



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

## First Quarter of FY 2012 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 2012

##### (i) Consolidated Income Statement

	<b>1<sup>st</sup> Qtr 2012</b>	<b>1<sup>st</sup> Qtr 2011</b>	<b>Increase/ (decrease)</b>
	US\$'000	US\$'000	%
<b>Revenue</b>	20,736	15,147	36.90
Cost of goods sold	(17,388)	(12,714)	36.76
<b>Gross profit</b>	<u>3,348</u>	<u>2,433</u>	37.61
<b>Other items of income :</b>			
Interest Income	98	134	(26.87)
Other income	238	283	(15.90)
<b>Other items of expense :</b>			
Research and development expenses	(821)	(635)	29.29
Marketing and distribution expenses	(808)	(483)	67.29
General administration expenses	(555)	(662)	(16.16)
Finance costs	(24)	(17)	41.18
Other expenses	(134)	(27)	396.30
Share of profits of associates [1]	-	21	nm
<b>Profit before tax</b>	<u>1,342</u>	<u>1,047</u>	28.18
Income tax expense	(31)	(37)	(16.22)
<b>Profit for the period</b>	<u>1,311</u>	<u>1,010</u>	29.80
<b>Profit attributable to :</b>			
Non-Controlling interests	18	177	(89.83)
Owners of the Company	1,293	833	55.22
	<u>1,311</u>	<u>1,010</u>	29.80
Earnings per share attributable to owners of the parent (expressed in cents per share) :			
- Basic	0.44	0.28	
- Diluted	<u>0.43</u>	<u>0.28</u>	

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

NM denotes not meaningful

[1] Share of profit of associates is after tax and non-controlling interest.

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

	1 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	Increase/ (decrease)
	US\$'000	US\$'000	%
Interest income – fixed deposits	98	134	(26.87)
Allowance for doubtful debts	(214)	161	nm
Depreciation of fixed assets	(259)	(120)	115.8
Amortisation of intangibles	(282)	(314)	(10.19)
Writeback of share-based expense	220	-	nm
Gain on disposal of fixed assets	-	49	nm
Net foreign exchange loss	(134)	(27)	396.30
Interest expenses – hire purchase	(3)	(7)	(57.14)
Interest on term loan	(13)	(10)	30.00

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 <sup>st</sup> Qtr 2012	1 <sup>st</sup> Qtr 2011	Increase/ (decrease)
<b>Profit for the period</b>	<b>1,311</b>	<b>1,010</b>	<b>29.80</b>
<b>Other comprehensive Income:</b>			
Share-based expense	(220)	-	Nm
Fair value adjustment on investment securities.	226	78	189.7
Foreign currency translation	443	77	475.3
Other Comprehensive income for the period, net of tax	449	155	189.7
<b>Total Comprehensive Income for the period</b>	<b>1,760</b>	<b>1,165</b>	<b>51.1</b>
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company	1,717	1,167	47.1
Non-Controlling interests	43	(2)	nm
	<b>1,760</b>	<b>1,165</b>	<b>51.1</b>

**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 2012 US\$'000	31 Dec 2011 US\$'000	31 Mar 2012 US\$'000	31 Dec 2011 US\$'000
<b>Non-current assets</b>				
Plant, property and equipment	9,305	9,227	16	17
Intangible assets	14,166	12,623	7,081	5,836
Investment in subsidiaries	-	-	6,507	6,507
Investment in associates	-	-	5	5
Quoted investments	6,581	6,322	6,580	6,322
Unquoted investments	263	263	263	263
	30,315	28,435	20,452	18,950
<b>Current assets</b>				
Trade receivables	26,051	23,598	28	21
Inventories	11,395	9,431	-	-
Amounts due from subsidiaries	-	-	18,864	19,139
Amounts due from associates	209	248	-	-
Other receivables	2,121	2,131	128	370
Prepayments	420	339	23	-
Fixed deposits	4,980	5,153	3,750	3,912
Cash and bank balances	2,715	5,507	232	391
	47,891	46,407	23,025	23,833
<b>Total assets</b>	<b>78,206</b>	<b>74,842</b>	<b>43,477</b>	<b>42,783</b>
<b>Current liabilities</b>				
Trade payables and accruals	17,788	16,184	1,437	985
Other payables	3,667	3,777	723	447
Hire purchase payables	86	90	-	-
Term loans	151	250	-	-
Income tax payable	909	913	183	183
	22,601	21,214	2,343	1,615
<b>Net current assets</b>	<b>25,290</b>	<b>25,193</b>	<b>20,682</b>	<b>22,218</b>
<b>Non-current liabilities</b>				
Term loans	1,048	813	-	-
Deferred taxation	1,094	1,090	331	331
Hire purchase payables	74	96	-	-
	2,216	1,999	331	331
<b>Total liabilities</b>	<b>24,817</b>	<b>23,213</b>	<b>2,674</b>	<b>1,946</b>
<b>Net assets</b>	<b>53,389</b>	<b>51,629</b>	<b>40,803</b>	<b>40,837</b>
<b>Capital and reserves attributable to the equity holders of the Company</b>				
Share capital	29,573	29,573	29,573	29,573
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	488	482	488	482
Revaluation reserve	334	334	-	-
Revenue reserve	13,959	12,666	10,964	11,004
Capital reserve	2,717	2,717	-	-
Translation reserve	498	80	-	-
Non controlling interest	6,077	6,034	-	-
<b>Total equity</b>	<b>53,389</b>	<b>51,629</b>	<b>40,803</b>	<b>40,837</b>
<b>Total equity and liabilities</b>	<b>78,206</b>	<b>74,842</b>	<b>43,477</b>	<b>42,783</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 31 March 2012 US\$'000		As at 31 December 2011 US\$'000	
Secured	Unsecured	Secured	Unsecured
237	-	340	-

**Amount repayable after one year**

As at 31 March 2012 US\$'000		As at 31 December 2011 US\$'000	
Secured	Unsecured	Secured	Unsecured
1,122	-	909	-

**Details of any collateral :**

The Group's motor vehicles at net book value of US\$13,358 (2011: US\$13,369) 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**

	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flow from operating activities:-</b>		
Profit before income tax	1,342	1,047
Adjustments for:-		
Amortisation of intangible assets	282	314
Depreciation of property, plant and equipment	259	120
Provision/(Write back) for doubtful debts	214	(161)
Share of gain of associated companies	-	21
Gain on disposal of investment	-	(14)
Gain on disposal of property, plant and equipment	-	(49)
Write back of share-based expenses	(220)	-
Interest income	(98)	(134)
Translation differences arising on consolidation	93	(262)
Interest expense	24	17
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	<b>1,896</b>	<b>899</b>
(Increase)/decrease in trade, other receivables and prepayments	(2,700)	640
Increase in inventories	(1,963)	(668)
Increase/(decrease) in trade and other payables	1,494	(3,434)
	<hr/>	<hr/>
<b>Cash utilised from operating activities</b>	<b>(1,273)</b>	<b>(2,563)</b>
Income tax paid	(31)	(37)
Interest received	98	134
Interest paid	(24)	(17)
	<hr/>	<hr/>
<b>Net cash utilised from operating activities</b>	<b>(1,230)</b>	<b>(2,483)</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of investment securities	500	276
Proceeds from disposal of fixed assets	-	49
Purchase of property, plant and equipment	(217)	(90)
Payment for patent & trademark registration expenses	(1,382)	(295)
Payment for development expenditures	(221)	(464)
Purchase of quoted investments	(497)	(1,599)
	<hr/>	<hr/>
<b>Net cash used in by investing activities</b>	<b>(1,817)</b>	<b>(2,123)</b>
<b>Cash flow from financing activities</b>		
Repayment of hire purchase instalments	(27)	6
Repayment of term loan	(99)	42
Proceeds from term loan	144	-
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>18</b>	<b>48</b>
Net decrease in cash and cash equivalents	(3,029)	(4,558)
Cash and cash equivalents as beginning of period	10,659	18,880
Effect of foreign exchange difference	65	77
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>7,695</b>	<b>14,399</b>

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

	<u>31 Mar 2012</u>	<u>31 Mar 2011</u>
	\$'000	\$'000
Cash and Bank Balances	2,715	6,505
Fixed Deposits	4,980	7,894
	<hr/>	<hr/>
	<b>7,695</b>	<b>14,399</b>

**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**

	<b>Equity attributable to equity holders of the Company</b>									
	Share Capital	Treasury Shares	Capital Reserve	Foreign Currency Translation Reserve	Revenue Reserve	Other Reserve	Revaluation reserve	Total	Non-Controlling interest	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>THE GROUP</b>										
Balance at 1 January 2011	29,573	(257)	2,717	(120)	13,546	813	334	46,606	5,572	52,178
Total comprehensive income for the period	-	-	-	572	517	78	-	1,167	(2)	1,165
<b>Balance at 31 March 2011</b>	<b>29,573</b>	<b>(257)</b>	<b>2,717</b>	<b>452</b>	<b>14,063</b>	<b>891</b>	<b>334</b>	<b>47,773</b>	<b>5,570</b>	<b>53,343</b>
Balance at 1 January 2012	29,573	(257)	2,717	80	12,666	482	334	45,595	6,034	51,629
Total comprehensive income for the period	-	-	-	418	1,293	6	-	1,717	43	1,760
<b>Balance at 31 March 2012</b>	<b>29,573</b>	<b>(257)</b>	<b>2,717</b>	<b>498</b>	<b>13,959</b>	<b>488</b>	<b>334</b>	<b>47,312</b>	<b>6,077</b>	<b>53,389</b>
<b>THE COMPANY</b>										
Balance at 1 January 2011	29,573	(222)	-	-	10,269	813	-	40,433	-	40,433
Total comprehensive income for the period	-	-	-	-	(199)	78	-	(121)	-	(121)
<b>Balance at 31 March 2011</b>	<b>29,573</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>10,070</b>	<b>891</b>	<b>-</b>	<b>40,312</b>	<b>-</b>	<b>40,312</b>
Balance at 1 January 2012	29,573	(222)	-	-	11,004	482	-	40,837	-	40,837
Total comprehensive income for the period	-	-	-	-	(40)	6	-	(34)	-	(34)
<b>Balance at 31 March 2012</b>	<b>29,573</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>10,964</b>	<b>488</b>	<b>-</b>	<b>40,803</b>	<b>-</b>	<b>40,803</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 was no change in the issued and paid-up capital of the Company since the previous period reported on.

During the 1QFY12, 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 2012 is as follows:

<b>Unexercised Share Option</b>	<u>No. of shares</u>
Balance as at 1 <sup>st</sup> January 2012	6,532,500
Share options withdrawn during the period	-
<b>Balance as at 31<sup>st</sup> March 2012</b>	<u><b>6,532,500</b></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 as 31 March 2012, share capital of the Company is as follows:

	<u>No. of shares</u>	<u>US\$</u>
Ordinary Shares Issued and fully paid		
Balance as at 1 <sup>st</sup> January 2012	296,401,925	29,573,684
Movement in Shares	-	-
<b>Balance as at 31<sup>st</sup> March 2012</b>	<u><b>296,401,925</b></u>	<u><b>29,573,684</b></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 <sup>st</sup> January 2012	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
<b>Balance as at 31<sup>st</sup> March 2012</b>	<u><b>1,293,000</b></u>	<u><b>(256,914)</b></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**

Accounting policies and methods of computation used in the consolidated financial statements for the first quarter ended 31 March 2012 are consistent with those applied in the financial statements for the year ended 31 December 2011, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 January 2012. The adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

**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 adoption of the new/revised accounting standards and interpretations does not have any material effect on the financial statements of the Group.

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

<b>THE GROUP</b>	1Q 2012	1Q 2011
Profit after tax (US\$'000)	1,293	833
Weighted average number of ordinary shares in issue (in '000)	296,109	296,109
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	297,973	298,743
<b>(Amount in USD cents)</b>		
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on existing issued share capital	<b>0.44</b>	<b>0.28</b>
(ii) On a fully diluted basis	<b>0.43</b>	<b>0.28</b>

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 1QFY12, 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**

<b>NET ASSETS VALUE</b>	GROUP		COMPANY	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
Number of ordinary shares (in '000)	296,109	296,109	296,109	296,109
<b>(Amount in USD cents)</b>				
Net assets value per ordinary share based on issued share capital at the end of the period	<b>18.03</b>	<b>17.44</b>	<b>13.78</b>	<b>13.79</b>

**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 2012 (1QFY12), the Group reported a 36.9% increase in revenues from US\$15.1 million (1QFY11) to US\$20.7 million. The gross profit increased by 37.6% from US\$2.4 million (1QFY11) to US\$3.3 million (1QFY12) mainly arising from licensing revenue. The Group reported higher net profit after tax from US\$1.0 million (1Q FY11) to US\$1.3 million (1Q FY12) representing an increase of 29.8%.

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

**Revenue**

- Mobile media solutions business increased by 33.5% from US\$13.0 million (1QFY11) to US\$17.7 million in 1QFY12.
- In 1QFY12, licensing revenue was US\$0.6 million (1QFY211: US\$0.008 million) mainly contributed by new licensees.

**Expenses**

Group's total expenses amounted to US\$2.3 million in 1QFY12 (1QFY11: US\$1.8 million) representing an increase by 28.4% arising mainly from higher marketing and selling expense and research & development expenses from development of new projects.

**Net profit after tax**

- Net profit after tax increased by 29.8% from US\$1.0 million to US\$1.3 million mainly contributed by higher gross profits.

**Balance Sheet – Key Highlights**

- **Intangible Assets** – There was a US\$1.5 million increase in intangible assets in 1QFY12 due to the development of new projects and registration of new patents for its core mobile media solutions. This raised the intangible assets value from US\$12.6 million as at 31 Dec 2011 to US\$14.2 million as at 31 Mar 2012. Being a technology leader in its 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\$6.6 million (31 Dec 2011: US\$6.3 million)
- **Trade Debtors** – At quarter end, trade debtors closed at US\$26.1 million (31 Dec 2011: US\$23.6 million) which is in line with revenue growth.
- **Inventory** – Group's inventory closed at US\$11.4 million, an increase from \$9.4 million in FY2011, due to the build up of Group's Flucard products for the next periods onwards.

**Cashflow**

As the Group continue its developments in its maiden products (Flucard and Ai-ball) it has resulted in cashflow being utilised in its operations and cash & cash equivalents as at 31 Mar 2012 of US\$7.7 million compared to US\$10.7 million as at 31 Dec 2011.

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**

The Group's financial position remains healthy. As at 31 March 2011, we have approximately US\$7.7million (includes fixed deposits amounting to US\$4.9 million) in cash and cash equivalents. The Group will continue to utilise this position to pursue our R&D activities and unveil innovative new solutions to the market.

Going forward, the Group expects that business will continue to be challenging as the prospects of a global economic uncertainty still remains. To mitigate this, the Group is focusing on building up its offering of security-centric Enterprise Solutions, which has more stable margins and greater potential for growth. We are also exploring tie-ups with strategic partners.

**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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. **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

14. **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

15. **A breakdown of sales**

Not Applicable

16. **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<sup>th</sup> May 2012

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(4) 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 2012 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN  
Director

10<sup>th</sup> May 2012

Signed

GURCHARAN SINGH  
Director