



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## Third Quarter and 9 Months Financial Statements Announcement for the period ended 30 September 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 THIRD QUARTER AND 9 MONTHS ENDED 30 SEPTEMBER 2018

##### (i) Consolidated Income Statement

	Third Quarter			9 Months Ended		
	2018 US\$'000	2017 US\$'000	Increase/ (Decrease) %	2018 US\$'000	2017 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	4,618	28,803	(83.97)	26,836	100,399	(73.27)
Cost of sales	(5,538)	(24,166)	(77.08)	(25,217)	(83,429)	(69.77)
<b>Gross (loss)/profit</b>	(920)	4,637	NM	1,619	16,970	(90.46)
<b>Other items of income:</b>						
Interest income	253	303	(16.50)	892	814	9.58
Other income	26	450	(94.22)	41	354	(88.42)
<b>Other items of expense:</b>						
Research and development	(216)	(508)	(57.48)	(733)	(1,810)	(59.50)
Marketing and distribution	(341)	(1,299)	(73.75)	(964)	(4,598)	(79.03)
General administration	(395)	(865)	(54.34)	(1,840)	(3,503)	(47.47)
Other expenses	(410)	(105)	290.48	(325)	(1,659)	(80.41)
Finance costs	-	-	-	-	(18)	(100.00)
(Loss)/Profit before income tax [1]	(2,003)	2,613	NM	(1,310)	6,550	NM
Income tax expense	23	(250)	NM	(7)	(857)	(99.18)
<b>(Loss)/Profit for the period</b>	<b>(1,980)</b>	<b>2,363</b>	<b>NM</b>	<b>(1,317)</b>	<b>5,693</b>	<b>NM</b>
(Loss)/Profit for the period attributable to:						
Owners of the Company	(1,957)	2,207	NM	(1,328)	5,512	NM
Non-controlling interests	(23)	156	NM	11	181	(93.92)
	<b>(1,980)</b>	<b>2,363</b>	<b>NM</b>	<b>(1,317)</b>	<b>5,693</b>	<b>NM</b>
Earnings per share attributable to owners of the Company (expressed in cents per share):						
- Basic	(0.61)	0.68		(0.41)	1.70	
- Diluted	(0.61)	0.68		(0.41)	1.70	

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

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

	Third Quarter			9 Months		
	2018 US\$'000	2017 US\$'000	Increase/ (Decrease) %	2018 US\$'000	2017 US\$'000	Increase/ (Decrease) %
Interest income from:						
– Short-term deposits	132	83	59.04	361	216	67.13
– Quoted investments	120	220	(45.45)	531	598	(11.20)
Net loss on disposal of quoted investment	(151)	(106)	42.45	(164)	(106)	54.72
Net loss on disposal of a subsidiary	–	–	–	–	(1,303)	(100.00)
Allowance for doubtful debts	–	–	–	–	(516)	(100.00)
Depreciation of property, plant and equipment	(62)	(77)	(19.48)	(190)	(330)	(42.42)
Amortisation of intangible assets	(22)	(222)	(90.09)	(64)	(667)	(90.40)
Net foreign exchange (loss)/gain	(260)	165	NM	(160)	245	N.M.
Interest expense on:						
– Hire purchase payables	–	–	–	–	(2)	(100.00)
– Term loans and bank overdrafts	–	–	–	–	(16)	(100.00)

PS: N.M. – Not Meaningful

**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					
	Third Quarter FY2018 US\$'000	Third Quarter FY2017 US\$'000	Increase/ (Decrease) %	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000	Increase/ (Decrease) %
<b>(Loss)/Profit for the period</b>	(1,980)	2,363	NM	(1,317)	5,693	NM
<b>Other comprehensive income</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Quoted debt investments at fair value through other comprehensive income – net change in fair value	63	–	100.00	(763)	–	(100.00)
Net change in fair value of available-for-sale financial assets	–	190	(100.00)	–	700	(100.00)
Foreign currency translation	94	(41)	NM	98	411	(76.16)
Other comprehensive income for the period, net of tax	157	149	5.37	(665)	1,111	NM
Total comprehensive income for the period	(1,823)	2,512	NM	(1,982)	6,804	NM
attributable to:						
Owners of the Company	(1,800)	2,356	NM	(1,993)	6,604	NM
Non-controlling interests	(23)	156	NM	11	200	(94.50)
	(1,823)	2,512	NM	(1,982)	6,804	NM

**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	
	30 Sep 2018 US\$'000	31 Dec 2017 US\$'000	30 Sep 2018 US\$'000	31 Dec 2017 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,370	1,540	4	9
Intangible assets	1,673	1,695	377	424
Investment in subsidiaries	–	–	1,603	1,603
Investment in associates	–	–	5	5
Quoted investments	17,180	16,435	17,180	16,435
	<b>20,223</b>	<b>19,670</b>	<b>19,169</b>	<b>18,476</b>
<b>Current assets</b>				
Inventories	4,304	1,057	–	–
Trade and other receivables	1,751	3,254	1,376	4,334
Prepayments	105	153	61	83
Short term deposits	22,861	25,684	8,019	8,433
Cash at banks and on hand	2,631	11,294	681	1,502
	<b>31,652</b>	<b>41,442</b>	<b>10,137</b>	<b>14,352</b>
<b>Total assets</b>	<b>51,875</b>	<b>61,112</b>	<b>29,306</b>	<b>32,828</b>
<b>Current liabilities</b>				
Trade payables and accruals	–	1,943	–	25
Other payables	6,009	7,514	3,794	3,729
Income tax payable	562	1,952	–	–
	<b>6,571</b>	<b>11,409</b>	<b>3,794</b>	<b>3,754</b>
<b>Net current assets</b>	<b>25,081</b>	<b>30,033</b>	<b>6,343</b>	<b>10,598</b>
<b>Non-current liabilities</b>				
Deferred taxation	42	42	–	–
	<b>42</b>	<b>42</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>6,613</b>	<b>11,451</b>	<b>3,794</b>	<b>3,754</b>
<b>Net assets</b>	<b>45,262</b>	<b>49,661</b>	<b>25,512</b>	<b>29,074</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(263)	(263)	(263)	(263)
Revenue reserve	2,381	6,126	(12,758)	(9,961)
Capital reserve	2,717	2,717	–	–
Asset revaluation reserve	1,056	1,056	–	–
Translation reserve	(486)	(584)	–	–
Other reserves	633	1,429	704	1,469
	<b>43,867</b>	<b>48,310</b>	<b>25,512</b>	<b>29,074</b>
Non-controlling interests	1,395	1,351	–	–
<b>Total equity</b>	<b>45,262</b>	<b>49,661</b>	<b>25,512</b>	<b>29,074</b>
<b>Total equity and liabilities</b>	<b>51,875</b>	<b>61,112</b>	<b>29,306</b>	<b>32,828</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 September 2018		As at 31 December 2017	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30 September 2018		As at 31 December 2017	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**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 September**

	Third Quarter FY2018 US\$'000	Third Quarter FY2017 US\$'000	9 Months FY2018 US\$'000	9 Months FY2017 US\$'000
<b>Cash flow from operating activities:</b>				
(Loss)/Profit before income tax	(2,003)	2,613	(1,310)	6,550
Adjustments for:				
Amortisation of intangible assets	22	222	64	667
Depreciation of property, plant and equipment	62	77	190	330
Impairment of property, plant and equipment	-	-	-	277
Loss/(Gain) on disposal of quoted investments	151	106	164	106
Loss on disposal of a subsidiary	-	-	-	1,303
Allowance for doubtful debts, net	-	-	-	516
Allowance/(Reversal) for stock obsolescence	1,002	(544)	986	(135)
Share based payment	-	5	-	15
Interest income	(252)	(303)	(892)	(814)
Interest expense	-	-	-	18
Unrealised foreign exchange loss/(gain)	93	(43)	99	(112)
<b>Operating (loss)/profit before changes in working capital</b>	<b>(925)</b>	<b>2,133</b>	<b>(699)</b>	<b>8,721</b>
Decrease /(Increase) in trade and other receivables, and prepayments	2,811	(659)	1,553	5,285
(Increase)/Decrease/in inventories	(2,857)	3,304	(4,233)	(254)
Increase/(Decrease) in trade and other payables	132	875	(3,448)	(1,180)
<b>Cash (used in)/generated from operating activities</b>	<b>(839)</b>	<b>5,653</b>	<b>(6,827)</b>	<b>12,572</b>
Income tax paid	(431)	(252)	(1,397)	(524)
Interest received	132	83	361	216
Interest paid	-	-	-	(18)
<b>Net cash (used in)/generated from operating activities</b>	<b>(1,138)</b>	<b>5,484</b>	<b>(7,863)</b>	<b>12,246</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	-	42
Proceeds from disposal of quoted investments	-	576	7,465	576
Purchase of property, plant and equipment	-	(7)	(21)	(31)
Purchase of quoted investments	(1,192)	(1,093)	(9,139)	(4,207)
Acquisition from minority shareholders	-	(363)	-	(363)
Net cash outflow from disposal of a subsidiary	-	-	-	(3,672)
Payment for patent and trademark registration expenses	-	-	(42)	-
Payment for development expenditures	-	-	-	(1)
Interest income from quoted investments	120	220	531	598
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,072)</b>	<b>(667)</b>	<b>(1,206)</b>	<b>(7,058)</b>
<b>Cash flow from financing activities</b>				
Payment of dividends	-	-	(2,417)	-
Repayment of hire purchase instalments	-	-	-	(30)
Repayment of term loans	-	-	-	(20)
<b>Net cash (used in)/generated from financing activities</b>	<b>-</b>	<b>-</b>	<b>(2,417)</b>	<b>(50)</b>
Net (decrease)/increase in cash and cash equivalents	(2,210)	4,817	(11,486)	5,138
Cash and cash equivalents at beginning of period	27,702	28,788	36,978	28,423
Effect of foreign exchange difference	-	-	-	44
<b>Cash and cash equivalents at end of period</b>	<b>25,492</b>	<b>33,605</b>	<b>25,492</b>	<b>33,605</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>30 Sep 2018</b> <b>US\$'000</b>	<b>30 Sep 2017</b> <b>US\$'000</b>
Cash at banks and on hand	2,631	13,973
Short-term deposits	22,861	19,632
	<u>25,492</u>	<u>33,605</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**

	<b>Attributable to owners of the Company</b>							Non-Controlling Interests US\$'000	Total Equity US\$'000	
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000			Total US\$'000
<b>THE GROUP</b>										
<b>Balance as at 1 January 2017</b>	37,828	(298)	3,648	2,717	2,029	(1,003)	(2,749)	42,172	16,997	59,169
Disposal of a subsidiary	–	36	(2,738)	–	(794)	–	3,532	36	(15,499)	(15,463)
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5	–	5
Total comprehensive income for the period	–	–	1,246	–	–	370	253	1,869	(107)	1,762
<b>Balance as at 31 March 2017</b>	<u>37,828</u>	<u>(262)</u>	<u>2,156</u>	<u>2,717</u>	<u>1,235</u>	<u>(633)</u>	<u>1,041</u>	<u>44,082</u>	<u>1,391</u>	<u>45,473</u>
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5	–	5
Total comprehensive income for the period	–	–	2,059	–	–	63	257	2,379	151	2,530
<b>Balance as at 30 June 2017</b>	<u>37,828</u>	<u>(262)</u>	<u>4,215</u>	<u>2,717</u>	<u>1,235</u>	<u>(570)</u>	<u>1,303</u>	<u>46,466</u>	<u>1,542</u>	<u>48,008</u>
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5	–	5
Share acquisition from minority shareholders	–	–	–	–	–	–	(39)	(39)	(324)	(363)
Total comprehensive income for the period	–	–	2,207	–	–	(41)	190	2,356	156	2,512
<b>Balance as at 30 September 2017</b>	<u>37,828</u>	<u>(262)</u>	<u>6,422</u>	<u>2,717</u>	<u>1,235</u>	<u>(611)</u>	<u>1,459</u>	<u>48,788</u>	<u>1,374</u>	<u>50,162</u>
<b>Balance as at 1 January 2018</b>	37,829	(263)	6,126	2,717	1,056	(584)	1,429	48,310	1,351	49,661
Total comprehensive income for the period	–	–	552	–	–	(23)	(465)	64	30	94
<b>Balance as at 31 March 2018</b>	<u>37,829</u>	<u>(263)</u>	<u>6,678</u>	<u>2,717</u>	<u>1,056</u>	<u>(607)</u>	<u>964</u>	<u>48,374</u>	<u>1,381</u>	<u>49,755</u>
Dividend payment	–	–	(2,417)	–	–	–	–	(2,417)	–	(2,417)
Adjustment to NCI	–	–	–	–	–	–	(33)	(33)	33	–
Total comprehensive income for the period	–	–	77	–	–	27	(361)	(257)	4	(253)
<b>Balance as at 30 June 2018</b>	<u>37,829</u>	<u>(263)</u>	<u>4,338</u>	<u>2,717</u>	<u>1,056</u>	<u>(580)</u>	<u>570</u>	<u>45,667</u>	<u>1,418</u>	<u>47,085</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 (cont'd)**

	Attributable to owners of the Company								Non-Controlling Interests US\$'000	Total Equity US\$'000
	Share Capital US\$'000	Treasury Shares US\$'000	Revenue Reserve US\$'000	Capital Reserve US\$'000	Asset Revaluation Reserve US\$'000	Translation Reserve US\$'000	Other Reserves US\$'000	Total US\$'000		
<b>THE GROUP</b>										
Balance as at 30 June 2018	37,829	(263)	4,338	2,717	1,056	(580)	570	45,667	1,418	47,085
Total comprehensive income for the period	–	–	(1,957)	–	–	94	63	(1,800)	(23)	(1,823)
<b>Balance as at 30 September 2018</b>	<b>37,829</b>	<b>(263)</b>	<b>2,381</b>	<b>2,717</b>	<b>1,056</b>	<b>(486)</b>	<b>633</b>	<b>43,867</b>	<b>1,395</b>	<b>45,262</b>
<b>THE COMPANY</b>										
<b>Balance as at 1 January 2017</b>	37,828	(262)	(12,473)	–	–	–	785	25,878		
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5		
Total comprehensive income for the period	–	–	(471)	–	–	–	253	(218)		
Balance as at 31 March 2017	37,828	(262)	(12,944)	–	–	–	1,043	25,665		
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5		
Total comprehensive income for the period	–	–	(745)	–	–	–	257	(488)		
Balance as at 30 June 2017	37,828	(262)	(13,689)	–	–	–	1,305	25,182		
Grant of equity-settled share options to employees	–	–	–	–	–	–	5	5		
Total comprehensive income for the period	–	–	(599)	–	–	–	188	(411)		
<b>Balance as at 30 September 2017</b>	<b>37,828</b>	<b>(262)</b>	<b>(14,288)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,498</b>	<b>24,776</b>		
<b>Balance as at 1 January 2018</b>	37,829	(263)	(9,961)	–	–	–	1,469	29,074		
Total comprehensive income for the period	–	–	(19)	–	–	–	(467)	(486)		
Balance as at 31 March 2018	<b>37,829</b>	<b>(263)</b>	<b>(9,980)</b>	–	–	–	<b>1,002</b>	28,588		
Dividend payment	–	–	(2,417)	–	–	–	–	(2,417)		
Total Comprehensive income for the period	–	–	(398)	–	–	–	(360)	(758)		
Balance as at 30 June 2018	37,829	(263)	(12,795)	–	–	–	642	25,413		
Total comprehensive income for the period	–	–	37	–	–	–	62	99		
<b>Balance as at 30 September 2018</b>	<b>37,829</b>	<b>(263)</b>	<b>(12,758)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>704</b>	<b>25,512</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 third quarter ended 30 September 2018 ("3QFY2018"), 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:

	Third Quarter Ended	
	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	-	(1,102,500)
<b>Balance as at 30 September</b>	<b>3,880,000</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 30 September 2018, 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	322,887,925
Movement in ordinary shares during the period	-	-
<b>Balance as at 30 September 2018</b>	<b>322,887,925</b>	<b>322,887,925</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".

	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	-	-	-	-
<b>Balance as at 30 September 2018</b>	<b>1,229,000</b>	<b>262,755</b>	<b>1,229,000</b>	<b>262,755</b>
	Group		Company	
	No. of shares	US\$	No. of shares	US\$
Balance as at 1 January 2017	1,522,000	297,574	1,229,000	262,057
Disposal of a subsidiary	(293,000)	(35,517)	-	-
<b>Balance as at 30 September 2017</b>	<b>1,229,000</b>	<b>262,057</b>	<b>1,229,000</b>	<b>262,057</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**

Except as disclosed in paragraph 5 below regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective from 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 31 December 2017.

**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 the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual periods beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) First-time Adoption of International Financial Reporting Standards.

In addition to the adoption of the new framework, the Group also concurrently applied the following relevant new SFRS(I)s, amendments to and interpretations of SFRS (I) effective from the same date:0

- SFRS (I) 9 Financial Instruments;
- SFRS (I) 15 Revenue from Contracts with Customers
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2)
- Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1)

The adoption of these SFRS(I)s, amendments to and interpretations of SFRS (I) did not have a material impact on the financial statements of the Group.

**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**

<b>THE GROUP</b>	Third Quarter Ended		9 Months Ended	
	FY2018	FY2017	FY2018	FY2017
(Loss)/Profit net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	(1,968)	2,207	(1,328)	5,512
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	322,888	324,117	322,888	324,117
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	322,888	324,142	325,950	324,142
<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)	(0.61)	0.68	(0.41)	1.70
(ii) Diluted earnings per share (in cents)	(0.61)	0.68	(0.41)	1.70

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	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Number of ordinary shares (in '000)	322,888	322,888	322,888	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	13.59	14.96	7.90	9.00

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 3QFY2018, the Group reported a 84% quarter on quarter ("qoq") decrease in revenue from US\$28.8 million for 3QFY2017 to US\$4.6 million in 3QFY2018. A gross loss of US\$920,000 was incurred in 3QFY2018 as compared to a gross profit of US\$4.6 million in 3QFY2017. The Group reported a net loss after tax attributable to owners of the Company of US\$2.0 million in 3QFY2018 as compared to a net profit of US\$2.2 million in 3QFY2017.

For the nine months ended 30 September 2018 ("9MFY2018"), the Group reported a year-on-year ("yoy") decrease of 73.3% in revenue from US\$100.4 million for 9MFY2017 to US\$26.8 million in 9MFY2018. Gross profit decreased by 90.5% from US\$17.0 million in 9MFY2017 to US\$1.6 million in 9MFY2018, while gross profit margin decreased from 16.9% to 6.0%. The Group incurred a net loss after tax attributable to owners of the Company of US\$1.3 million in 9MFY2018 as compared to a net profit of US\$5.5 million in 9MFY2017.

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

**Revenue**

The decrease in revenue of 84% in 3QFY2018 was mainly attributed to the ongoing global trade war and the strengthening of USD against regional currencies. These factors affected the market demand of our products as a result of market uncertainties and lower demand from customers in the region. The Group's ICS division continued to be a key revenue generator, accounting for 81.0% of the overall revenue in 3QFY2018.

**Profitability**

A gross loss was incurred in 3QFY2018. This was attributed to the prudence of the management to provide additional provisions as the gross profit margin comes under threat in view of the global uncertainty.

**Other Income**

Other income decreased by 94.2% qoq by US\$424,000 in 3QFY2018 from US\$450,000 in 3QFY2017 to US\$26,000 in 3QFY2018. This was due mainly to the reversal of provision of claims and high exchange gain that arose in 3QFY2017 but was not present in 3QFY2018.

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)**

#### **Expenses**

The Group's total expenses amounted to US\$1.36 million in 3QFY2018 (3QFY2017: US\$2.78 million) representing a decrease of 51.0% qoq. The factors contributing to the decreases are as follow:

- Research and development expenses reported a decrease of 57.5% qoq to US\$0.2 million in 3QFY2018 (3QFY2017: US\$0.5 million). The decrease was mainly due to the decrease in amortisation and staff costs.
- Marketing and distribution expenses decreased by 73.8% qoq to US\$0.3 million in 3QFY2018 (3QFY2017: US\$1.3 million). This was mainly due to decrease in the advertising, exhibition, entertainment and staff expenses.
- General administrative expenses decreased from US\$0.9 million in 3QFY2017 to US\$0.4 million in 3QFY2018 due mainly to lower legal fees, audit fees, professional fees, director fees and staff-related costs. The decrease was in line with the lower corporate governance requirements of the Group.
- Other expenses increased from US\$0.11 million in 3QFY2017 to US\$0.41 million in 3QFY2018 due mainly to high exchange loss incurred in the 3QFY2018.

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

The Group reported a net loss attributable to owners of the Company of US\$2.0 million in 3QFY2018 (3QFY2017: net profit of US\$2.2 million) and a net loss of US\$1.3 million in 9MFY2018 (9MFY2017: net profit of US\$5.5 million). This loss was attributed to the lower revenue and gross profit achieved.

#### **Other Financial Highlights**

- **Property, plant and equipment** – The decrease in the Group's property, plant and equipment was mainly due to the depreciation incurred during this period.
- **Intangible assets** – The Group's intangible assets decreased by US\$ 22,000 and this was mainly due to amortisation of project costs during the year.
- **Quoted investments** – The Group's investment in quoted investment increased by US\$ 745,000 to US\$17.2 million in September 2018 (December 2017: US\$16.4 million). This was mainly due to additional investments made in quoted investments.
- **Inventories** – The Group's inventories amounted to US\$4.3 million as at 30 September 2018, an increase of US\$3.2 million from US\$1.1 million in 31 December 2017. This was mainly due to the slower inventory turnover as a result of lower sales turnover. Inventory turnover days in 9MFY2017 were 57 days (9MFY2017: 28 days).
- **Trade and other receivables** – The decrease in the Group's trade and other debtors was mainly due to higher receipts received from customers and other debtors.
- **Trade payables and accruals** – The Group did not have any trade payables and accruals as at 30 September 2018 as compared to US\$1.9 million as at 31 December 2017. This was due to the withdrawal of credit terms by a major supplier of the Group since 1<sup>st</sup> half of FY2018.

#### **Cashflow**

The Group's cash and cash equivalent as at 30 September 2018 amounted to US\$25.5 million as compared to US\$37.0 million as at 31 December 2017, representing a decrease of US\$11.5 million. The main decrease in the cash position in 9MFY2018 was mainly due to the cash outflow of US\$7.9 million incurred in the operations, cash outflow of US\$1.2 million from the investment activities and dividend payment of US\$2.4 million.

The cash outflow in operating activities of US\$7.9 million in 9MFY2018 arose mainly from the operating loss of US\$699,000, investments in working capital of US\$6.8 million and tax payment of US\$1.4 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)**

**Cashflow (cont'd)**

For the cash outflow used in investing activities amounting to US\$1.2 million in 9MFY2018, the major investments made were for quoted investments (US\$9.1 million), fixed assets (US\$21,000) and payments for patents & trademarks (US\$42,000). This was partially offset by the cash inflow from sales proceeds from disposal of quoted investments (US\$7.5 million) and interest income of quoted investments (US\$531,000).

The dividend payment of US\$2.4 million was for the final dividend of FY2017.

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 15.

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 with the ongoing global trade war and the strength of the USD against regional currencies are likely to continue and these will affect the sales demand in the region. In this difficult period, the Company 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 will continue to maintain its healthy net cash position and quoted investments of US\$25.5 million and US\$17.2 million respectively as at 30 September 2018.

**Other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 15.

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

**11. Dividend (cont'd)**

**(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.

**Other matters**

Shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 15.

**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 has 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).

**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**

Not applicable.

- 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.**

Not applicable.

- 18. A breakdown of sales**

Not applicable.

- 19. 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

**TAN JOON YONG WAYNE**  
Executive Director  
7 November 2018

**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 to the unaudited financial statements for the period ended 30 September 2018 to be false and misleading in any material aspect.

On behalf of the Directors

Signed

**TAN JOON YONG WAYNE**  
Director

7 November 2018

Signed

**KUAN MUN KWONG**  
Director

## 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.