | 47,264 | 46,080 | 39,396 | 39,820 |
| Capital and reserves attributable to the equity holders of the Company | | | | |
| Share capital | 29,602 | 29,595 | 29,602 | 29,595 |
| Treasury shares | (257) | (257) | (222) | (222) |
| Other reserves | 828 | 580 | 828 | 580 |
| Revaluation reserve | 334 | 334 | - | - |
| Revenue reserve | 6,691 | 6,025 | 9,188 | 9,867 |
| Capital reserve | 2,717 | 2,717 | - | - |
| Translation reserve | 224 | 581 | - | - |
| Non-controlling interest | 7,125 | 6,505 | - | - |
| Total Equity | 47,264 | 46,080 | 39,396 | 39,820 |
| Total equity and liabilities | 79,978 | 72,245 | 40,412 | 40,852 |

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 2014 US\$'000 | | As at 31 December 2013 US\$'000 | |
|--------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 2,772 | - | 2,453 | - |

Amount repayable after one year

| As at 30 June 2014 US\$'000 | | As at 31 December 2013 US\$'000 | |
|--------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 1,105 | - | 1,061 | - |

Details of any collateral :

The Group's assets at net book value of US\$531,087 (FY2013: US\$645,986) 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 30th June

| | 2Q 2014 US\$'000 | 2Q 2013 US\$'000 | 1H 2014 US\$'000 | 1H 2013 US\$'000 |
|---|---------------------|---------------------|---------------------|---------------------|
| Cash flow from operating activities:- | | | | |
| Profit before income tax | 1,168 | 283 | 1,251 | 653 |
| Adjustments for:- | | | | |
| Amortisation of intangible assets | 434 | 380 | 870 | 762 |
| Depreciation of property, plant and equipment | 370 | 412 | 729 | 745 |
| Provision for doubtful debts | 180 | 186 | 180 | 371 |
| (Gain)/loss on disposal of property, plant and equipment | (26) | 5 | (29) | 5 |
| Gain on disposal of investment securities | - | (12) | (30) | (16) |
| Interest income | (155) | (113) | (305) | (226) |
| Interest expenses | 49 | 40 | 82 | 76 |
| Translation difference | 196 | (197) | (166) | (291) |
| Operating profit before changes in working capital | 2,216 | 984 | 2,582 | 2,079 |
| (Increase)/decrease in trade receivables, other receivables and prepayments | (6,211) | 720 | (698) | 201 |
| Decrease/(increase) in inventories | 1,166 | (1,493) | (2,461) | (1,077) |
| Increase in trade and other payables | 12,456 | 1,071 | 6,492 | 1,063 |
| Cash generated from operating activities | 9,627 | 1,282 | 5,915 | 2,266 |
| Interest paid | (49) | (40) | (82) | (76) |
| Income tax paid | 45 | (1) | 47 | 61 |
| Interest received | 155 | 113 | 305 | 226 |
| Net cash generated from operating activities | 9,778 | 1,354 | 6,185 | 2,477 |
| Cash flow from investing activities | | | | |
| Proceeds from disposal of investment securities | - | 211 | 1,030 | 620 |
| Proceeds from disposal of property, plant & equipment | 27 | 32 | 34 | 32 |
| Purchase of property, plant and equipment | (335) | (304) | (401) | (400) |
| Payment for patent & trademark registration expenses | (79) | (172) | (157) | (397) |
| Payment for development expenditures | (374) | (406) | (740) | (803) |
| Purchase of quoted investments | (1,145) | - | (1,645) | - |
| Net cash used in investing activities | (1,906) | (639) | (1,879) | (948) |
| Cash flow from financing activities | | | | |
| Repayment of hire purchase instalments | (76) | (80) | (170) | (113) |
| Employees' share option exercised | - | 14 | 7 | 14 |
| Repayment of term loans | (44) | (57) | (93) | (134) |
| Proceeds from term loan | - | 226 | - | 752 |
| Payment of dividends | - | (601) | - | (601) |
| Net cash used in financing activities | (120) | (498) | (256) | (82) |
| Net decrease in cash and cash equivalents | 7,752 | 217 | 4,050 | 1,447 |
| Cash and cash equivalents as beginning of period | 4,739 | 7,565 | 8,455 | 6,349 |
| Effect of foreign exchange difference | 16 | (24) | 2 | (38) |
| Cash and cash equivalents at end of period | 12,507 | 7,758 | 12,507 | 7,758 |

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

| | 30 th Jun 2014 \$'000 | 30 th Jun 2013 \$'000 |
|------------------------|-------------------------------------|-------------------------------------|
| Cash and Bank Balances | 8,524 | 4,419 |
| Fixed Deposits | 5,880 | 4,871 |
| Bank Overdrafts | (1,897) | (1,532) |
| | 12,507 | 7,758 |

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

| | Equity attributable to equity holders of the Company | | | | | | | | | |
|---|---|-----------------|-----------------|--------------------------------------|-----------------|---------------|---------------------|---------------|--------------------------|---------------|
| | 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 |
| THE GROUP | | | | | | | | | | |
| Balance at 1 January 2013 | 29,580 | (257) | 2,717 | 809 | 5,620 | 857 | 334 | 39,660 | 6,233 | 45,893 |
| Total comprehensive income for the period | - | - | - | (182) | 482 | 29 | - | 329 | (72) | 257 |
| Balance at 31 March 2013 | 29,580 | (257) | 2,717 | 627 | 6,102 | 886 | 334 | 39,989 | 6,161 | 46,150 |
| Total comprehensive income for the period | - | - | - | (260) | 105 | (148) | - | (303) | 151 | (152) |
| Increase in Shares through exercise of share options | 15 | - | - | - | - | - | - | 15 | - | 15 |
| Tax exempt (one-tier) dividends @ 0.0025 cts @ 1.233= US\$0.00203 per share | - | - | - | - | (601) | - | - | (601) | - | (601) |
| Balance at 30 June 2013 | 29,595 | (257) | 2,717 | 367 | 5,606 | 738 | 334 | 39,100 | 6,312 | 45,412 |
| Balance at 1 January 2014 | 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) |
| Balance at 31 March 2014 | 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 |
| Balance at 30 June 2014 | 29,602 | (257) | 2,717 | 224 | 6,691 | 828 | 334 | 40,139 | 7,125 | 47,264 |

| | 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 |
| THE COMPANY | | | | | | | | | | |
| Balance at 1 January 2013 | 29,580 | (222) | - | - | 11,238 | 857 | - | 41,453 | - | 41,453 |
| Total comprehensive income for the period | - | - | - | - | (299) | 29 | - | (270) | - | (270) |
| Balance at 31 March 2013 | 29,580 | (222) | - | - | 10,939 | 886 | - | 41,183 | - | 41,183 |
| Total comprehensive income for the period | - | - | - | - | (391) | (148) | - | (539) | - | (539) |
| Increase in Shares through exercise of share options. | 15 | - | - | - | - | - | - | 15 | - | 15 |
| Tax exempt (one-tier) dividends @ 0.0075 cts @ 1.226 = US\$0.00815 per share | - | - | - | - | (601) | - | - | (601) | - | (601) |
| Balance at 30 June 2013 | 29,595 | (222) | - | - | 9,947 | 738 | - | 40,058 | - | 40,058 |
| Balance at 1 January 2014 | 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) |
| Balance at 31 March 2014 | 29,602 | (222) | - | - | 9,562 | 618 | - | 39,560 | - | 39,560 |
| Total comprehensive income for the period | - | - | - | - | (374) | 210 | - | (164) | - | (164) |
| Balance at 30 June 2014 | 29,602 | (222) | - | - | 9,188 | 828 | - | 39,396 | - | 39,396 |

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 2014 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 2014 is as follows:

| Unexercised Share Option | No. of shares |
|--|------------------|
| Balance as at 1 st January 2014 | 3,542,500 |
| Share options exercised | (60,000) |
| Share options withdrawn | (250,000) |
| Balance as at 30th June 2014 | 3,232,500 |

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 as 30 June 2014, share capital of the Company is as follows:

| Ordinary Shares Issued and fully paid | No. of shares | US\$ |
|--|--------------------|-------------------|
| Balance as at 1 st January 2014 | 297,581,925 | 29,594,866 |
| Movement in Shares | 60,000 | 6,868 |
| Balance as at 30th June 2014 | 297,641,925 | 29,601,734 |

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 st January 2014 | 1,293,000 | (256,914) |
| Repurchase of shares and held as Treasury Shares | - | - |
| Balance as at 30th June 2014 | 1,293,000 | (256,914) |

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 2013.

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 not adopted the following new/amended FRSs which have become effective from 1 January 2014.

- Revised FRS 27 *Separate Financial Statements*
- Revised FRS 28 *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 36 *Recoverable Amount Disclosure for Non-financial Assets*

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements of the Group in the period of initial application.

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 | <u>Q2FY2014</u> | <u>Q2FY2013</u> | <u>1HFY2014</u> | <u>1HFY2013</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| Profit after tax (US\$'000) | 206 | 105 | 666 | 587 |
| Weighted average number of ordinary shares in issue (in '000) | 296,349 | 296,289 | 296,349 | 296,289 |
| Weighted average number of ordinary shares in issue along with dilution effect (in '000) | 296,918 | 296,658 | 296,918 | 296,658 |
| (Amount in USD cents) | | | | |
| Earnings per ordinary share for the period after deducting any provision for preference dividends:- | | | | |
| (i) Based on existing issued share capital | 0.07 | 0.04 | 0.22 | 0.20 |
| (ii) On a fully diluted basis | 0.07 | 0.04 | 0.22 | 0.20 |

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 | <u>GROUP</u> | | <u>COMPANY</u> | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>30 Jun 2014</u> | <u>31 Dec 2013</u> | <u>30 Jun 2014</u> | <u>31 Dec 2013</u> |
| Number of ordinary shares (in '000) | 296,642 | 296,582 | 296,642 | 296,582 |
| (Amount in USD cents) | | | | |
| Net assets value per ordinary share based on issued share capital at the end of the period | 15.93 | 15.54 | 13.28 | 13.43 |

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 2014 ("2QFY14"), the Group reported a 61.84% year-on-year ("yoy") increase in revenue to US\$26.5 million. Gross profit increased 39.4% yoy to US\$3.6 million while gross profit margin decreased to 13.8% from 16.0% in the previous corresponding period. The Group reported a net profit after tax of US\$1.2 million, recording a 339.5% yoy growth.

In the first half of FY2014 ("1HFY14"), the Group reported a 24.4% yoy increase in revenue to US\$41.4 million. Gross profit increased 12.1% yoy to US\$6.1 million in 1HFY14, although the gross profit margin moderated to 14.6% from 16.2% in the previous corresponding period. The Group reported a 88.7% yoy increase in profit after tax of US\$1.3 million.

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

Revenue

- The 61.8% yoy increase in revenue to US\$26.5 million in 2QFY14 is mainly contributed by the Group's Interactive Consumer Solutions Division (formerly known as Mobile Media Solutions), which increased 81.0% to US\$24.6 million driven by sales to a number of new MNC customers.

- Licensing revenue in 2QFY14 decreased by 6.3% to US\$ 0.4 million, as the Group's third party licensing customers experienced a slowdown in sales for the quarter.

Profitability

- Q-o-Q gross profit increased from US\$2.6 million to US\$3.6 million, representing an increase by 40%, although gross profit margin decreased from 16.0% to 13.8% quarter-on-quarter. The decrease in gross profit margin was primarily due to changes in product mix.

Expenses

The Group's total expenses amounted to US\$2.9 million in 2QFY14 (2QFY13: US\$2.7 million) representing an increase of 7.5% yoy mainly attributable to 8.3% increase in research and development expenses to US\$1.0 million (2QFY13: US\$0.9 million).

Net profit after tax

The Group reported a net profit after tax of US\$1.2 million in 2QFY14 (2QFY13: net profit after tax US\$0.3 million). The net profit after tax was mainly the result of an increase in gross profit by 40%.

Other Financial Highlights

- **Property, plant and equipment** – Property, plant and equipment reported a decrease of US\$0.5 million from US\$10.8 million as at 31 December 2013 to US\$10.3 million as at 30 June 2014.
- **Intangible Assets** – Intangible assets remained stable at US\$11.4 million as at 30 June 2014 compared to US\$11.3 million as at 31 December 2013. Being a leader in the technology space, the Group continues to emphasize and invest in research and development.
- **Quoted Investments** - Investments in quoted investments increased US\$0.9 million to US\$9.0 million as at 30 June 2014 compared to US\$8.1 million as at 31 December 2013. 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** – Trade receivables remained stable at US\$17.2 million as at 30 June 2014 from US\$17.3 million as at 31 December 2013.
- **Inventories** – The Group's inventories increased to US\$13.2 million as at 30 June 2014, from US\$10.8 million as at 31 December 2013.

Cashflow

The Group's cash & cash equivalents as at 30 June 2014 stood at US\$14.4 million compared to US\$10.0 million as at 31 December 2013.

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

With the Group's new tagline "**Innovation: Inside Out**", it will continue to pursue research and development activities so as to introduce new innovations to the market.

The Group's proprietary FluCard® remains a versatile invention that has a wide range of application use such as interactive whiteboards and in the most recent announcement published 21 July 2014, its Wi-Fi modules for Rely/Mattel China's children education interactive devices. The FluCard® is also a vital component in Trek's Cloudstringers solution, an award-winning online platform designed for public and media professional users which allow them to store, view, exchange and transact digital content on a secured marketplace. More importantly, the FluCard® has been granted patent protection for 20 years across major jurisdictions worldwide in an announcement published 10 February 2014. This intellectual property for the FluCard® is the first and core of a family of patent to ensue.

We are targeting growth in 3 key areas in the next generation of consumer mobile technology with our development focus on consumer wearable, medical and cloud technologies. As always, our optimism in product development is balanced with vigilance and prudence in our operations in view of the continued challenging business conditions.

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 interim 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

8th August 2014

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 2014 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN

Director

Signed

GURCHARAN SINGH

Director

8th August 2014