



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## Third Quarter and 9 Months Financial Statements Announcement for the period ended 30 September 2019

### 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 2019

##### (i) Consolidated Income Statement

	Third Quarter			9 Months Ended		
	2019 US\$'000	2018 US\$'000	Increase/ (Decrease) %	2019 US\$'000	2018 US\$'000	Increase/ (Decrease) %
<b>Revenue</b>	7,601	4,618	64.6	15,278	26,836	(43.1)
Cost of sales	(7,295)	(5,538)	31.7	(14,729)	(25,217)	(41.6)
<b>Gross profit/(loss)</b>	306	(920)	N.M.	549	1,619	(66.1)
<b>Other items of income:</b>						
Interest income	239	253	(5.5)	717	892	(19.6)
Other income	511	26	1,865.4	1,338	41	3,163.4
<b>Other items of expense:</b>						
Research and development	(147)	(216)	(31.9)	(405)	(733)	(44.7)
Marketing and distribution	(381)	(341)	11.7	(1,101)	(964)	14.2
General administration	(327)	(395)	(17.2)	(920)	(1,840)	(50.0)
Other expenses	(188)	(410)	(54.1)	(43)	(325)	(86.8)
Profit/(Loss) before income tax [1]	13	(2,003)	N.M.	135	(1,310)	N.M.
Income tax income/(expense)	35	23	52.2	60	(7)	N.M.
<b>Profit/(Loss) for the period</b>	48	(1,980)	N.M.	195	(1,317)	N.M.
Profit/(Loss) for the period attributable to:						
Owners of the Company	4	(1,957)	N.M.	149	(1,328)	N.M.
Non-controlling interests	44	(23)	N.M.	46	11	318.2
	48	(1,980)	N.M.	195	(1,317)	N.M.
Earnings per share attributable to owners of the Company (expressed in cents per share):						
– Basic	0.001	(0.606)		0.046	(0.411)	
– Diluted	0.001	(0.600)		0.046	(0.407)	

**(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		
	2019 US\$'000	2018 US\$'000	Increase/ (Decrease) %	2019 US\$'000	2018 US\$'000	Increase/ (Decrease) %
Interest income from:						
– Short-term deposits	100	133	(24.8)	368	361	1.9
– Quoted investments	139	120	15.8	349	531	(34.3)
Net gain/(loss) on disposal of quoted investment	198	(151)	N.M.	168	(164)	N.M.
(Loss)/gain on fair value changes of financial assets designated as FVTPL	(89)	–	(100.0)	486	–	100.0
Reversal of impairment for property, plant and equipment	277	–	100.0	277	–	100.0
Reversal/(allowance) for stock obsolescence	199	(1,002)	N.M.	(6)	(986)	(99.4)
Reversal/(allowance) for product warranty and claims	200	–	100.0	200	–	100.0
Reversal for provision of diminution in value of inventory	-	–	–	1,022	–	100.0
Depreciation of property, plant and equipment	(45)	(62)	(27.4)	(135)	(190)	(28.9)
Amortisation of intangible assets	(9)	(22)	(59.1)	(27)	(64)	(57.8)
Net foreign exchange loss	(99)	(260)	(61.9)	(160)	(42)	281.0

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 FY2019 US\$'000	Third Quarter FY2018 US\$'000	Increase/ (Decrease) %	9 Months FY2019 US\$'000	9 Months FY2018 US\$'000	Increase/ (Decrease) %
<b>Profit/(Loss) for the period</b>	48	(1,980)	N.M.	195	(1,317)	N.M.
<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	(146)	63	N.M.	629	(763)	N.M.
Foreign currency translation	57	94	(39.4)	47	98	(52.0)
Other comprehensive income for the period, net of tax	(89)	157	N.M.	676	(665)	N.M.
Total comprehensive income for the period	(41)	(1,823)	(97.8)	871	(1,982)	N.M.
attributable to:						
Owners of the Company	(85)	(1,800)	(95.3)	826	(1,993)	N.M.
Non-controlling interests	44	(23)	N.M.	45	11	309.1
	(41)	(1,823)	(97.8)	871	(1,982)	N.M.

**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 2019 US\$'000	31 Dec 2018 US\$'000	30 Sep 2019 US\$'000	31 Dec 2018 US\$'000
<b>Non-current assets</b>				
Property, plant and equipment	1,507	1,309	2	3
Intangible assets	1,485	1,367	183	177
Investment in subsidiaries	–	–	1,583	1,583
Investment in associates	–	–	5	5
Quoted investments	9,521	10,571	9,521	10,571
Unquoted investments	4,030	–	4,030	–
	<b>16,543</b>	<b>13,247</b>	<b>15,324</b>	<b>12,339</b>
<b>Current assets</b>				
Inventories	4,772	3,396	–	–
Trade and other receivables	1,423	675	158	5,135
Prepayments	54	108	12	54
Quoted investments held for trading	16,129	5,812	16,129	5,812
Unquoted investments held for trading	618	618	618	618
Short term deposits	12,581	21,825	5,738	7,058
Cash at banks and on hand	820	3,864	64	414
	<b>36,397</b>	<b>36,298</b>	<b>22,719</b>	<b>19,091</b>
<b>Total assets</b>	<b>52,940</b>	<b>49,545</b>	<b>38,043</b>	<b>31,430</b>
<b>Current liabilities</b>				
Trade payables and accruals	3,284	25	14	21
Other payables	2,365	3,033	5,385	451
Income tax payable	1,434	832	–	–
	<b>7,083</b>	<b>3,890</b>	<b>5,399</b>	<b>472</b>
<b>Net current assets</b>	<b>29,314</b>	<b>32,408</b>	<b>17,320</b>	<b>18,619</b>
<b>Non-current liabilities</b>				
Deferred taxation	25	25	–	–
	<b>25</b>	<b>25</b>	<b>–</b>	<b>–</b>
<b>Total liabilities</b>	<b>7,108</b>	<b>3,915</b>	<b>5,399</b>	<b>472</b>
<b>Net assets</b>	<b>45,832</b>	<b>45,630</b>	<b>32,644</b>	<b>30,958</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(507)	(322)	(507)	(322)
Revenue reserve	2,643	2,494	(5,836)	(7,078)
Capital reserve	2,717	2,717	–	–
Asset revaluation reserve	1,056	1,056	–	–
Translation reserve	118	70	–	–
Other reserves	1,070	490	1,158	529
	<b>44,926</b>	<b>44,334</b>	<b>32,644</b>	<b>30,958</b>
Non-controlling interests	906	1,296	–	–
<b>Total equity</b>	<b>45,832</b>	<b>45,630</b>	<b>32,644</b>	<b>30,958</b>
<b>Total equity and liabilities</b>	<b>52,940</b>	<b>49,545</b>	<b>38,043</b>	<b>31,430</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 2019		As at 31 December 2018	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**Amount repayable after one year**

As at 30 September 2019		As at 31 December 2018	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

The Group's borrowings presented above did not include Banker's Guarantees of US\$ 4.5 million issued by a bank to a supplier for credit terms granted to a subsidiary of the Company. These Banker's Guarantees were secured by a personal guarantee from the controlling shareholder of the Company, Mr Henn Tan, to the bank. The Company reimbursed Mr Tan for the bank commissions of US\$18,557 paid by him. As the value of the interested person transaction in relation to the reimbursement of bank commissions to Mr Tan was below S\$100,000, disclosure was not required under Rule 907 of the SGX Rulebook.

For avoidance of doubt, other than the reimbursements mentioned above, Mr Tan did not receive any cash or benefits-in-kind. Mr Tan also did not benefit personally, financially or otherwise from the Company and its subsidiaries. These transactions were done on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

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 FY2019 US\$'000	Third Quarter FY2018 US\$'000	9 Months FY2019 US\$'000	9 Months FY2018 US\$'000
<b>Cash flow from operating activities:</b>				
Profit/(loss) before income tax	13	(2,003)	135	(1,310)
Adjustments for:				
Amortisation of intangible assets	9	22	27	64
Depreciation of property, plant and equipment	45	62	135	190
Reversal of impairment for property, plant and equipment	(277)	–	(277)	–
(Gain)/loss on disposal of quoted investments	(198)	151	(168)	164
Loss/(gain) on fair value changes of financial assets designated as FVTPL	89	–	(486)	–
Reversal of provision for product warranty and claims	(200)	–	(200)	–
Reversal of provision for diminution in value of inventory	–	–	(1,022)	–
(Reversal)/allowance for stock obsolescence	(199)	1,002	6	986
Interest income	(239)	(253)	(717)	(892)
Unrealised foreign exchange loss/(gain)	58	93	50	99
<b>Operating loss before changes in working capital</b>	<b>(899)</b>	<b>(926)</b>	<b>(2,517)</b>	<b>(699)</b>
Decrease /(increase) in trade and other receivables, and prepayments	427	2,811	(696)	1,553
Decrease/(increase) in inventories	388	(2,857)	(360)	(4,233)
Increase/(decrease) in trade and other payables	2,977	132	2,791	(3,448)
<b>Cash generated from/(used in) operating activities</b>	<b>2,893</b>	<b>(840)</b>	<b>(782)</b>	<b>(6,827)</b>
Income tax (paid)/refund	–	(431)	662	(1,397)
Interest received	100	133	368	361
<b>Net cash generated from/(used in) operating activities</b>	<b>2,993</b>	<b>(1,138)</b>	<b>248</b>	<b>(7,863)</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of property, plant and equipment	12	–	12	–
Proceeds from disposal of quoted investments	4,191	–	6,621	7,465
Purchase of property, plant and equipment	(52)	–	(69)	(21)
Purchase of quoted investments	(10,005)	(1,192)	(14,605)	(9,139)
Purchase of unquoted investments	–	–	(4,030)	–
Payment for patent and trademark registration expenses	(10)	–	(36)	(42)
Payment for development expenditures	(42)	–	(109)	–
Interest income from quoted investments	139	120	349	531
<b>Net cash used in investing activities</b>	<b>(5,767)</b>	<b>(1,072)</b>	<b>(11,867)</b>	<b>(1,206)</b>
<b>Cash flow from financing activities</b>				
Payment of dividends	–	–	–	(2,417)
Purchase of treasury shares	(39)	–	(185)	–
Repayment to non-controlling interest for capital reduction of subsidiary	–	–	(485)	–
<b>Net cash used in financing activities</b>	<b>(39)</b>	<b>–</b>	<b>(670)</b>	<b>(2,417)</b>
Net (decrease)/increase in cash and cash equivalents	(2,813)	(2,210)	(12,289)	(11,486)
Cash and cash equivalents at beginning of period	16,214	27,702	25,690	36,978
Effect of foreign exchange difference	–	–	–	–
<b>Cash and cash equivalents at end of period</b>	<b>13,401</b>	<b>25,492</b>	<b>13,401</b>	<b>25,492</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:

	30 Sep 2019 US\$'000	30 Sep 2018 US\$'000
Cash at banks and on hand	820	2,631
Short-term deposits	12,581	22,861
	<u>13,401</u>	<u>25,492</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							Total US\$'000	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			
<b>THE GROUP</b>										
<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
Balance as at 31 March 2018	37,829	(263)	6,678	2,717	1,056	(607)	964	48,374	1,381	49,755
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)
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>Balance as at 1 January 2019</b>	37,829	(322)	2,494	2,717	1,056	70	490	44,334	1,296	45,630
Purchase of treasury shares	–	(59)	–	–	–	–	–	(59)	–	(59)
Adjustments to non- controlling interests	–	–	–	–	–	–	(49)	(49)	49	–
Total comprehensive income for the period	–	–	112	–	–	(19)	478	571	(2)	569
Balance as at 31 March 2019	37,829	(381)	2,606	2,717	1,056	51	919	44,797	1,343	46,140
Purchase of treasury shares	–	(87)	–	–	–	–	–	(87)	–	(87)
Repayment to non- controlling interests for share reduction of subsidiary	–	–	–	–	–	–	–	–	(484)	(484)
Total comprehensive income for the period	–	–	33	–	–	10	297	340	3	343
Balance as at 30 June 2019	37,829	(468)	2,639	2,717	1,056	61	1,216	45,050	862	45,912

**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 US\$'000	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			
<b>THE GROUP</b>										
Balance as at 30 June 2019	37,829	(468)	2,639	2,717	1,056	61	1,216	45,050	862	45,912
Purchase of treasury shares	-	(39)	-	-	-	-	-	(39)	-	(39)
Total comprehensive income for the period			4			57	(146)	(85)	44	(41)
<b>Balance as at 30 September 2019</b>	<b>37,829</b>	<b>(507)</b>	<b>2,643</b>	<b>2,717</b>	<b>1,056</b>	<b>118</b>	<b>1,070</b>	<b>44,926</b>	<b>906</b>	<b>45,832</b>
<b>THE COMPANY</b>										
Balance as at 1 January 2018	37,829	(263)	(9,961)	-	-	-	1,469	29,074		
Total comprehensive income for the period	-	-	(19)	-	-	-	(467)	(486)		
Balance as at 31 March 2018	37,829	(263)	(9,980)	-	-	-	1,002	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>		
Balance as at 1 January 2019	37,829	(322)	(7,078)	-	-	-	529	30,958		
Purchase of treasury shares	-	(59)	-	-	-	-	-	(59)		
Total comprehensive income for the period	-	-	525	-	-	-	478	1,003		
Balance as at 31 March 2019	37,829	(381)	(6,553)	-	-	-	1,007	31,902		
Purchase of treasury shares	-	(87)	-	-	-	-	-	(87)		
Total comprehensive income for the period	-	-	453	-	-	-	297	750		
Balance as at 30 June 2019	37,829	(468)	(6,100)	-	-	-	1,304	32,565		
Purchase of treasury shares	-	(39)	-	-	-	-	-	(39)		
Total comprehensive income for the period	-	-	264	-	-	-	(146)	118		
<b>Balance as at 30 September 2019</b>	<b>37,829</b>	<b>(507)</b>	<b>(5,836)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,158</b>	<b>32,644</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 2019 ("3QFY2019"), 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	
	FY2019	FY2018
<b>Unexercised share options</b>	No. of share options	No. of share options
Balance as at 1 January	3,830,000	3,880,000
Share options forfeited during the period	(40,000)	-
<b>Balance as at 30 September</b>	<b>3,790,000</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 2019, the share capital of the Company (excluding treasury shares) was as follows:

<b>Ordinary shares issued and fully paid</b>	No. of shares	US\$
Balance as at 1 January 2019	322,026,825	37,507,055
Movement in ordinary shares during the period	(2,573,400)	(184,664)
<b>Balance as at 30 September 2019</b>	<b>319,453,425</b>	<b>37,322,391</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, 2,573,400 shares (3QFY2018: Nil) were acquired by the Company 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 2019	2,090,100	321,886	2,090,100	321,886
Purchase of shares held as Treasury Shares	2,573,400	184,664	2,573,400	184,664
<b>Balance as at 30 September 2019</b>	<b>4,663,500</b>	<b>506,550</b>	<b>4,663,500</b>	<b>506,550</b>
	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
Purchase of shares held as Treasury Shares	-	-	-	-
<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>

**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, 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 for the year ended 31 December 2018.

**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/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s.

The following are the new or amended SFRS(I)s and SFRS(I) Interpretations that are relevant to the Group:

- SFRS(I) 16 *Leases*; and
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*.

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

**SFRS(I) 16**

SFRS (I) 16 replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 *Leases* that are no longer considered fit for purpose and is a major revision of the way in which companies where it is required lessees to recognize most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. SFRS(I) 16 will be effective for accounting periods beginning on or after 1 January 2019.

The Group enters into commercial leases on certain motor vehicles, office equipment and rental of office spaces. These leases have an average tenure of between three and six years with no renewal option or contingent rent provision included in the contracts. These operating leases are recognized as "Right of Use" ("ROU") assets with corresponding lease liabilities in the statement of financial position. SFS(I) 16 is applied retrospectively with the cumulative effect recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group has assessed the impact to opening balance and current year financial results to be immaterial.

**SFRS(I) INT 23**

The interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available.

**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	Third Quarter Ended		9 Months Ended	
	FY2019	FY2018	FY2019	FY2018
Profit/(Loss) net of tax attributable to ordinary equity holders of the Company used in computation of basic earnings per share (US\$'000)	4	(1,957)	149	(1,328)
Weighted average number of ordinary shares for basic earnings per share computation (in '000)	319,926	322,888	321,110	322,888
Weighted average number of ordinary shares for diluted earnings per share computation (in '000)	319,926	325,950	321,110	325,950
<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)	0.001	(0.606)	0.046	(0.411)
(ii) Diluted earnings per share (in cents)	0.001	(0.600)	0.046	(0.407)

**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 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
Number of ordinary shares (in '000)	319,453	322,027	319,453	322,027
<b>(Amount in USD cents)</b>				
Net asset value per ordinary share based on issued share capital at the end of the period	14.06	13.77	10.22	9.61

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 3QFY2019, the Group reported a 64.6% quarter on quarter ("qoq") increase in revenue from US\$ 4.6 million for 3QFY2018 to US\$ 7.6 million in 3QFY2019. Gross profit of US\$306,000 was achieved in 3QFY2019 as compared to gross loss of US\$ 920,000 in 3QFY2018. The Group reported a net profit after tax attributable to owners of the Company of US\$ 4,000 in 3QFY2019 as compared to a net loss of US\$ 2.0 million in 3QFY2018.

For the nine months ended 30 September 2019 ("9MFY2019"), the Group reported a year-on-year ("yoy") decrease of 43.1% in revenue from US\$ 26.8 million for 9MFY2018 to US\$ 15.3 million in 9MFY2019. Gross profit decreased by 66.1% from US\$ 1.6 million in 9MFY2018 to US\$ 549,000 in 9MFY2019, while gross profit margin decreased from 6.0% to 3.6%. The Group achieved a net profit after tax attributable to owners of the Company of US\$ 149,000 in 9MFY2019 as compared to a net loss of US\$ 1.3 million in 9MFY2018.

**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)**

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

**Revenue**

The increase in revenue of 64.6% qoq in 3QFY2019 was mainly attributed to the increases in the market demand in 3QFY2019. The Group's ICS division continued to be a key revenue generator, accounting for 96.8% of the overall revenue in 3QFY2019.

**Profitability**

Gross profit margin of 4.0% was achieved in 3QFY2019 as compared to a gross loss margin of 19.9% in 3QFY2018. Despite the gross profit margin achieved, the Group continues to face price pressures from the market resulting in low gross profit margin to meet competition.

**Other Items of Income**

- Interest income decreased by 5.5% qoq in 3QFY2019 as the funds in the fixed deposits were used to invest in quoted and unquoted investments of the company.
- Other income increased from US\$ 26,000 in 3QFY2018 to US\$ 511,000 in 3QFY2019 mainly due to the gain on disposal of quoted investments, and reversal of impairment of plant & equipment.

**Expenses**

The Group's total expenses amounted to US\$ 1.0 million in 3QFY2019 (3QFY2018: US\$ 1.4 million) representing a decrease of 23.4% qoq. The factors contributing to the decreases were as follow:

- Research and development expenses reported a decrease of 31.9% qoq to US\$ 147,000 in 3QFY2019 (3QFY2018: US\$ 216,000). The decrease was mainly due to the decrease in amortisation and staff costs.
- Marketing and distribution expenses increased by 11.7% qoq to US\$ 381,000 in 3QFY2019 (3QFY2018: US\$ 341,000). This was mainly due to increase in marketing and staff costs in 3QFY2019.
- General administrative expenses decreased from US\$ 395,000 in 3QFY2018 to US\$ 327,000 in 3QFY2019. This was mainly due to the lower professional fees and staff costs incurred.
- Other expenses decreased from US\$ 410,000 in 3QFY2018 to US\$ 188,000 in 3QFY2019. This was due mainly to the lower exchange loss incurred in the 3QFY2019.

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

The Group reported a net profit attributable to owners of the Company of US\$ 4,000 in 3QFY2019 (3QFY2018: net loss of US\$ 2.0 million) and US\$ 149,000 in 9MFY2019 (9MFY2018: net loss of US\$1.3 million). This profit was achieved on the back of the lower revenue, low gross profit margin and lower operating expenses.

**Other Financial Highlights**

- **Property, plant and equipment** – The increase in the Group's property, plant and equipment of US\$ 198,000 in 9MFY2019 was mainly due to the reversal of impairment of plant and equipment of US\$ 277,000 and net investment in plant and equipment of US\$ 56,000. This was partly offset by depreciation costs of US\$ 135,000 incurred during the period.
- **Intangible assets** – The increase in Group's intangible assets was mainly due to capitalisation of development costs and patent expenses (US\$ 145,000), and this was partly offset by amortisation costs (US\$ 27,000) incurred during the period.

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)**

**Other Financial Highlights (cont'd)**

- **Quoted investments** – The Group's investment in quoted investments in non-current asset and current assets increased by US\$ 9.3 million to US\$ 25.7 million as at 30 September 2019 (31 December 2018: US\$ 16.4 million). The increase was mainly due to new investments in higher yield financial assets and a higher valuation of our investments attributable to a favourable bond and equity markets in 9MFY2019. Net investments in quoted investments amounted to US\$ 8.1 million and increases in investment valuation amounted to US\$1.2 million in 9MFY2019.
- **Unquoted investments** – The Group's investment in unquoted investments increased from US\$ 618,000 in December 2018 to US\$ 4.6 million in September 2019. This was mainly due to the investments in unquoted investments of US\$ 4.0 million in 9MFY2019.
- **Inventories** – The Group's inventories amounted to US\$ 4.8 million as at 30 September 2019, an increase of US\$ 1.4 million from 31 December 2018 (US\$ 3.4 million). Inventory turnover days in 9MFY2019 were 87 days (31 December 2018: 57 days).
- **Trade and other receivables** – The Group's trade and other receivables amounted to US\$ 1.4 million as at 30 September 2019 as compared to US\$ 675,000 as at 31 December 2018. Trade receivable turnover days in 9MFY2019 were 22 days (31 December 2018: 11 days).
- **Trade payables and accruals** – The Group's trade payables and accruals amounted to US\$ 3.3 million as at 30 September 2019 as compared to US\$ 25,000 as at 31 December 2018. This increase was mainly due to the credit terms provided by a major creditor in 3QFY2019. Trade payable turnover days in 9MFY2019 were 55 days (31 December 2018: Nil).

**Cashflow**

The Group's cash and cash equivalent as at 30 September 2019 amounted to US\$ 13.4 million as compared to US\$ 25.7 million as at 31 December 2018, a decrease of US\$ 12.3 million. The main decrease in the cash position in 9MFY2019 was mainly due to the cash outflow in investing activities (which was mainly in quoted and unquoted investments) of US\$ 11.9 million, cash surplus from operating activities of US\$ 248,000, repayment to non-controlling interest in a subsidiary for capital reduction exercise of US\$ 485,000 and purchase of Company's treasury shares under the share buy-back mandate of US\$ 185,000.

The cash inflow in operating activities of US\$ 248,000 in 9MFY2019 arose mainly from the positive changes in working capital of US\$ 1.7 million (mainly due to increase in trade payable of US\$ 2.8 million), tax refund of US\$ 662,000 and interest income of US\$ 368,000, totaling US\$2.8 million. This was partially offset by the cash outflow in operations amounting to US\$ 2.5 million.

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. 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.

## 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 dividend 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.

## 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  
11 November 2019

**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 2019 to be false and misleading in any material aspect.

On behalf of the Directors

Signed

**TAN JOON YONG WAYNE**  
Director

11 November 2019

Signed

**KUAN MUN KWONG**  
Director