



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## Full Year Financial Statements and Dividend Announcement for the year ended 31 December 2018

### 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 YEAR ENDED 31 DECEMBER 2018

##### (i) Consolidated Income Statement

	Year Ended		Increase/ (Decrease) ) %
	2018 US\$'000	2017 (Restated) US\$'000	
<b>Revenue</b>	30,080	112,617	(73.3)
Cost of sales	(28,966)	(95,250)	(69.6)
<b>Gross profit</b>	<u>1,114</u>	<u>17,367</u>	(93.6)
<b>Other items of income:</b>			
Interest income	1,130	1,107	2.1
Other income	91	413	(78.0)
<b>Other items of expense:</b>			
Research and development	(1,477)	(3,059)	(51.7)
Marketing and distribution	(1,278)	(1,637)	(21.9)
General administration	(2,043)	(2,903)	(29.6)
Other expenses	(751)	(1,667)	(54.9)
Finance costs	-	(18)	(100.0)
(Loss)/profit before income tax [1]	<u>(3,214)</u>	<u>9,603</u>	N.M.
Income tax expense	(608)	(1,217)	(50.0)
<b>(Loss)/profit for the period</b>	<b><u>(3,822)</u></b>	<b><u>8,386</u></b>	N.M.
(Loss)/profit for the period attributable to:			
Owners of the Company	(3,792)	8,227	N.M.
Non-controlling interests	(30)	159	N.M.
	<b><u>(3,822)</u></b>	<b><u>8,386</u></b>	N.M.
Earnings per share attributable to owners of the Company (expressed in cents per share):			
- Basic	<u>(1.17)</u>	<u>2.54</u>	N.M.
- Diluted	<u>(1.17)</u>	<u>2.54</u>	N.M.

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

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

	Year Ended		Increase/ (Decrease) %
	2018 US\$'000	2017 US\$'000	
Interest income from:			
– Short-term deposits	501	296	69.3
– Quoted investments	629	811	(22.4)
Write back/(allowance) for doubtful debts, net	50	(200)	N.M.
Depreciation of property, plant and equipment	(251)	(394)	(36.3)
Amortisation of intangible assets	(530)	(900)	(41.1)
Intangible asset written off	-	(950)	(100.00)
(Provision)/reversal for stock obsolescence	(933)	98	N.M.
Interest expense on:			
– Hire purchase payables	-	(2)	(100.0)
– Term loans and bank overdrafts	-	(16)	(100.0)

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

	Group		
	FY2018 US\$'000	FY2017 (Restated) US\$'000	Increase/ (Decrease) %
<b>(Loss)/profit for the year</b>	<b>(3,822)</b>	<b>8,386</b>	<b>N.M.</b>
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Fair value changes on quoted investments	(973)	667	N.M.
Net deficit on revaluation of freehold and leasehold land and buildings	-	(179)	100.00
Foreign currency translation	95	439	(78.4)
Other comprehensive income for the year, net of tax	(878)	927	N.M.
<b>Total comprehensive income for the year</b>	<b>(4,700)</b>	<b>9,313</b>	<b>N.M.</b>
Total comprehensive income for the year			
Attributable to:			
Owners of the Company	(4,702)	9,136	N.M.
Non-controlling interests	2	177	(98.9)
	<b>(4,700)</b>	<b>9,313</b>	<b>N.M.</b>

N.M. – not meaningful

**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 SHEETS AS AT	GROUP			COMPANY		
	31 Dec 2018	31 Dec 2017 (Restated)	1 Jan 2017	31 Dec 2018	31 Dec 2017 (Restated)	1 Jan 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current assets</b>						
Property, plant and equipment	1,309	1,540	10,315	3	9	13
Intangible assets	1,190	1,695	3,566	-	424	1,601
Investment in subsidiaries	-	-	-	1,583	1,603	3,485
Investment in associates	-	-	-	5	5	5
Quoted investments	10,571	16,435	12,244	10,571	16,435	12,244
Unquoted investments	-	-	180	-	-	-
	<b>13,070</b>	<b>19,670</b>	<b>26,305</b>	<b>12,162</b>	<b>18,476</b>	<b>17,348</b>
<b>Current assets</b>						
Inventories	3,396	1,057	10,294	-	-	-
Trade and other receivables	654	3,254	17,107	5,135	4,334	563
Prepayments	108	153	259	54	83	76
Quoted investments held for trading	5,812	-	-	5,812	-	-
Unquoted investments held for trading	618	-	-	618	-	-
Short term deposits	21,871	25,684	16,518	7,058	8,433	7,794
Cash at banks and on hand	3,864	11,294	12,716	414	1,502	1,287
	<b>36,323</b>	<b>41,442</b>	<b>56,894</b>	<b>19,091</b>	<b>14,352</b>	<b>9,720</b>
<b>Total assets</b>	<b>49,393</b>	<b>61,112</b>	<b>83,199</b>	<b>31,253</b>	<b>32,828</b>	<b>27,068</b>
<b>Current liabilities</b>						
Trade payables and accruals	5	1,943	14,464	21	24	121
Other payables	3,033	4,501	5,106	451	716	1,070
Hire purchase payable	-	-	151	-	-	-
Term loan and overdraft	-	-	1,241	-	-	-
Income tax payable	832	1,952	1,244	-	-	-
	<b>3,870</b>	<b>8,396</b>	<b>22,206</b>	<b>472</b>	<b>740</b>	<b>1,191</b>
<b>Net current assets</b>	<b>26,023</b>	<b>33,046</b>	<b>34,688</b>	<b>12,189</b>	<b>13,612</b>	<b>8,529</b>
<b>Non-current liabilities</b>						
Deferred taxation	25	42	698	-	-	-
Hire purchase payable	-	-	159	-	-	-
Term loan and overdraft	-	-	966	-	-	-
	<b>25</b>	<b>42</b>	<b>1,823</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>3,895</b>	<b>8,438</b>	<b>24,029</b>	<b>472</b>	<b>740</b>	<b>1,191</b>
<b>Net assets</b>	<b>45,498</b>	<b>52,674</b>	<b>59,170</b>	<b>30,781</b>	<b>32,088</b>	<b>25,877</b>
<b>Equity attributable to the owners of the Company</b>						
Share capital	37,829	37,829	37,829	37,829	37,829	37,829
Treasury shares	(322)	(263)	(298)	(322)	(263)	(263)
Revenue reserve	2,930	9,139	3,650	(7,223)	(6,948)	(12,473)
Capital reserve	2,717	2,717	2,717	-	-	-
Asset revaluation reserve	1,056	1,056	2,028	-	-	-
Translation reserve	(491)	(586)	(1,005)	-	-	-
Other reserves	426	1,431	(2,748)	497	1,470	784
	<b>44,415</b>	<b>51,323</b>	<b>42,173</b>	<b>30,781</b>	<b>32,088</b>	<b>25,877</b>
Non-controlling interests	1,353	1,351	16,997	-	-	-
<b>Total equity</b>	<b>45,498</b>	<b>52,674</b>	<b>59,170</b>	<b>30,781</b>	<b>32,088</b>	<b>25,877</b>
<b>Total equity and liabilities</b>	<b>49,393</b>	<b>61,112</b>	<b>83,199</b>	<b>31,253</b>	<b>32,828</b>	<b>27,068</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 31 December 2018		As at 31 December 2017	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 31 December 2018		As at 31 December 2017	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Details of any collateral:**

The Group's motor vehicles, plant and equipment with carrying amount of US\$ Nil (31 December 2017: Nil) 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 Year Ended 31 December**

	Year ended 31 December 2018	2017 (Restated)
	US\$'000	US\$'000
<b>Cash flow from operating activities:</b>		
(Loss)/profit before income tax	(3,214)	9,603
Adjustments for:		
Amortisation of intangible assets	530	900
Intangible asset (capitalized)/written off	–	950
Depreciation of property, plant and equipment	251	391
Impairment loss on property, plant and equipment	–	277
Net fair value loss on quoted and unquoted investments	619	106
Net loss on disposal of a subsidiary	–	1,302
(Writeback)/provision of doubtful debts, net	(50)	200
(Provision)/reversal for stock obsolescence	933	(98)
Share based payment	–	19
Interest income	(1,129)	(1,107)
Interest expense	–	18
(Writeback)/provision for customer claims/warranty	(994)	1,594
Unrealised foreign exchange loss/(gain)	94	(83)
<b>Operating profit before changes in working capital</b>	<b>(2,960)</b>	<b>14,072</b>
Decrease in trade and other receivables, and prepayments	2,695	7,162
(Increase)/decrease in inventories	(3,272)	5,148
Decrease in trade and other payables	(2,411)	(10,858)
<b>Cash generated from operating activities</b>	<b>(5,948)</b>	<b>15,524</b>
Income tax paid	(1,746)	(418)
Interest received	501	296
Interest paid	–	(18)
<b>Net cash generated from operating activities</b>	<b>(7,193)</b>	<b>15,384</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	–	42
Proceeds from disposal of quoted investments	7,775	576
Purchase of property, plant and equipment	(21)	(34)
Purchase of quoted investments	(9,108)	(4,207)
Purchase of unquoted investments in a fund designated as held for trading	(823)	–
Net cash outflow from disposal of a subsidiary	–	(3,672)
Consideration received in relation to the disposal of subsidiary in previous year	–	24
Payment for development expenditures	(25)	–
Payment for patent and trademark registration expenses	–	(1)
Interest income from quoted investments	628	811
<b>Net cash used in investing activities</b>	<b>(1,574)</b>	<b>(6,461)</b>
<b>Cash flow from financing activities</b>		
Acquisition from minority shareholders	–	(363)
Repayment of hire purchase instalments	–	(30)
Repayment of term loans	–	(20)
Payment of dividends	(2,417)	–
Transaction costs on purchase of Treasury shares under share buyback	(59)	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,476)</b>	<b>(413)</b>
Net increase in cash and cash equivalents	(11,243)	8,510
Cash and cash equivalents at beginning of year	36,978	28,424
Effect of foreign exchange difference	–	44
<b>Cash and cash equivalents at end of year</b>	<b>25,735</b>	<b>36,978</b>

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

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

	<b>2018</b> <b>US\$'000</b>	<b>2017</b> <b>US\$'000</b>
Cash at banks and on hand	3,864	11,294
Short-term deposits	21,871	25,684
	<u>25,735</u>	<u>36,978</u>

**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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Attributable to owners of the Company**

	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve (Restated) US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total (Restated) US\$'000	Non- Controlling Interests US\$'000	Total Equity (Restated) US\$'000
<b>THE GROUP</b>										
<b>Balance as at 1 January 2017</b>	37,829	(298)	3,649	2,717	2,029	(1,007)	(2,747)	42,172	16,997	59,169
Disposal of a subsidiary	–	35	(2,738)	–	(794)	–	3,532	35	(15,499)	(15,464)
Grant of equity-settled share options	–	–	–	–	–	–	19	19	–	19
Forfeiture of vested equity-settled share options	–	–	1	–	–	–	(1)	–	–	–
Share acquisition from minority shareholders	–	–	–	–	–	–	(39)	(39)	(324)	(363)
Total comprehensive income for the period	–	–	8,227	–	(179)	421	667	9,136	177	9,313
<b>Balance as at 31 December 2017 (Restated)</b>	<b>37,829</b>	<b>(263)</b>	<b>9,139</b>	<b>2,717</b>	<b>1,056</b>	<b>(586)</b>	<b>1,431</b>	<b>51,323</b>	<b>1,351</b>	<b>52,674</b>
<b>Balance as at 1 January 2018</b>	37,829	(263)	9,139	2,717	1,056	(586)	1,431	51,323	1,351	52,674
Purchase of Treasury Shares	–	(59)	–	–	–	–	–	(59)	–	(59)
Dividend payment	–	–	(2,417)	–	–	–	–	(2,417)	–	(2,417)
Total comprehensive income for the period	–	–	(3,792)	–	–	95	(1,005)	(4,702)	2	(4,700)
<b>Balance as at 31 December 2018</b>	<b>37,829</b>	<b>(322)</b>	<b>2,930</b>	<b>2,717</b>	<b>1,056</b>	<b>(491)</b>	<b>426</b>	<b>44,145</b>	<b>1,353</b>	<b>45,498</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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

	Attributable to owners of the Company							Total (Restated) US\$'000
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve (Restated) US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	
<b>THE COMPANY</b>								
<b>Balance as at 1 January 2017</b>	37,829	(263)	(12,473)	–	–	–	785	25,878
Grant of equity-settled share options	–	–	–	–	–	–	19	19
Forfeiture of vested equity-settled share options	–	–	1	–	–	–	(1)	–
Total comprehensive income for the period	–	–	5,524	–	–	–	667	6,191
<b>Balance as at 31 December 2017 (Restated)</b>	<b>37,829</b>	<b>(263)</b>	<b>(6,948)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,470</b>	<b>32,088</b>
<b>Balance as at 1 January 2018</b>	37,829	(263)	(6,948)	–	–	–	1,470	32,088
Purchase of Treasury Shares	–	(59)	–	–	–	–	–	(59)
Dividend payment	–	–	(2,417)	–	–	–	–	(2,417)
Total comprehensive income for the period	–	–	2,142	–	–	–	(973)	1,169
<b>Balance as at 31 December 2018</b>	<b>37,829</b>	<b>(322)</b>	<b>(7,223)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>497</b>	<b>30,781</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 were no changes in the issued and paid-up capital of the Company, since the previous period reported on.

During the year, no share options were granted under the Trek 2000 International Share Options Scheme 2011.

The outstanding share options under Trek 2000 International Share Options Scheme is as follows:

	Year ended 31 December	
	FY2018	FY2017
<b>Unexercised share options</b>	No. of share options	No. of share options
Balance as at 1 January	3,880,000	4,982,500
Share options forfeited during the period	(50,000)	(1,102,500)
<b>Balance as at 31 December</b>	<b>3,830,000</b>	<b>3,880,000</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 31 December 2017, the share capital of the Company (excluding treasury shares) is as follows:

<b>Ordinary shares issued and fully paid</b>	No. of shares	US\$
Balance as at 1 January 2018	322,887,925	37,566,187
Movement in ordinary shares during the period	(861,100)	(59,131)
<b>Balance as at 31 December 2018</b>	<b>322,026,825</b>	<b>37,507,056</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 year, no new treasury shares were acquired by the Company to acquire shares pursuant to the Share Purchase Mandate to be held as "Treasury Shares".

	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2018	1,229,000	262,755	1,229,000	262,755
Disposal of a subsidiary	861,100	59,131	861,100	59,131
<b>Balance as at 31 December 2018</b>	<b>2,090,100</b>	<b>321,886</b>	<b>2,090,100</b>	<b>321,886</b>

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

The above figures have not been audited or reviewed by its auditors.

**3. Whether 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**

The group has adopted the new financial reporting framework on 1 January 2018 in accordance with the decision made by the Accounting Standards Council for Singapore incorporated companies listed on the Singapore Exchange. In addition, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from 1 January 2018 as follows:-

SFRS(I) 9 Financial Instruments  
SFRS(I) 15 Revenue from Contracts with Customers (with clarifications issued)

(i) SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for recognition, classification and measurement of financial assets, impairment of financial assets and hedge accounting from 1 January 2018. In relation to the impairment of financial assets, SFRS(I) 9 requires an expected credit loss model and replaces the FRS 39 incurred loss model. The Group and the Company have adopted the new standard and assessed that the adoption of this standard has no material effect on the amounts reported. As such, the comparative figures have not been restated.

(ii) SFRS(I) 15 Revenue from Contracts with Customers (with clarifications issued)

SFRS(I) 15 establishes a five step model to account for revenue arising from contracts with customers, and introduces new contract costs guidance. Under SFRS(I)15, there are specific requirements on how revenue should be recognized and other new requirements such as accounting for commissions paid to salesmen, additional disclosures, etc. The Group and the Company have adopted the new standard and assessed that the adoption of this standard has no material effect on the amounts reported. As such, the comparative figures have not been restated.

**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**

Not applicable.

**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	Year ended 31 December	
	FY2018	FY2017 (Restated)
(Loss)/profit net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	(3,792)	8,227
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	322,872	324,117
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	322,872	324,117
<b>(Amount in USD cents)</b>		
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Basic earnings per share (in cents)	(1.17)	2.54
(ii) Diluted earnings per share (in cents)	(1.17)	2.54

Note:

*Basic earnings per share amounts are calculated by dividing profit for the period that is attributable to the owners 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 owners 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.*

**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 ASSET VALUE	GROUP		COMPANY	
	31 Dec 2018	31 Dec 2017 (Restated)	31 Dec 2018	31 Dec 2017 (Restated)
Number of ordinary shares (in '000)	322,027	322,888	322,027	322,888
<b>(Amount in USD cents)</b>				
Net asset value per ordinary share based on issued share capital at the end of the period	13.71	15.89	9.56	9.93

Net asset value represents total assets less total liabilities and non-controlling interests.

**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 full year ended 31 December 2018 ("FY2018"), the Group reported a 73.3% year-on-year ("yoy") decrease in revenue to US\$30.1 million. Gross profit decreased 93.6% yoy to US\$1.1 million, while gross profit margin decreased from 15.4% to 3.7%. The Group reported a net loss after tax of US\$3.8 million in FY2018 in contrast to a net profit after tax of US\$8.4 million in FY2017.

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

**Revenue**

The decrease in revenue of 73.3% was mainly due to the weakening customer demand in the region arising from the trade war in 2018.

**Profitability**

Gross profit margin decreased from 15.4% to 3.7% yoy in FY2018, and this was mainly attributed to the price pressure from the market in view of the unfavourable market conditions, as mentioned above.

**Other Items of Income**

- Interest income increased by 2.1% yoy in FY2018 mainly due to the increase in investment returns from bonds and fixed deposits as a result of the increase in interest rate in the market in FY2018.
- Other income decreased from US\$413,000 in FY2017 to US\$91,000 in FY2018 mainly due to the unrealized foreign exchange loss in FY2018 as compared to unrealized foreign exchange gain in FY2017.

**Expenses**

The Group's total expenses amounted to US\$5.5 million in FY2018 (FY2017: US\$9.3 million) representing a decrease of 40.2% yoy. The factors contributing to the changes are as follow:

- Research and development ("R&D") expenses reported a decrease of 51.7% yoy to US\$1.5 million in FY2018 (FY2017: US\$3.1 million). The decrease was mainly due to the lower R&D expenses incurred in FY2018.
- Marketing and distribution expenses decreased by 21.9% yoy to US\$1.3 million in FY2018 (FY2017: US\$1.6 million). This was mainly due to decrease in marketing activities in FY2018.
- General administrative expenses decreased from US\$2.9 million in FY2017 to US\$2.0 million in FY2018 mainly due to lower professional and legal expenses, and staff-related cost in FY2018.
- Other expenses decreased from US\$1.7 million in FY2017 to US\$751,000 in FY2018 as the FY2017 expenses included a loss of disposal of subsidiary of USD 1.3 million.

**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 (cont'd)**

- There was no finance expense incurred in FY2018 (FY2017: US\$18,000)

**Net profit after tax attributable to owners of the Company**

The Group reported a net loss attributable to owners of the Company of US\$3.8 million in FY2018 (FY2017: net profit of US\$8.2 million).

**Other Financial Highlights**

- **Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to depreciation of US\$251,000 in FY2018. Purchases made for plant and equipment during the year was US\$21,000.
- **Intangible assets** – The decrease in Intangible assets in FY2018 was mainly due to amortisation expenses. The Group continues to invest in research and development on the latest technology in the market.
- **Quoted investments** – The Group's investment in quoted investment in non-current asset decreased by US\$5.8 million to US\$10.6 million in FY2018 (FY2017: US\$16.4 million). This decrease was mainly due to the switch of investments from bond to equity investments that were held for trading and categorized in current assets amounting to US\$5.8 million in FY2018 (FY2017: Nil).

Total quoted investments in current and non-current in FY2018 amounted to US\$16.4 million, which was a decrease of US\$52,000 from FY2017 (US\$16.4 million). This slight decrease in the valuation of our investments was mainly due to a weaker bond and equity markets in FY2018

- **Unquoted investments** – The Group invested in an unquoted fund that were held for trading, amounting to USD 618,000 in FY2018 (FY2017: Nil).
- **Inventories** – The Group's inventories amounted to US\$3.4 million as at 31 December 2018, an increase of US\$2.3 million from US\$1.1 million in 31 December 2017. Inventory turnover days in FY2018 were 57 days (FY2017: 4 days).
- **Trade and other receivables** – The Group's trade and other debtors amounted to US\$654,000 as at 31 December 2018 as compared to US\$3.3 million in 31 December 2017. The decrease was due to the lower sales revenue. Trade receivable turnover days were 11 days in FY2018 (FY2017: 9 days).
- **Trade payables and accruals** – The Group's trade payables and accruals amounted to US\$5,000 as at 31 December 2018 as compared to US\$1.9 million as at 31 December 2017. This was mainly due to the withdrawal of credit terms by a major supplier.

**Cashflow**

The Group's cash and cash equivalent as at 31 December 2018 amounted to US\$25.7 million as compared to US\$37.0 million as at 31 December 2017, a decrease of US\$11.3 million. The main decrease in the cash position in FY2018 was mainly due to the cash outflow from operating activities of US\$7.2 million, investing activities (which was mainly in quoted & unquoted investments) of US\$1.6 million, dividend payments of US\$2.4 million and repurchase of Company's shares under share buyback mandate of US\$59,000.

The cash outflow in operating activities of US\$7.2 million in FY2018 arose mainly from the cash outflow from operations amounting to US\$3.0 million, investments in working capital of US\$3.0 million and tax payment of US\$1.7 million.

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 17.

**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**

The Group foresees the industry to remain challenging in the next 12 months as the current market situation is expected to continue into FY2019. In this difficult period, the Group will be selective in exercising priority on projects based on their profitability, and dealing with customers.

Despite these challenges, the management is committed to exploring strategic partnerships to ensure the long-term sustainability of the Group's operations and continuing to penetrate the Internet of Things ("IoT") market in consumer wearable, medical and cloud technologies. The Group also continues to invest in R&D to stay relevant and sustainable in the dynamic market.

The Group will continue to maintain its healthy net cash and, quoted and unquoted investments position of US\$25.7 million and US\$17.0 million respectively as at 31 December 2018, and to better utilize this fund for business expansion and higher returns in the short and long term.

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 17.

**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**

The Company will not be declaring a final dividend for the financial year ended 31 December 2018 as the Company continues to invest in research and development on the latest technology in the market. In addition, the Company is actively exploring opportunities for business expansion.

**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.

**Other matters**

Shareholders & investors are advised to refer to the cautionary statement in the Appendix on page 17.

**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.**

Not applicable.

**15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**16. 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**

	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2018</b>						
Sales to external customers	2,904	27,132	44	–		30,080
Inter-segment sales*	–	–	–	–		–
Total revenue	2,904	27,132	44	–		30,080
<b>Results:</b>						
Depreciation and amortisation	25	755	1	–		781
Writeback of doubtful debts, net	(5)	(45)	–	–		(50)
Segment profit	(420)	(3,918)	(6)	1,130	A	(3,214)
Additions to non-current assets	2	44	–	–	B	46
Segment assets	3,058	28,145	1,190	17,000	C	49,393
Segment liabilities	298	2,740	–	857	D	3,895
	Customised Solutions	Interactive Consumer Solutions	Licensing	Adjustments	Note	Total
	US\$'000	US\$'000	US\$'000	US\$'000		US\$'000
<b>Year ended 31 December 2017 (Restated)</b>						
Sales to external customers	2,585	109,802	230	–		112,617
Inter-segment sales*	–	–	–	–		–
Total revenue	2,585	109,802	230	–		112,617
<b>Results:</b>						
Depreciation and amortisation	9	1,280	2	–		1,291
Impairment loss on property, plant and equipment	7	270	–	–		277
Allowance for doubtful debts, net	5	195	–	–		200
Segment profit	196	8,300	18	1,089	A	9,603
Additions to non-current assets	1	33	–	–	B	34
Segment assets	1,050	40,982	2,645	16,435	C	61,112
Segment liabilities	161	6,283	–	1,994	D	8,438

\* - There were no inter-segment sales during the year.

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit/(Loss) before income tax" presented in the consolidated income statement:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Interest income	1,130	1,107
Finance costs	-	(18)
	<u>1,130</u>	<u>1,089</u>

- B Additions to non-current assets consist of additions to property, plant and equipment and intangible assets.

- C The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Quoted investments	16,382	16,435
Quoted investments	618	-
	<u>17,000</u>	<u>16,435</u>

- D The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Income tax payable	832	1,952
Deferred taxation	25	42
	<u>857</u>	<u>1,994</u>

### Segment Results by Geographical Segment

#### Sales to external customers

(US\$'000)	Revenue		Non-current assets	
	2018	2017	2018	2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
China/Hong Kong	21,698	65,663	1	1
Taiwan	3,005	17,553	-	-
India	2,070	1,715	5	5
Singapore	1,359	2,303	2,495	3,697
Indonesia	1,174	-	-	-
Malaysia	651	22,161	1	1
Europe	3	367	-	-
United States of America	2	1,098	-	-
Others	118	1,757	-	-
	<u>30,080</u>	<u>112,617</u>	<u>2,502</u>	<u>3,704</u>

Non-current assets information presented above consists of property, plant and equipment and intangible assets as presented in the consolidated balance sheet.

China/Hong Kong was the main contributor for the Group's revenue in FY2018, followed by Taiwan and India.

Revenue of US\$19.1 million was derived from 5 external customers (FY2017: US\$117.1 million from 5 external customers).

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

**Segmental Analysis – by Business Segments**

By business segments, the core ICS division dominates as the key revenue generator accounting for 90.2% of its revenue. The Group's ICS solutions/products comprise Thumbdrive®, Flucard®, Security Solutions, WiFi Memory Modules for embedded devices continue to dominate as the main engine of growth for the ICS business segment.

**Segmental Analysis – by Geography**

In FY2018, notwithstanding the market competition, the Group focused on key markets like China/Hong Kong, Taiwan and India. Indonesia is a new market that the Group penetrated in FY2018.

Malaysia and Singapore saw a drop by 97.1% and 41.0% respectively in FY2018 due to the shift in focus to China/Hong Kong, Taiwan, India and Indonesia.

**18. A breakdown of sales**

		Group		
		US\$'000		%
		Latest Full Year 2018	Previous Full Year 2017 (Restated)	Change
(a)	Sales reported for first half year	22,218	71,596	(69.0)
(b)	Operating profit reported for first half year	693	3,330	(79.2)
(c)	Sales reported for second half year	7,862	41,021	(80.8)
(d)	Operating profit/(loss) reported for second half year	(3,907)	6,273	N.M.

N.M. – not meaningful

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

	Latest Full Year 2018 US\$	Previous Full Year 2017 US\$
Ordinary	–	2,416,792
Preference	–	–
<b>Total</b>	<b>–</b>	<b>2,417,792</b>

**20. Disclosure of person occupying a managerial position in the issues of any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no other person occupying managerial position in the Company or its principal subsidiaries that are related to any director or chief executive officer or substantial shareholder of the Company.

Name	Age	Family relationship with any director/or CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Henry @ Henn Tan	63	Father of Mr Tan Joon Yong Wayne	Majority Shareholders and, Chairman Emeritus and Consultant of the Company  Duties: - To provide advisory services to the Company	Stepped down from Executive Chairman and CEO to Chairman Emeritus and Consultant in May 2018
Tan Boon Tat	61	Uncle of Mr Tan Joon Yong Wayne and brother of Mr Tan Henry @ Henn Tan	Director of Trek Technology (Singapore) Pte Ltd (wholly-owned subsidiary of the Company) and Store Manager of the Company, since 31 October 1995.  Duties : - To oversee the proper distribution of inventory for the Company and its subsidiaries ("the Group"); and  - To ensure that goods and materials are delivered to the Group's customers in a timely and proper manner.	Nil
Tan Boon Liew	54	Uncle of Mr Tan Joon Yong Wayne and brother of Mr Tan Henry @ Henn Tan	Assistant Manager in the Company, since 15 July 1997.  Duties: - To manage and oversee the despatch of goods to the Group's customers.	Nil

\* Tan Joon Yong Wayne is the Group President and Executive Director of Trek 2000 International Ltd.

BY ORDER OF THE BOARD

**TAN JOON YONG WAYNE**

Executive Director  
1 March 2019



## Appendix

### CAUTIONARY STATEMENT

As previously announced, the Company is co-operating with the CAD in its on-going investigations relating to document deficiencies. RSM Corporate Advisory Pte Ltd, the firm appointed to review and carry out the necessary inquiry on the IPT transactions, had issued its Forensic Accountant's Report on 23 April 2018. The SGX had on 26 April 2018 also issued a Notice of Compliance that the Company is in the process of taking actions to comply. In view of the foregoing and subject to the results of the CAD investigations, the company may make adjustment to FY2015 and FY2016 financial statements, if required.

Further information can be found in the announcements dated 25 February 2016, 1 March 2016, 14 March 2016, 17 March 2016, 7 April 2016, 26 April 2016, 25 May 2016, 1 June 2016, 8 June 2016, 18 July 2017, 8 September 2017, 23 April 2018 and 26 April 2018.

Pending the outcome of the CAD investigations, shareholders and investors are advised to carefully monitor and refer to further announcements released by the Company for updates, and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. They are therefore cautioned against placing undue reliance on the same.