



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

First Quarter of FY 2015 Financial Statements

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 FIRST QUARTER ENDED 31 March 2015

(i) Consolidated Income Statement

	<u>1st Qtr 2015</u>	<u>1st Qtr 2014</u>	<u>Increase/ (decrease)</u>
	US\$'000	US\$'000	%
Revenue	26,820	14,923	79.72
Cost of goods sold	(23,581)	(12,525)	88.27
Gross profit	<u>3,239</u>	<u>2,398</u>	35.07
Other items of income :			
Interest Income	160	150	6.67
Other income	293	133	120.30
Other items of expense :			
Research and development expenses	(1,038)	(985)	5.38
Marketing and distribution expenses	(583)	(564)	3.37
General administration expenses	(843)	(902)	(6.54)
Finance costs	(39)	(33)	18.18
Other expenses	(457)	(114)	300.88
Profit before tax [1]	<u>732</u>	<u>83</u>	781.93
Income tax	(11)	33	(133.33)
Profit after tax for the period	<u>721</u>	<u>116</u>	521.55
Profit attributable to :			
Non-Controlling interests	177	(344)	(151.45)
Owners of the Company	544	460	18.26
	<u>721</u>	<u>116</u>	521.55
Earnings per share attributable to owners of the parent (expressed in cents per share) :			
- Basic	0.18	0.16	
- Diluted	<u>0.18</u>	<u>0.15</u>	

(ii) Breakdown and Explanatory notes to Consolidated Income Statement

NM denotes not meaningful

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

	1 st Qtr 2015	1 st Qtr 2014	Increase/ (decrease)
	US\$'000	US\$'000	%
Interest income from:			
– fixed deposits	7	11	(36.36)
– available for sale financial assets	153	139	10.07
Allowance for doubtful debts	(19)	-	nm
Depreciation of fixed assets	(304)	(359)	(15.32)
Amortisation of intangibles	(480)	(436)	10.09
Provision of share-based expense	(30)	-	nm
Gain on disposal of plant, property and equipment	41	3	1266.67
Net foreign exchange loss	(457)	(114)	300.88
Interest expenses – hire purchase	(4)	(4)	nm
Interest on term loan/bank overdrafts	(35)	(29)	(20.69)

nm - Not meaningful

(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

	US\$'000		%
	1 st Qtr 2015	1 st Qtr 2014	Increase/ (decrease)
Profit for the period	721	116	521.55
Other comprehensive Income:			
Fair value adjustment on investment securities.	167	38	339.47
Foreign currency translation	(435)	(534)	(18.54)
Other Comprehensive income for the period, net of tax	(268)	(496)	(45.97)
Total Comprehensive Income for the period	453	380	19.21
ATTRIBUTABLE TO:			
Owners of the Company	276	726	(62.0)
Non-Controlling interests	177	(346)	(151.15)
	453	380	19.21

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

BALANCE SHEET as at	GROUP		COMPANY	
	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000	31 Mar 2015 US\$'000	31 Dec 2014 US\$'000
Non-current assets				
Plant, property and equipment	11,507	11,736	7	7
Intangible assets	11,108	11,229	4,468	4,500
Investment in subsidiaries	-	-	5,441	5,441
Investment in associates	-	-	5	5
Quoted investments	9,559	9,408	9,559	9,408
Unquoted investments	189	197	-	-
	32,363	32,570	19,480	19,361
Current assets				
Trade receivables	15,866	26,194	20	13
Inventories	16,191	12,883	-	-
Amounts due from subsidiaries	-	-	17,982	17,992
Amounts due from associates	168	186	-	-
Other receivables	3,289	4,593	879	986
Prepayments	1,088	1,678	203	354
Fixed deposits	10,541	3,170	249	-
Cash and bank balances	2,660	8,879	237	462
	49,803	57,583	19,570	19,807
Total assets	82,166	90,153	39,050	39,168
Current liabilities				
Trade payables and accruals	20,841	20,674	108	101
Other payables	3,023	8,417	315	326
Amounts due to subsidiaries	-	-	54	54
Hire purchase payables	237	239	-	-
Term loans and bank overdrafts	2,411	6,914	-	-
Income tax payable	839	838	-	-
	27,351	37,082	477	481
Net current assets	22,452	20,501	19,093	19,326
Non-current liabilities				
Term loans	613	682	-	-
Deferred taxation	692	696	-	-
Hire purchase payables	241	193	-	-
	1,546	1,571	-	-
Total liabilities	28,897	38,653	477	481
Net assets	53,269	51,500	38,573	38,687
Capital and reserves attributable to the equity holders of the Company				
Share capital	29,669	29,605	29,669	29,605
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	746	579	746	579
Revaluation reserve	2,029	2,029	-	-
Revenue reserve	9,114	8,570	8,380	8,725
Capital reserve	2,717	2,717	-	-
Translation reserve	(1,038)	(603)	-	-
Non controlling interest	10,289	8,860	-	-
Total equity	53,269	51,500	38,573	38,687
Total equity and liabilities	82,166	90,153	39,050	39,168

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 March 2015 US\$'000		As at 31 December 2014 US\$'000	
Secured	Unsecured	Secured	Unsecured
2,648	-	7,153	-

Amount repayable after one year

As at 31 March 2015 US\$'000		As at 31 December 2014 US\$'000	
Secured	Unsecured	Secured	Unsecured
854	-	875	-

Details of any collateral :

The Group's motor vehicles and plant and equipment at net book value of US\$619,267 (FY2014: US\$561,058) 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 3 months period ended 31 March

	2015	2014
	US\$'000	US\$'000
Cash flow from operating activities:-		
Profit before income tax	732	83
Adjustments for:-		
Amortisation of intangible assets	480	436
Depreciation of property, plant and equipment	304	359
Allowance for doubtful debts	19	-
Gain on disposal of fixed assets	(41)	(3)
Gain on disposal of investment	-	(30)
Interest income	(160)	(150)
Translation differences arising on consolidation	19	(362)
Interest expense	39	33
Operating profit before changes in working capital	1,392	366
Decrease in trade, other receivables and prepayments	12,229	5,513
Increase in inventories	(3,308)	(3,627)
Decrease in trade and other payables	(5,228)	(5,964)
Cash generated/(utilised) from operating activities	5,085	(3,712)
Income tax paid	-	2
Interest received	7	11
Interest paid	(39)	(33)
Net cash generated/(utilised) from operating activities	5,053	(3,732)
Cash flow from investing activities		
Proceeds from disposal of investment securities	-	1,030
Proceeds from disposal of fixed assets	99	7
Purchase of property, plant and equipment	(273)	(66)
Payment for patent & trademark registration expenses	(72)	(78)
Payment for development expenditures	(378)	(366)
Interest income from available for sale investment	153	139
Purchase of quoted investments	-	(500)
Net cash (used)/generated by investing activities	(471)	166
Cash flow from financing activities		
Employees' share option exercised	64	7
Repayment of hire purchase instalments	(70)	(94)
Repayment of term loan	(4,541)	(49)
Capital contribution from non-controlling interest	1,252	-
Net cash used in financing activities	(3,295)	(136)
Net increase/(decrease) in cash and cash equivalents	1,287	(3,702)
Cash and cash equivalents as beginning of period	10,162	8,455
Effect of foreign exchange difference	(154)	(14)
Cash and cash equivalents at end of period	11,295	4,739

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

	31 Mar 2015	31 Mar 2014
	\$'000	\$'000
Cash and Bank Balances	2,660	4,440
Fixed Deposits	10,541	2,306
Bank Overdrafts	(1,906)	(2,007)
	11,295	4,739

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Equity attributable to equity holders of the Company							Total	Non-Controlling interest	Total Equity
	Share Capital	Treasury Shares	Capital Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Other Reserve	Revaluation reserve			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
THE GROUP										
Balance at 1 January 2014	29,595	(257)	2,717	581	6,025	580	334	39,575	6,505	46,080
Increase in shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	(534)	460	38	-	(36)	(346)	(382)
Balance at 31 March 2014	29,602	(257)	2,717	47	6,485	618	334	39,546	6,159	45,705
Balance at 1 January 2015	29,605	(257)	2,717	(603)	8,570	579	2,029	42,640	8,860	51,500
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	1,252	1,252
Total comprehensive income for the period	-	-	-	(435)	544	167	-	276	177	453
Balance at 31 March 2015	29,669	(257)	2,717	(1,038)	9,114	746	2,029	42,980	10,289	53,269
THE COMPANY										
Balance at 1 January 2014	29,595	(222)	-	-	9,867	580	-	39,820	-	39,820
Increase in shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Total comprehensive income for the period	-	-	-	-	(305)	38	-	(267)	-	(267)
Balance at 31 March 2014	29,602	(222)	-	-	9,562	618	-	39,560	-	39,560
Balance at 1 January 2015	29,605	(222)	-	-	8,725	579	-	38,687	-	38,687
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Total comprehensive income for the period	-	-	-	-	(345)	167	-	(178)	-	(178)
Balance at 31 March 2015	29,669	(222)	-	-	8,380	746	-	38,573	-	38,573

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

Since the previous period reported on, the Company issued 445,000 Ordinary Shares arising from the exercise of Shares from the Trek 2000 International Share Options Scheme.

During the 1QFY15, 4,090,000 share options were granted under the Trek 2000 International Share Options Scheme.

The outstanding share options under Trek 2000 International Share Options Scheme as at 31 March 2015 is as follows:

Unexercised Share Option	<u>No. of shares</u>
Balance as at 1 st January 2015	3,082,500
Share options granted during the period	4,090,000
Share options exercised during the period	(445,000)
Balance as at 31st March 2015	<u>6,727,500</u>

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 March 2015, share capital of the Company is as follows:

Ordinary Shares Issued and fully paid	<u>No. of shares</u>	<u>US\$</u>
Balance as at 1 st January 2015	297,671,925	29,605,242
Movement in Shares	445,000	63,792
Balance as at 31st March 2015	<u>298,116,925</u>	<u>29,669,034</u>

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".

	<u>No. of shares</u>	<u>US\$</u>
Balance as at 1 st January 2015	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
Balance as at 31st March 2015	<u>1,293,000</u>	<u>(256,914)</u>

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not Applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015, where applicable. The adoption of these standards from the effective date did not result in material adjustments to the financial position, results of operations or cash flows of the Group for the current or prior periods.

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	1Q 2015	1Q 2014
Profit after tax (US\$'000)	544	460
Weighted average number of ordinary shares in issue (in '000)	297,748	296,349
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	298,758	297,127

(Amount in USD cents)

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

(i) Based on existing issued share capital	0.18	0.16
(ii) On a fully diluted basis	0.18	0.15

Note:

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

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

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

NET ASSETS VALUE	GROUP		COMPANY	
	31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
Number of ordinary shares (in '000)	298,041	297,644	298,041	297,644
(Amount in USD cents)				
Net assets value per ordinary share based on issued share capital at the end of the period	17.87	17.30	12.94	13.00

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

For the first quarter ended 31 March 2015 (1QFY15), the Group reported an 79.7% increase in revenues from US\$14.9 million (1QFY14) to US\$26.8 million. The gross profit correspondingly increased QoQ by 35.1% from US\$2.4 million (1QFY14) to US\$3.2 million (1QFY15). The Group also reported higher QoQ net profit after tax from US\$0.1 million (1QFY14) to US\$0.7 million (1QFY15) representing an increase of 521.5%.

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

Revenue

- Group's Interactive Consumer Solutions (ICS) business reported a QoQ increase by 91% in revenue to US\$24.3 million (1QFY15) from US\$12.7 million in 1QFY14, driven by increased sales of Flucard and WiFi memory modules.
- Licensing revenue increased by 56.1% to US\$0.7 million in 1QFY15 from US\$0.4 million in 1QFY14 as Group's third party licensing customers experienced an improvement in sales during the period.

Expenses

Group's total expenses amounted to US\$3.0 million in 1QFY15 (1QFY14: US\$2.6 million) representing a increase by 13.9%. Out of which US\$0.4 million is due to foreign exchange translation losses arising from consolidation.

Net profit after tax

- Net profit after tax was higher by 521.5% from US\$0.1 million to US\$0.7 million largely due to the higher revenue despite the increased expenses by 13.9%.

Balance Sheet – Key Highlights

- **Plant, property & equipment** – stands at US\$11.5 million (FY14: US\$11.7 million) and decrease is due to the application of the Group's depreciation policy.
- **Intangible Assets** – There was no significant change in intangible assets in 1QFY15, other than the development of new projects and registration of new patents for its core interactive consumer solutions. The intangible assets as at 31 Mar 2015 is US\$11.1 million. Being a technology leader in this space, the Group continues to emphasize and invest in Research and Development ("R&D").
- **Quoted Investments** - The fair value of investments in quoted investments was US\$9.6 million (31 Dec 2014: US\$9.4 million). There is no significant change.
- **Trade Receivables** – At quarter end, trade receivables closed at US\$15.9 million (31 Dec 2014: US\$26.2 million).
- **Inventory** – Group's inventory closed at US\$16.2 million, an increase by US\$3.3 million from \$12.9 million in FY2014 is due to the lead time requirements for production planning.

Cashflow

The Group cash & cash equivalents as at 31 Mar 2015 of US\$13.2 million (including fixed deposits amounting to US\$10.5 million and bank overdraft amounting to US\$1.9 million).

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

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

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

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

Not Applicable

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Despite the global uncertainties, the Group remains cautiously optimistic as the ICS business is projected to be the main driver of growth into the future. This is attributed to the increased strategic design-in collaboration projects for the new embedded "SMART" WiFi memory module solutions with potential International firms.

Going forward, we are targeting growth in three key areas in the next generation of consumer mobile technologies with our development focus on Consumer Wearable, Medical and Cloud Technologies. As always, the focus on product development is balanced with the Group exercising vigilance and prudence in our operations in view of the challenging business conditions ahead.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

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

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

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

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

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not Applicable

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

Not Applicable

17. A breakdown of sales

Not Applicable

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

Not Applicable

BY ORDER OF THE BOARD

GURCHARAN SINGH

Executive Director
10 May 2015

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

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 31 March 2015 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN
Director

10 May 2015

Signed

GURCHARAN SINGH
Director