



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

First Quarter of FY 2014 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 2014

(i) Consolidated Income Statement

	1st Qtr 2014	1st Qtr 2013	Increase/ (decrease)
	US\$'000	US\$'000	%
Revenue	14,923	16,916	(11.78)
Cost of goods sold	(12,525)	(14,140)	(11.42)
Gross profit	<u>2,398</u>	<u>2,776</u>	(13.62)
Other items of income :			
Interest Income	150	113	32.74
Other income	133	233	(42.92)
Other items of expense :			
Research and development expenses	(985)	(922)	6.83
Marketing and distribution expenses	(564)	(742)	(23.99)
General administration expenses	(902)	(972)	(7.20)
Finance costs	(33)	(36)	(8.33)
Other expenses	(114)	(80)	42.50
Profit before tax [1]	<u>83</u>	<u>370</u>	(77.57)
Income tax expense	33	45	(26.67)
Profit for the period	<u>116</u>	<u>415</u>	(72.05)
Profit attributable to :			
Non-Controlling interests	(344)	(67)	413.43
Owners of the Company	460	482	(4.56)
	<u>116</u>	<u>415</u>	(72.05)
Earnings per share attributable to owners of the parent (expressed in cents per share) :			
- Basic	0.16	0.16	
- Diluted	<u>0.15</u>	<u>0.16</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 2014	1 st Qtr 2013	Increase/ (decrease)
	US\$'000	US\$'000	%
Interest income – fixed deposits	150	113	32.74
Allowance for doubtful debts	-	(185)	nm
Depreciation of fixed assets	(359)	(333)	7.81
Amortisation of intangibles	(436)	(382)	14.14
Provision of share-based expense	-	(30)	nm
Net foreign exchange loss	(114)	(80)	42.50
Interest expenses – hire purchase	(4)	(3)	33.33
Interest on term loan/bank overdrafts	(29)	(33)	(12.12)

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 2014	1 st Qtr 2013	Increase/ (decrease)
Profit for the period	116	415	(72.05)
Other comprehensive Income:			
Fair value adjustment on investment securities.	38	29	31.03
Foreign currency translation	(534)	(187)	185.56
Other Comprehensive income for the period, net of tax	(496)	(158)	213.92
Total Comprehensive Income for the period	380	257	47.86
ATTRIBUTABLE TO:			
Owners of the Company	726	329	120.67
Non-Controlling interests	(346)	(72)	380.56
	380	257	47.86

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 2014 US\$'000	31 Dec 2013 US\$'000	31 Mar 2014 US\$'000	31 Dec 2013 US\$'000
Non-current assets				
Plant, property and equipment	10,415	10,859	7	7
Intangible assets	11,327	11,341	4,652	4,697
Investment in subsidiaries	-	-	6,507	6,507
Investment in associates	-	-	5	5
Quoted investments	7,629	8,095	7,629	8,095
Unquoted investments	202	204	-	-
	29,573	30,499	18,800	19,311
Current assets				
Trade receivables	11,641	17,296	24	15
Inventories	14,602	10,775	-	-
Amounts due from subsidiaries	-	-	19,367	18,900
Amounts due from associates	185	185	-	-
Other receivables	1,686	1,852	356	375
Prepayments	1,689	1,581	874	992
Fixed deposits	2,306	5,144	-	1,093
Cash and bank balances	4,440	4,913	1,222	166
	36,549	41,746	21,843	21,541
Total assets	66,122	72,245	40,643	40,852
Current liabilities				
Trade payables and accruals	10,935	17,009	249	233
Other payables	4,007	4,051	266	230
Amounts due to subsidiaries	-	-	54	55
Hire purchase payables	299	269	-	-
Term loans and bank overdrafts	2,578	2,184	-	-
Income tax payable	471	506	183	183
	18,290	24,019	752	701
Net current assets	18,259	17,727	21,091	20,840
Non-current liabilities				
Term loans	809	861	-	-
Deferred taxation	1,097	1,089	331	331
Hire purchase payables	221	200	-	-
	2,127	2,150	331	331
Total liabilities	20,417	26,165	1,083	1,032
Net assets	45,705	46,080	39,560	39,820
Capital and reserves attributable to the equity holders of the Company				
Share capital	29,602	29,595	29,602	29,595
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	618	580	618	580
Revaluation reserve	334	334	-	-
Revenue reserve	6,485	6,025	9,562	9,867
Capital reserve	2,717	2,717	-	-
Translation reserve	47	581	-	-
Non controlling interest	6,159	6,505	-	-
Total equity	45,705	46,080	39,560	39,820
Total equity and liabilities	66,122	72,245	40,643	40,852

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 March 2014 US\$'000		As at 31 December 2013 US\$'000	
Secured	Unsecured	Secured	Unsecured
2,877	-	2,449	-

Amount repayable after one year

As at 31 March 2014 US\$'000		As at 31 December 2013 US\$'000	
Secured	Unsecured	Secured	Unsecured
1,030	-	1,061	-

Details of any collateral :

The Group's motor vehicles and plant and equipment at net book value of US\$709,447 (FY2013: US\$645,986) are pledged as collaterals to the hire purchase creditors.

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

CONSOLIDATED CASH FLOW STATEMENT for the 3 months period ended 31 March

	2014	2013
	US\$'000	US\$'000
Cash flow from operating activities:-		
Profit before income tax	83	370
Adjustments for:-		
Amortisation of intangible assets	436	382
Depreciation of property, plant and equipment	359	333
Allowance for doubtful debts	-	185
Gain on disposal of fixed assets	(3)	-
Gain on disposal of investment	(30)	(4)
Interest income	(150)	(113)
Translation differences arising on consolidation	(362)	(94)
Interest expense	33	36
	366	1,095
Operating profit before changes in working capital		
Decrease/(increase) in trade, other receivables and prepayments	5,513	(519)
(Increase)/decrease in inventories	(3,627)	416
(Decrease) in trade and other payables	(5,964)	(8)
	(3,712)	984
Cash (utilised)/generated from operating activities		
Income tax paid	2	62
Interest received	150	113
Interest paid	(33)	(36)
	(3,593)	1,123
Net cash (utilised)/generated from operating activities		
Cash flow from investing activities		
Proceeds from disposal of investment securities	1,030	409
Proceeds from disposal of fixed assets	7	-
Purchase of property, plant and equipment	(66)	(96)
Payment for patent & trademark registration expenses	(78)	(225)
Payment for development expenditures	(366)	(397)
Purchase of quoted investments	(500)	-
	27	(309)
Net cash generated/(used) by investing activities		
Cash flow from financing activities		
Employees' share option exercised	7	-
Repayment of hire purchase instalments	(94)	(33)
Repayment of term loan	(49)	(77)
Proceeds from term loan	-	526
	(136)	416
Net cash (used in)/generated by financing activities		
Net (decrease)/increase in cash and cash equivalents	(3,702)	1,230
Cash and cash equivalents as beginning of period	8,455	6,349
Effect of foreign exchange difference	(14)	(14)
	4,739	7,565
Cash and cash equivalents at end of period		

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

	31 Mar 2014	31 Mar 2013
	\$'000	\$'000
Cash and Bank Balances	4,440	6,757
Fixed Deposits	2,306	2,138
Bank Overdrafts	(2,007)	(1,330)
	4,739	7,565

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 2013	29,580	(257)	2,717	809	5,620	857	334	39,660	6,233	45,893
Total comprehensive income for the period	-	-	-	(182)	482	29	-	329	(72)	257
Balance at 31 March 2013	29,580	(257)	2,717	627	6,102	886	334	39,989	6,161	46,150
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. Total comprehensive income for the period	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
THE COMPANY										
Balance at 1 January 2013	29,580	(222)	-	-	11,238	857	-	41,453	-	41,453
Total comprehensive income for the period	-	-	-	-	(299)	29	-	(270)	-	(270)
Balance at 31 March 2013	29,580	(222)	-	-	10,939	886	-	41,183	-	41,183
Balance at 1 January 2014	29,595	(222)	-	-	9,867	580	-	39,820	-	39,820
Increase in shares through exercise of share options. Total comprehensive income for the period	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

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 60,000 Ordinary Shares arising from the exercise of Shares from the Trek 2000 International Share Options Scheme.

During the 1QFY14, no share options were granted under the Trek 2000 International Share Options Scheme.

The outstanding share options under Trek 2000 International Share Options Scheme as at 31 March 2014 is as follows:

Unexercised Share Option	<u>No. of shares</u>
Balance as at 1 st January 2014	3,542,500
Share options exercised during the period	(60,000)
Balance as at 31st March 2014	<u>3,482,500</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 2014, 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 2014	297,581,925	29,594,866
Movement in Shares	60,000	6,868
Balance as at 31st March 2014	<u>297,641,925</u>	<u>29,601,734</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 2014	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
Balance as at 31st March 2014	<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 2013.

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

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

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

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

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

THE GROUP	1Q 2014	1Q 2013
Profit after tax (US\$'000)	460	482
Weighted average number of ordinary shares in issue (in '000)	296,229	296,169
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	297,007	297,036
(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	0.16	0.16
(ii) On a fully diluted basis	0.15	0.16

Note:

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

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

For 1QFY14, the outstanding share options do not have any dilutive effect on the earnings per share as the exercise prices for the outstanding share options were higher than the average market price during the financial period.

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

NET ASSETS VALUE	GROUP		COMPANY	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Number of ordinary shares (in '000)	296,522	296,582	296,522	296,582
(Amount in USD cents)				
Net assets value per ordinary share based on issued share capital at the end of the period	15.41	15.54	13.34	13.43

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

At the close of the first quarter ended 31 March 2014 (1QFY14), the Group reported an 11.8% decrease in revenues from US\$16.9 million (1QFY13) to US\$14.9 million. The gross profit decreased by 13.6% from US\$2.8 million (1QFY13) to US\$2.4 million (1QFY14) which correspondences to the lower revenue growth. The Group reported lower net profit after tax from US\$0.4 million (1QFY13) to US\$0.1 million (1QFY14) representing a decrease of 72.1%.

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

Revenue

- Mobile media solutions business decreased by 6.9% from US\$13.6 million (1QFY13) to US\$12.7 million in 1QFY14.
- In 1QFY14, licensing revenue was US\$0.5 million compared to US\$0.7 million in 1QFY13.

Expenses

Group's total expenses amounted to US\$2.6 million in 1QFY14 (1QFY13: US\$2.7 million) representing a decrease by 5.6%, mainly in marketing and distribution expenses from higher exhibition and freight & handling expenses in 1QFY13.

Net profit after tax

- Net profit after tax was lower by 72.1% from US\$0.4 million to US\$0.1 million largely due to the lower gross profits despite the reduced expenses by 5.6%.

Balance Sheet – Key Highlights

- **Plant, property & equipment** – US\$0.4 million decrease is due to the application of the Group's depreciation policy.
- **Intangible Assets** – There was no significant change in intangible assets in 1QFY14, other than the development of new projects and registration of new patents for its core mobile media solutions. The intangible assets as at 31 Mar 2014 is US\$11.3 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\$7.6 million (31 Dec 2013: US\$8.1 million). The decrease by US\$0.5 million was due to maturity of a quoted investment.
- **Trade Debtors** – At quarter end, trade debtors closed at US\$11.6 million (31 Dec 2013: US\$17.3 million).
- **Inventory** – Group's inventory closed at US\$14.6 million, an increase by US\$3.8 million from \$10.8 million in FY2013 is due to the lead time requirements for project manufacturing.

Cashflow

The cash & cash equivalents as at 31 Mar 2014 of US\$4.7 million compared to US\$8.5 million as at 31 Dec 2013 due to the changes in working capital.

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

As at 31 March 2014, the Group has US\$4.7million in net cash and cash equivalents.

Going forward, the Group expects that business conditions will continue to be challenging. The Group will continue to pursue its R&D activities so as to introduce new innovations and broaden it's product offerings to the market.

Barring any unforeseen circumstances, the Group is cautiously optimistic despite continued global economic uncertainties.

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
9th May 2014

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

The directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial statements for the period ended 31 March 2014 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN
Director

9th May 2014

Signed

GURCHARAN SINGH
Director