



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

Third Quarter and 9 months Financial Statement Announcement for the period ended 30 September 2016

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 2016

(i) Consolidated Income Statement

| | <u>Third Quarter</u> | | <u>Increase/ (decrease)</u> | <u>9 months ended</u> | | <u>Increase/ (decrease)</u> |
|--|----------------------|-------------------|---------------------------------|-----------------------|---------------------|---------------------------------|
| | <u>2016</u> | <u>2015</u> | | <u>2016</u> | <u>2015</u> | |
| | US\$'000 | US\$'000 | % | US\$'000 | US\$'000 | % |
| Revenue | 43,214 | 44,063 | (1.93) | 124,809 | 112,710 | 10.73 |
| Cost of goods sold | (38,404) | (40,225) | (4.53) | (113,213) | (101,732) | 11.29 |
| Gross profit | <u>4,810</u> | <u>3,838</u> | <u>25.33</u> | <u>11,596</u> | <u>10,978</u> | <u>5.63</u> |
| Other items of income : | | | | | | |
| Interest Income | 148 | 211 | (29.86) | 476 | 535 | (11.03) |
| Other income | 258 | 239 | 7.95 | 538 | 767 | (29.86) |
| Other items of expense : | | | | | | |
| Research and development expenses | (813) | (1,808) | (55.03) | (3,187) | (4,264) | (25.26) |
| Marketing and distribution expenses | (504) | (729) | (30.86) | (1,349) | (1,959) | (31.14) |
| General administration expenses | (1,570) | (961) | 63.37 | (3,656) | (2,820) | 29.65 |
| Finance costs | (38) | (24) | 58.33 | (110) | (90) | 22.22 |
| Other expenses | (85) | (201) | (57.71) | (233) | (658) | (64.59) |
| Profit before income tax [1] | <u>2,206</u> | <u>565</u> | <u>290.44</u> | <u>4,075</u> | <u>2,489</u> | <u>63.72</u> |
| Income tax | (11) | (16) | (31.25) | (33) | (38) | (13.16) |
| Profit after tax for the period | <u>2,195</u> | <u>549</u> | <u>299.82</u> | <u>4,042</u> | <u>2,451</u> | <u>64.91</u> |
| Profit attributable to : | | | | | | |
| Owners of the Company | 1,780 | 1,043 | 70.66 | 3,607 | 2,668 | 35.19 |
| Non-Controlling Interest | 415 | (494) | 184.01 | 435 | (217) | 300.46 |
| Profit for the period | <u>2,195</u> | <u>549</u> | <u>299.82</u> | <u>4,042</u> | <u>2,451</u> | <u>64.91</u> |
| Earnings per share attributable to owners of the parent (expressed in cents per share) : | | | | | | |
| - Basic | 0.55 | 0.34 | | 1.11 | 0.88 | |
| - Diluted | <u>0.55</u> | <u>0.34</u> | | <u>1.11</u> | <u>0.88</u> | |

(ii) Breakdown and Explanatory notes to Consolidated Income Statement

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

| | <u>Third Quarter</u> | | <u>Increase/ (decrease)</u> | <u>9 months</u> | | <u>Increase/ (decrease)</u> |
|---|----------------------|-------------|---------------------------------|-----------------|-------------|---------------------------------|
| | <u>2016</u> | <u>2015</u> | % | <u>2016</u> | <u>2015</u> | % |
| | US\$'000 | US\$'000 | | US\$'000 | US\$'000 | |
| Interest income from: | | | | | | |
| - fixed deposits | 71 | 16 | 343.75 | 124 | 39 | 217.95 |
| - available for sale financial assets | 77 | 195 | (60.51) | 352 | 496 | (29.03) |
| Gain on disposal of property, plant & equipment | 5 | 38 | (86.84) | 18 | 79 | (77.22) |
| Allowance for doubtful debt | (72) | (17) | 323.53 | (109) | (4) | 2,625.00 |
| Depreciation of plant, property & equipment | (470) | (506) | (7.11) | (1,355) | (1,360) | (0.37) |
| Amortization of intangibles assets | (86) | (458) | (81.22) | (670) | (1,398) | (52.07) |
| Net foreign exchange gain/(loss) | 16 | (65) | 124.62 | (203) | (244) | (16.80) |
| Interest expense – hire purchase | (4) | (4) | - | (12) | (12) | - |
| Interest on term loan/bank overdrafts | (34) | (21) | 61.90 | (98) | (79) | 24.05 |

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

| | Group | | | | | |
|--|--------------|--------------|---------------------------------|--------------------|--------------------|---------------------------------|
| | US\$'000 | | % | US\$'000 | | % |
| | Q3 FY2016 | Q3 FY2015 | <u>Increase/ (decrease)</u> | 9 months FY2016 | 9 months FY2015 | <u>Increase/ (decrease)</u> |
| Profit after tax for the period | 2,195 | 549 | 299.82 | 4,042 | 2,451 | 64.91 |
| Other Comprehensive Income: | | | | | | |
| Fair value adjustment on investment securities | 296 | (304) | 197.37 | 329 | (284) | 215.85 |
| Foreign currency translation | (37) | (978) | (96.22) | 582 | (1,596) | 136.47 |
| Other comprehensive income: | 259 | (1,282) | 120.20 | 911 | (1,880) | 148.46 |
| Total Comprehensive Income for the period, net of tax | 2,454 | (733) | 434.79 | 4,953 | 571 | 767.43 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | | | |
| Owners of the Company | 1,907 | (239) | 897.91 | 4,204 | 789 | 433.50 |
| Non-Controlling Interest | 547 | (494) | 210.73 | 749 | (218) | 445.16 |
| | 2,454 | (733) | 434.79 | 4,953 | 571 | 767.43 |

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 | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 30 Sep 2016 US\$'000 | 31 Dec 2015 US\$'000 | 30 Sep 2016 US\$'000 | 31 Dec 2015 US\$'000 |
| Non-Current Assets | | | | |
| Plant, property and equipment | 13,264 | 12,959 | 15 | 6 |
| Intangible assets | 4,320 | 5,161 | 1,645 | 1,809 |
| Investment in subsidiaries | - | - | 5,225 | 5,225 |
| Investment in associates | - | - | 5 | 5 |
| Quoted investments | 8,276 | 8,749 | 8,276 | 8,749 |
| Unquoted investments | 188 | 182 | - | - |
| | 26,048 | 27,051 | 15,166 | 15,794 |
| Current assets | | | | |
| Trade receivables and other receivables | 10,468 | 12,415 | 19,976 | 26,138 |
| Inventories | 8,385 | 22,518 | - | - |
| Prepayments | 528 | 265 | 89 | 8 |
| Fixed deposits | 11,821 | 4,781 | 4,179 | - |
| Cash and bank balances | 18,945 | 19,475 | 2,361 | 393 |
| | 50,147 | 59,454 | 26,605 | 26,539 |
| Total assets | 76,195 | 86,505 | 41,771 | 42,333 |
| Current liabilities | | | | |
| Trade payables and accruals | 11,362 | 29,476 | 89 | 81 |
| Other payables | 4,343 | 2,328 | 1,383 | 318 |
| Hire purchase payables | 168 | 154 | - | - |
| Term loans and bank overdrafts | 2,074 | 1,249 | - | - |
| Income tax payable | 763 | 768 | - | - |
| | 18,710 | 33,975 | 1,472 | 399 |
| Net current assets | 31,437 | 25,479 | 25,133 | 26,140 |
| Non-current liabilities | | | | |
| Term loans | 457 | 500 | - | - |
| Deferred taxation | 462 | 457 | - | - |
| Hire purchase payables | 205 | 150 | - | - |
| | 1,124 | 1,107 | - | - |
| Total liabilities | 19,834 | 35,082 | 1,472 | 399 |
| Net assets | 56,361 | 51,423 | 40,299 | 41,934 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 37,828 | 37,829 | 37,828 | 37,829 |
| Treasury shares | (297) | (283) | (262) | (248) |
| Other reserves | (2,628) | (2,957) | 968 | 639 |
| Revaluation reserve | 2,029 | 2,029 | - | - |
| Revenue reserve | 1,001 | (2,606) | 1,765 | 3,714 |
| Capital reserve | 2,717 | 2,717 | - | - |
| Translation reserve | (639) | (907) | - | - |
| | 40,011 | 35,822 | 40,299 | 41,934 |
| Non-controlling interest | 16,350 | 15,601 | - | - |
| Total equity | 56,361 | 51,423 | 40,299 | 41,934 |
| Total equity and liabilities | 76,195 | 86,505 | 41,771 | 42,333 |

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 2016 US\$'000 | | As at 31 December 2015 US\$'000 | |
|-------------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 2,242 | - | 1,403 | - |

Amount repayable after one year

| As at 30 September 2016 US\$'000 | | As at 31 December 2015 US\$'000 | |
|-------------------------------------|-----------|------------------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 662 | - | 650 | - |

Details of any collateral :

The Group's assets at net book value of US\$537,136 (FY2015: US\$384,732) 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 periods ended 30th September

| | 3Q 2016 US\$'000 | 3Q 2015 US\$'000 | 9mths 2016 US\$'000 | 9mths 2015 US\$'000 |
|---|---------------------|---------------------|------------------------|------------------------|
| Cash flow from operating activities:- | | | | |
| Profit before income tax | 2,206 | 565 | 4,075 | 2,489 |
| Adjustments for:- | | | | |
| Amortisation of intangible assets | 86 | 458 | 670 | 1,398 |
| Intangible asset written off | 2 | - | 419 | - |
| Depreciation of property, plant and equipment | 470 | 506 | 1,355 | 1,360 |
| Fixed assets written off | 2 | - | 2 | - |
| Allowance for doubtful debts | 72 | 17 | 109 | 4 |
| Provision/(Reversal) for stock obsolescence | 1,203 | (356) | (2,342) | (76) |
| Gain on disposal of property, plant and equipment | (5) | (38) | (18) | (79) |
| Loss on disposal of investment securities | (64) | - | 10 | - |
| Interest income | (148) | (211) | (476) | (535) |
| Interest expenses | 38 | 24 | 110 | 90 |
| Translation difference | (92) | (497) | 3 | (714) |
| Operating profit before changes in working capital | 3,770 | 468 | 3,917 | 3,937 |
| Decrease/(increase) in trade receivables, other receivables and prepayments | 469 | 5,205 | 1,712 | 16,503 |
| Decrease/(increase) in inventories | 3,604 | (7,317) | 16,653 | (12,345) |
| Decrease/(increase) in trade and other payables | 474 | (6,462) | (16,240) | (8,315) |
| Cash generated from operating activities | 8,317 | (8,106) | 6,042 | (220) |
| Interest paid | (38) | (24) | (110) | (90) |
| Income tax paid | 46 | 9 | (45) | (71) |
| Interest received | 71 | 16 | 124 | 39 |
| Net cash generated from / (used in) operating activities | 8,396 | (8,105) | 6,011 | (342) |
| Cash flow from investing activities | | | | |
| Proceeds from disposal of investment securities | 1,078 | - | 4,134 | 600 |
| Proceeds from disposal of property, plant & equipment | 6 | 89 | 24 | 188 |
| Purchase of property, plant and equipment | (125) | (33) | (1,291) | (4,028) |
| Payment for patent & trademark registration expenses | (4) | (107) | (7) | (231) |
| Payment for development expenditures | (100) | (1,219) | (240) | (1,998) |
| Purchase of quoted investments | - | (4,026) | (3,343) | (4,714) |
| Interest income from available-for-sale investment | 78 | 195 | 352 | 496 |
| Net cash generated from / (used in) investing activities | 933 | (5,101) | (371) | (9,687) |
| Cash flow from financing activities | | | | |
| Repayment of hire purchase instalments | (71) | (96) | (172) | (193) |
| Proceeds from hire purchase | - | - | 232 | - |
| Repurchase of treasury shares | (1) | (118) | (15) | (118) |
| Proceeds from issue of share capital | - | 8,046 | - | 8,046 |
| Proceeds from disposal of treasury shares | - | 317 | - | 317 |
| Employees' share option exercised | - | - | - | 64 |
| Repayment of term loans | (30) | (52) | (71) | (4,634) |
| Proceeds from term loans | - | - | 452 | - |
| Capital contribution from non-controlling interest | - | - | - | 6,696 |
| Payment of dividends | - | - | - | (1,123) |
| Transaction cost on repurchase of shares | - | - | (1) | - |
| Net cash generated from / (used in) financing activities | (102) | 8,097 | 425 | 9,055 |
| Net increase / (decrease) in cash and cash equivalents | 9,227 | (5,109) | 6,065 | (974) |
| Cash and cash equivalents at beginning of period | 20,340 | 14,168 | 23,453 | 10,162 |
| Effect of foreign exchange difference | 26 | (174) | 75 | (303) |
| Cash and cash equivalents at end of period | 29,593 | 8,885 | 29,593 | 8,885 |

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

| | 30 th Sep 2016 \$'000 | 30 th Sep 2015 \$'000 |
|------------------------|-------------------------------------|-------------------------------------|
| Cash and Bank Balances | 18,945 | 6,991 |
| Fixed Deposits | 11,821 | 3,142 |
| Bank Overdrafts | (1,173) | (1,248) |
| | 29,593 | 8,885 |

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 2015 | 29,605 | (257) | 2,717 | (511) | 5,301 | 579 | 2,029 | 39,463 | 7,936 | 47,399 |
| Increase in Shares through exercise of share options. | 64 | - | - | - | - | - | - | 64 | - | 64 |
| Capital contribution from non-controlling interest | - | - | - | - | - | - | - | - | 1,253 | 1,253 |
| Total comprehensive income for the period | - | - | - | (435) | 544 | 167 | - | 276 | 177 | 453 |
| Balance at 31 March 2015 | 29,669 | (257) | 2,717 | (946) | 5,845 | 746 | 2,029 | 39,803 | 9,366 | 49,169 |
| Tax exempt (one-Tier) dividends @ 0.005 cts @ 1.322 = US\$0.00378 per share | - | - | - | - | (1,123) | - | - | (1,123) | - | (1,123) |
| Capital contribution from non-controlling interest | - | - | - | - | - | - | - | - | 5,444 | 5,444 |
| Total comprehensive income for the period | - | - | - | (183) | 1,082 | (147) | - | 752 | 99 | 851 |
| Balance at 30 June 2015 | 29,669 | (257) | 2,717 | (1,129) | 5,804 | 599 | 2,029 | 39,432 | 14,909 | 54,341 |
| Sale of treasury shares via placements of shares | - | 221 | - | - | - | 95 | - | 316 | - | 316 |
| Issuance of new shares through placement exercise | 8,046 | - | - | - | - | - | - | 8,046 | - | 8,046 |
| Share buyback purchased | - | (118) | - | - | - | - | - | (118) | - | (118) |
| Total comprehensive income for the period | - | - | - | (978) | 1,043 | (304) | - | (239) | (494) | (733) |
| Balance at 30 September 2015 | 37,715 | (154) | 2,717 | (2,107) | 6,847 | 390 | 2,029 | 47,437 | 14,415 | 61,852 |
| Balance at 1 January 2016 | 37,829 | (283) | 2,717 | (907) | (2,606) | (2,957) | 2,029 | 35,822 | 15,601 | 51,423 |
| Share buyback purchased | - | (14) | - | - | - | - | - | (14) | - | (14) |
| Transaction costs | (1) | - | - | - | - | - | - | (1) | - | (1) |
| Total comprehensive income for the period | - | - | - | 182 | 709 | (39) | - | 852 | 91 | 943 |
| Balance at 31 March 2016 | 37,828 | (297) | 2,717 | (725) | (1,897) | (2,996) | 2,029 | 36,659 | 15,692 | 52,351 |
| Total comprehensive income for the period | - | - | - | 255 | 1,118 | 72 | - | 1,445 | 111 | 1,556 |
| Balance at 30 June 2016 | 37,828 | (297) | 2,717 | (470) | (779) | (2,924) | 2,029 | 38,104 | 15,803 | 53,907 |

| | 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 | | | | | | | | | | |
| Total comprehensive income for the period | - | - | - | (169) | 1,780 | 296 | - | 1,907 | 547 | 2,454 |
| Balance at 30 September 2016 | 37,828 | (297) | 2,717 | (639) | 1,001 | (2,628) | 2,029 | 40,011 | 16,350 | 56,361 |
| THE COMPANY | | | | | | | | | | |
| Balance at 1 January 2015 | 29,605 | (221) | - | - | 6,618 | 579 | - | 36,581 | - | 36,581 |
| 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 | (221) | - | - | 6,273 | 746 | - | 36,467 | - | 36,467 |
| Tax exempt (one-Tier) dividends @ 0.005 cts @ 1.322 = US\$0.00378 per share | - | - | - | - | (1,123) | - | - | (1,123) | - | (1,123) |
| Total comprehensive income for the period | - | - | - | - | (322) | (147) | - | (469) | - | (469) |
| Balance at 30 June 2015 | 29,669 | (221) | - | - | 4,828 | 599 | - | 34,875 | - | 34,875 |
| Sale of treasury shares via placements of shares | - | 221 | - | - | - | 95 | - | 316 | - | 316 |
| Issuance of new shares through placement exercise | 8,046 | - | - | - | - | - | - | 8,046 | - | 8,046 |
| Share buyback purchased | - | (118) | - | - | - | - | - | (118) | - | (118) |
| Total comprehensive income for the period | - | - | - | - | (206) | (304) | - | (510) | - | (510) |
| Balance at 30 September 2015 | 37,715 | (118) | - | - | 4,622 | 390 | - | 42,609 | - | 42,609 |
| Balance at 1 January 2016 | 37,829 | (248) | - | - | 3,714 | 639 | - | 41,934 | - | 41,934 |
| Share buyback purchased | - | (14) | - | - | - | - | - | (14) | - | (14) |
| Transaction costs | (1) | - | - | - | - | - | - | (1) | - | (1) |
| Total comprehensive income for the period | - | - | - | - | (356) | (39) | - | (395) | - | (395) |
| Balance at 31 March 2016 | 37,828 | (262) | - | - | 3,358 | 600 | - | 41,524 | - | 41,524 |
| Total comprehensive income for the period | - | - | - | - | (552) | 72 | - | (480) | - | (480) |
| Balance at 30 June 2016 | 37,828 | (262) | - | - | 2,806 | 672 | - | 41,044 | - | 41,044 |

| | 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 |
| Total comprehensive income for the period | - | - | - | - | (1,041) | 296 | - | (745) | - | (745) |
| Balance at 30 September 2016 | 37,828 | (262) | - | - | 1,765 | 968 | - | 40,299 | - | 40,299 |

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 3QFY16, 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 as at 30 September 2016 is as follows:

| Unexercised Share Option | No. of shares |
|---|------------------|
| Balance as at 1 st January 2016 | 6,727,500 |
| Share options withdrawn during the period | (350,000) |
| Balance as at 30th September 2016 | 6,377,500 |

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 2016, share capital of the Company is as follows:

| Ordinary Shares Issued and fully paid | No. of shares | US\$ |
|---|--------------------|-------------------|
| Balance as at 1 st January 2016 | 324,116,925 | 37,828,942 |
| Transaction cost incurred on repurchase of shares | - | (698) |
| Balance as at 30th September 2016 | 324,116,925 | 37,828,244 |

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".

| | No. of shares | US\$ |
|---|------------------|------------------|
| Balance as at 1 st January 2016 | 1,450,100 | (283,123) |
| Repurchase of shares and held as Treasury Shares | 71,900 | (14,451) |
| Balance as at 30th September 2016 | 1,522,000 | (297,574) |

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 2015.

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

On 1 January 2016, the Group and the Company adopted the following amended financial reporting standards ("FRS") which are effective for annual periods beginning on or after 1 January 2016.

The following are the amended FRS that are relevant to the Group:

| | |
|--|---|
| (i) Amendments to FRS 16 and FRS 38 | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> |
| (ii) Amendments to FRS 111 | <i>Accounting for Acquisitions of Interests in Joint Operations</i> |
| (iii) Amendments to FRS 1 | <i>Disclosure Initiative</i> |
| (iv) Amendments to FRS 110, FRS 112 and FRS 28 | <i>Investment Entities: Apply the Consolidation Exception</i> |

The adoption of the above amended FRS does not have a significant 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

| THE GROUP | Q3FY2016 | Q3FY2015 | YTD | YTD |
|---|-------------|-------------|-------------|-------------|
| | | | 30 Sep 2016 | 30 Sep 2015 |
| Profit after tax (US\$'000) | 1,780 | 1,043 | 3,607 | 2,668 |
| Weighted average number of ordinary shares in issue (in '000) | 324,117 | 303,822 | 324,117 | 303,822 |
| Weighted average number of ordinary shares in issue along with dilution effect (in '000) | 324,136 | 304,499 | 324,136 | 304,499 |
| 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 | 0.55 | 0.34 | 1.11 | 0.88 |
| (ii) On a fully diluted basis | 0.55 | 0.34 | 1.11 | 0.88 |

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 | |
|--|-------------|-------------|-------------|-------------|
| | 30 Sep 2016 | 31 Dec 2015 | 30 Sep 2016 | 31 Dec 2015 |
| Number of ordinary shares (in '000) | 324,117 | 324,117 | 324,117 | 324,117 |
| (Amount in USD cents) | | | | |
| Net assets value per ordinary share based on issued share capital at the end of the period | 17.39 | 15.87 | 12.43 | 12.94 |

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 three months ended 30 September 2016 ("3QFY16"), the Group reported a 1.9% year-on-year ("yoy") decrease in revenue to US\$43.2 million. Gross profit increased 25.3% yoy to US\$4.8 million while gross profit margin increased 2.4% to 11.1% from 8.7% in the previous corresponding period. The Group reported a net profit attributable to owners of the Company of US\$1.8 million, recording a yoy increase of 70.7% for 3QFY16.

For the 9 months ended 30 September 2016, the Group reported a 10.7% yoy increase in revenue to US\$124.8 million. Gross profit increased 5.6% yoy to US\$11.6 million in 9 months period, although the gross profit margin moderated to 9.3% from 9.7% in the previous corresponding period. The Group reported a 35.2% yoy increase in net profit attributable to owners of the Company to US\$3.6 million.

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

Revenue

The decline in revenue of 1.9% was mainly due to a decrease in both Customised Solution division and licensing fees. The Group's Interactive Consumer Solutions (ICS) division continues to be a key revenue generator, accounting for 98.7% of the overall revenue in 3QFY16.

Profitability

Gross profit margin improved from 8.7% to 11.1% yoy in 3QFY16 and moderated from 9.7% to 9.3% yoy for the 9 months ended 30 September 2016, which was mainly attributed to the Group's containment of cost of goods sold and expanded WIFI module applications.

Expenses

The Group's total expenses amounted to US\$3.0 million in 3QFY16 (3QFY15: US\$3.7 million) representing a decrease of 19.1% yoy which was mainly due to a 55% decrease in one-time intangible assets write-off in FY2015 and a 63% increase in general administration expenses arising from one-time legal and audit fees incurred in FY2016.

The Group's total expenses amounted to US\$8.5 million for the 9 months ended 30 September 2016 (9 months ended 30 September 2015: US\$9.8 million) representing a decrease of 12.8% yoy.

Net profit after tax attributable to owners of the Company

The Group reported a net profit attributable to owners of the company of US\$1.8 million in 3QFY16 (3QFY15: US\$1.0 million) and US\$3.6 million for the 9 months ended 30 September 2016 (9 months ended 30 September 2015: US\$2.7 million) despite the challenging economic environment.

Other Financial Highlights

- **Plant, property & equipment** – US\$0.3 million increased in the Group's plant, property & equipment was mainly due to the acquisition of plant and machinery by our subsidiary.
- **Intangible Assets** – The Group's intangible assets decreased by US\$0.8 million was mainly due to the write-off of capitalised development cost to profit and loss.
- **Quoted Investments** – The Group's investment in quoted investment decreased by US\$0.4 million to US\$8.3 million as at 30 September 2016 compared to US\$8.7 million as at 31 December 2015. This was due to the maturity of quoted investments.
- **Trade and Other Receivables** – The Group's trade and other receivables stood at US\$10.5 million as at 30 September 2016 compared to US\$12.4 million as at 31 December 2015.
- **Inventories** – The Group's inventories closed at US\$8.4 million as at 30 September 2016, a decrease by US\$14.1 million from US\$22.5 million as at 31 December 2015.

Cashflow

The Group's cash & cash equivalents as at 30 September 2016 amounted to US\$29.6 million compared to US\$23.5 million as at 31 December 2015 which was reflective in the net cash generated from operating activities.

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

Other than 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.

IPT Inquiry and other matters

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 13.

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 30 September 2016, the Group has US\$29.6 million in net cash and cash equivalents and quoted investments of US\$8.3 million.

Going forward, the Group expects that business conditions will continue to be challenging. The Group will continue to invest and commit into developing new innovative solutions for the future.

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

IPT Inquiry and other matters

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 13.

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 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

EDWIN LONG MING FAI
Executive Director
11 November 2016

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 30 September 2016 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN
Director

Signed

EDWIN LONG MING FAI
Director

11 November 2016

Appendix

CAUTIONARY STATEMENT

For the period commencing from 25 February 2016 to date, announcements have been made by the Company in relation to *inter alia* (1) the IPT Inquiry by TSMP Law Corporation on certain interested party transactions involving T-Data Systems (S) Pte. Ltd. ("T-Data"), (2) documentation deficiencies observed by the auditors, and following which, the report made by the auditors to the Accounting and Corporate Regulatory Authority (ACRA) in respect of matters that have come to their attention in the course of their audit of the FY2015 financial statements, and (3) investigations conducted by the Commercial Affairs Department (CAD) as announced on 1 June 2016. 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 and 8 June 2016.

As announced on 8 June 2016, RSM Corporate Advisory Pte Ltd ("RSM") had been appointed as forensic accountants to review and carry out inquiry on *inter alia* the interested party transactions involving T-Data, and opine on the financial impact of such transactions on the Group. The review by RSM and the IPT Inquiry are still ongoing. Pending such inquiry/review, there are uncertainties as to the full implications and impact of the aforesaid developments on the FY2015 financial statements, in particular, as to whether adjustments are required to be made.

In view of the foregoing, 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.