



**TREK 2000 INTERNATIONAL LTD** (Registration Number 199905744N)

**Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2012**

**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 SECOND QUARTER AND FIRST HALF ENDED 30 JUNE 2012**

**(i) Consolidated Income Statement**

	<u>Second Quarter</u>		<u>Increase/ (decrease)</u>	<u>First Half</u>		<u>Increase/ (decrease)</u>
	<u>2012</u> US\$'000	<u>2011</u> US\$'000	%	<u>2012</u> US\$'000	<u>2011</u> US\$'000	%
<b>Revenue</b>	24,196	20,705	16.86	44,932	35,852	25.33
Cost of goods sold	(23,637)	(17,741)	33.24	(41,025)	(30,455)	34.71
<b>Gross profit</b>	559	2,964	(81.14)	3,907	5,397	(27.61)
<b>Other items of income</b>						
Interest Income	108	147	(26.53)	206	281	(26.69)
Other income	178	143	24.48	351	426	17.61
<b>Other items of expense</b>						
Research and development expenses	(1,857)	(999)	85.89	(2,677)	(1,674)	59.92
Marketing and distribution expenses	(848)	(540)	57.04	(1,656)	(833)	98.80
General administration expenses	(1,020)	(771)	32.30	(1,575)	(1,583)	(0.51)
Finance costs	(26)	(27)	(3.70)	(49)	(44)	11.36
Other expenses	(151)	(70)	115.71	(221)	(96)	130.21
Share of profits of associates [1]	-	14	NM	-	35	NM
(Loss)/profit before income tax [2]	(3,057)	861	(455.05)	(1,714)	1,909	(189.79)
Income tax	328	(5)	NM	297	(42)	NM
<b>(Loss)/profit after tax for the period</b>	<b>(2,729)</b>	<b>856</b>	<b>(418.81)</b>	<b>(1,417)</b>	<b>1,867</b>	<b>(175.90)</b>
(Loss)/profit attributable to :						
Non-controlling interest	198	52	280.77	216	229	(5.68)
Equity holders of the Company	(2,927)	804	(464.05)	(1,633)	1,638	(199.69)
	<b>(2,729)</b>	<b>856</b>	<b>(418.81)</b>	<b>(1,417)</b>	<b>1,867</b>	<b>(175.90)</b>
Earnings per share attributable to equity holders of the company (expressed in cents per share) :						
- Basic	(0.99)	0.27		(0.55)	0.55	
- Diluted	(0.99)	0.27		(0.55)	0.55	

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

NM denotes not meaningful

[1] Share of profit of associated companies is after tax and minority interest

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

	Second Quarter		Increase/ (decrease)	First Half		Increase/ (decrease)
	2012 US\$'000	2011 US\$'000	%	2012 US\$'000	2011 US\$'000	%
Interest income - fixed deposits	108	147	(26.53)	206	281	(26.69)
(Loss)/gain on disposal of property, plant & equipment	(2)	-	NM	(2)	50	(104.00)
(Provision)/writeback of doubtful debt	(216)	35	(717.14)	(430)	197	(318.27)
Depreciation of fixed assets	274	325	(15.70)	533	614	(13.19)
Amortization of intangibles	291	314	(7.32)	573	629	(8.90)
Writeback of share-based expenses	-	-	-	220	-	NM
Net foreign exchange (loss)/gain	(40)	(15)	166.67	(174)	81	(314.81)
Interest expense – hire purchase	(2)	(6)	(66.67)	(5)	(13)	(61.5)
Interest on term loan	(5)	(20)	(75.0)	(27)	(31)	(12.9)

**(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		%
	Q2 FY2012	Q2 FY2011	Increase/ (decrease)	1H FY2012	1H FY2011	Increase/ (decrease)
<b>(Loss)/profit after tax for the period</b>	<b>(2,729)</b>	<b>856</b>	<b>(418.81)</b>	<b>(1,417)</b>	<b>1,867</b>	<b>(175.90)</b>
<b>Other Comprehensive Income:</b>						
Share-based expenses	-	-	-	(220)	-	NM
Fair value adjustment on investment securities	(47)	(26)	80.77	179	52	244.23
Foreign currency translation	(269)	157	(271.3)	173	233	(25.75)
Other comprehensive income:	(316)	131	(341.22)	132	285	(53.68)
<b>Total Comprehensive Income for the period, net of tax</b>	<b>(3,045)</b>	<b>987</b>	<b>(408.51)</b>	<b>(1,285)</b>	<b>2,152</b>	<b>(159.71)</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>						
Equity Holders of the Company	(3,224)	911	(453.90)	(1,507)	2,078	(172.52)
Non-controlling interest	179	76	135.52	222	74	200.00
	(3,045)	987	(408.51)	(1,285)	2,152	(159.71)

**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 Jun 2012 US\$'000	31 Dec 2011 US\$'000	30 Jun 2012 US\$'000	31 Dec 2011 US\$'000
<b>Non-Current Assets</b>				
Plant, property and equipment	8,963	9,227	14	17
Intangible assets	15,158	12,623	7,813	5,836
Investment in subsidiaries	-	-	6,507	6,507
Investment in associates	-	-	5	5
Quoted investments	6,505	6,322	6,505	6,322
Unquoted investments	263	263	263	263
	30,889	28,435	21,107	18,950
<b>Current assets</b>				
Trade receivables	20,902	23,598	28	21
Inventories	8,756	9,431	-	-
Amounts due from subsidiaries	-	-	18,276	19,139
Amounts due from associates	209	248	-	-
Other receivables	2,463	2,131	117	370
Prepayments	312	339	118	-
Fixed deposits	2,064	5,153	1,166	3,912
Cash and bank balances	4,051	5,507	358	391
	38,757	46,407	20,063	23,833
<b>Total assets</b>	<b>69,646</b>	<b>74,842</b>	<b>41,170</b>	<b>42,783</b>
<b>Current liabilities</b>				
Trade payables and accruals	14,635	16,184	1,296	985
Other payables	3,909	3,777	668	447
Hire purchase payables	70	90	-	-
Term Loans	138	250	-	-
Income tax payable	395	913	183	183
	19,147	21,214	2,147	1,615
<b>Net current assets</b>	<b>19,610</b>	<b>25,193</b>	<b>17,916</b>	<b>22,218</b>
<b>Non-current liabilities</b>				
Term Loans	808	813	-	-
Deferred Taxation	1,090	1,090	331	331
Hire purchase payables	49	96	-	-
	1,947	1,999	331	331
<b>Total liabilities</b>	<b>21,094</b>	<b>23,213</b>	<b>2,478</b>	<b>1,946</b>
<b>Net assets</b>	<b>48,552</b>	<b>51,629</b>	<b>38,692</b>	<b>40,837</b>
<b>Capital and reserves attributable to the equity holders of the Company</b>				
Share capital	29,580	29,573	29,580	29,573
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	441	482	441	482
Revaluation reserve	334	334	-	-
Revenue reserve	9,252	12,666	8,893	11,004
Capital reserve	2,717	2,717	-	-
Translation reserve	229	80	-	-
Non-controlling interest	6,256	6,034	-	-
<b>Total Equity</b>	<b>48,552</b>	<b>51,629</b>	<b>38,692</b>	<b>40,837</b>
<b>Total equity and liabilities</b>	<b>69,646</b>	<b>74,842</b>	<b>41,170</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 30 June 2012		As at 31 December 2011	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
208	-	340	-

Amount repayable after one year

As at 30 June 2012		As at 31 December 2011	
US\$'000		US\$'000	
Secured	Unsecured	Secured	Unsecured
857	-	909	-

Details of any collateral :

The Group's motor vehicles at net book value of US\$75,209 (2010: US\$70,937) 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 30<sup>th</sup> June**

	2Q 2012 US\$'000	2Q 2011 US\$'000	1H 2012 US\$'000	1H 2011 US\$'000
<b>Cash flow from operating activities:-</b>				
(Loss)/profit before income tax	(3,057)	861	(1,714)	1,909
Adjustments for:-				
Amortisation of intangible assets	291	314	573	629
Depreciation of property, plant and equipment	274	325	533	614
Provision for doubtful debts	216	(35)	430	(197)
Loss/(gain) on disposal of property, plant and equipment	2	-	2	(50)
Share of profits of associate	-	(14)	-	(35)
Write-back of share-based expenses	-	-	(220)	-
Interest income	(108)	(147)	(206)	(281)
Interest expenses	26	27	49	44
Translation difference	91	(124)	177	(356)
<b>Operating (loss)/profit before changes in working capital</b>	<b>(2,265)</b>	<b>1,207</b>	<b>(377)</b>	<b>2,276</b>
Decrease/(increase) in trade receivables, other receivables and prepayments	4,538	(4,979)	1,838	(4,339)
Decrease/(increase) in inventories	2,638	(889)	675	(1,559)
(Decrease)/increase in trade and other payables	(2,911)	5,494	(1,417)	2,060
<b>Cash generated from operating activities</b>	<b>1,992</b>	<b>833</b>	<b>719</b>	<b>(1,562)</b>
Interest paid	(26)	(27)	(49)	(44)
Income tax paid	7	(27)	(17)	(64)
Interest received	108	147	206	281
<b>Net cash generated from operating activities</b>	<b>2,089</b>	<b>927</b>	<b>859</b>	<b>(1,389)</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of investment securities	-	-	500	276
Proceeds from disposal of property, plant & equipment	18	-	18	50
Purchase of property, plant and equipment	(105)	(265)	(322)	(524)
Payment for patent & trademark registration expenses	(889)	(195)	(2,271)	(490)
Payment for development expenditures	(608)	(506)	(829)	(970)
Purchase of quoted investments	-	-	(497)	(1,599)
<b>Net cash used in investing activities</b>	<b>(1,584)</b>	<b>(966)</b>	<b>(3,401)</b>	<b>(3,257)</b>
<b>Cash flow from financing activities</b>				
Repayment of hire purchase instalments	(41)	(41)	(68)	(35)
Employees' share option exercised	7	-	7	-
Repayment of term loans	(253)	-	(352)	-
Proceeds from term loan	-	355	144	398
Payment of dividends	(1,799)	(2,415)	(1,799)	(2,415)
<b>Net cash used in financing activities</b>	<b>(2,086)</b>	<b>(2,101)</b>	<b>(2,068)</b>	<b>(2,052)</b>
Net decrease in cash and cash equivalents	(1,581)	(2,140)	(4,610)	(6,698)
Cash and cash equivalents as beginning of period	7,695	14,399	10,660	18,879
Effect of foreign exchange difference	1	19	65	97
<b>Cash and cash equivalents at end of period</b>	<b>6,115</b>	<b>12,278</b>	<b>6,115</b>	<b>12,278</b>

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

	30 <sup>th</sup> Jun 2012	30 <sup>th</sup> Jun 2011
	\$'000	\$'000
Cash and Bank Balances	4,051	4,442
Fixed Deposits	2,064	7,836
	<b>6,115</b>	<b>12,278</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>										
<b>Balance at 1 January 2011</b>	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
Balance at 31 March 2011	29,573	(257)	2,717	452	14,063	891	334	47,773	5,570	53,343
Total comprehensive income for the period	-	-	-	142	795	(26)	-	911	76	987
Tax exempt (one-tier) dividends @ 0.005 cts @ 1.366 = US\$0.00683 per share	-	-	-	-	(2,415)	-	-	(2,415)	-	(2,415)
<b>Balance at 30 June 2011</b>	<b>29,573</b>	<b>(257)</b>	<b>2,717</b>	<b>594</b>	<b>12,443</b>	<b>865</b>	<b>334</b>	<b>46,269</b>	<b>5,646</b>	<b>51,915</b>
<b>Balance at 1 January 2012</b>	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
Balance at 31 March 2012	29,573	(257)	2,717	498	13,959	488	334	47,312	6,077	53,389
Total comprehensive income for the period	-	-	-	(269)	(2,908)	(47)	-	(3,224)	179	(3,045)
Increase in Shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Tax exempt (one-tier) dividends @ 0.0075 cts @ 1.226 = US\$0.00815 per share	-	-	-	-	(1,799)	-	-	(1,799)	-	(1,799)
<b>Balance at 30 June 2012</b>	<b>29,580</b>	<b>(257)</b>	<b>2,717</b>	<b>229</b>	<b>9,252</b>	<b>441</b>	<b>334</b>	<b>42,296</b>	<b>6,256</b>	<b>48,552</b>

	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
<b>THE COMPANY</b>										
<b>Balance at 1 January 2011</b>	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>	29,573	(222)	-	-	10,070	891	-	40,312	-	40,312
Total comprehensive income for the period	-	-	-	-	(191)	(26)	-	(217)	-	(217)
Tax exempt (one-tier) dividends @ 0.005 cts @ 1.366=US\$0.00683 per share	-	-	-	-	(2,415)	-	-	(2,415)	-	(2,415)
<b>Balance at 30 June 2011</b>	<b>29,573</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>7,464</b>	<b>865</b>	<b>-</b>	<b>37,680</b>	<b>-</b>	<b>37,680</b>
<b>Balance at 1 January 2012</b>	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>	29,573	(222)	-	-	10,964	488	-	40,803	-	40,803
Total comprehensive income for the period	-	-	-	-	(272)	(47)	-	(319)	-	(319)
Increase in Shares through exercise of share options.	7	-	-	-	-	-	-	7	-	7
Tax exempt (one-tier) dividends @ 0.0075 cts @ 1.226=US\$0.00815 Per share	-	-	-	-	(1,799)	-	-	(1,799)	-	(1,799)
<b>Balance at 30 June 2012</b>	<b>29,580</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>8,893</b>	<b>441</b>	<b>-</b>	<b>38,692</b>	<b>-</b>	<b>38,692</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 2Q 2012 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 30 June 2012 is as follows:

Unexercised Share Option	No. of shares
Balance as at 1 <sup>st</sup> January 2012	6,532,500
Share option withdrawn/lapsed	(80,000)
Share option exercised	(60,000)
Share option expired	(290,000)
<b>Balance as at 30<sup>th</sup> June 2012</b>	<b>6,102,500</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As as 30 June 2012, share capital of the Company is as follows:

Ordinary Shares Issued and fully paid	No. of shares	US\$
Balance as at 1 <sup>st</sup> January 2012	296,401,925	29,573,684
Movement in Shares	60,000	6,972
<b>Balance as at 30<sup>th</sup> June 2012</b>	<b>296,461,925</b>	<b>29,580,656</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the period under review, 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 <sup>st</sup> January 2012	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
<b>Balance as at 30<sup>th</sup> June 2012</b>	<b>1,293,000</b>	<b>(256,914)</b>

**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 half ended 30 June 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>	Q2FY2012	Q2FY2011	1HFY2012	1HFY2011
(Loss)/profit after tax (US\$'000)	(2,927)	804	(1,633)	1,638
Weighted average number of ordinary shares in issue (in '000)	296,169	296,169	296,169	296,169
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	296,877	296,877	296,877	296,877

<b>THE GROUP</b> <b>(Amount in USD cents)</b>	Q2FY2012	Q2FY2011	1HFY2012	1HFY2011
Earnings per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on existing issued share capital	<b>(0.99)</b>	<b>0.29</b>	<b>(0.55)</b>	<b>0.55</b>
(ii) On a fully diluted basis	<b>(0.99)</b>	<b>0.28</b>	<b>(0.55)</b>	<b>0.55</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 2QFY12, some of 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	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
Number of ordinary shares (in '000)	296,196	296,196	296,196	296,196
<b>(Amount in USD cents)</b>				
Net assets value per ordinary share based on issued share capital at the end of the period	<b>16.39</b>	<b>17.43</b>	<b>13.06</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 quarter ended 30 June 2012 (2QFY12), the Group reported a 16.86% increase in revenues from US\$20.7 million (2QFY11) to US\$24.2 million. Gross profit margin decreased from 14.3% (2QFY11) to 2.3%. The Group reported a net loss after tax of US\$2.7 million compared to a net profit after tax of US\$0.9 million in 2QFY11.

In the first half of FY2012, the Group reported a 25.3% increase in revenue from US\$35.8 million (1HFY11) to US\$44.9 million. The Group reported a loss after tax for the period of \$1.4 million compared to net profit after tax of US\$1.9 million in 1HFY11.

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

**Revenue**

- The 16.8% increase in 2QFY12 revenue to US\$24.2 million, mainly contributed by strong demand for the Group's Mobile Media Solutions, which increased by 21.0% to US\$20.7 million.
- Licensing revenue in 2QFY12 decreased by 52.7% to US\$ 0.3 million, as the Group's third party licensing customers experienced a slowdown in sales for the quarter.

**Profitability**

- Gross profit margin decreased from 14.3% to 2.3% quarter-on-quarter. The decrease was primarily due to a one-time write-off of US\$1.63 million in inventory (ASIC chips) arising from a design flaw.



### **Expenses**

The Group's total expenses amounted to US\$3.9 million in 2QFY12 (2QFY11: US\$2.4 million) representing an increase of 62.1% mainly attributable to:

- 85.9% increase in research and development expenses to US\$1.9 million (2QFY11: US\$1.0 million) which was primarily due to a one-time write-off of US\$1.0 million in development expenses, in relation to the ASIC chips project.
- 57.0% increase in marketing and distribution expenses to US\$0.8 million (2QFY11: US\$0.5 million) mainly due to doubtful debts provisions amounting to US\$0.2 million.

### **Net loss after tax**

The Group reported a net loss after tax of US\$2.7 million in 2QFY12 (2QFY11: net profit after profit US\$0.9 million). The net loss after tax was mainly the result of a significant decrease in gross profit and increase in research and development expenses (as explained above).

### **Other Financial Highlights**

- **Property, plant and equipment** – Property, plant and equipment reported a decrease of US\$0.2 million from US\$9.2 million to US\$8.9 million assets in 1HFY12.
- **Intangible Assets** – There was a US\$2.5 million increase in intangible assets in 1HFY12 due to the registration of new patents for the Group's core Mobile Media Solutions segment. This raised the intangible assets value from US\$12.6 million in FY2011 to US\$15.1 million in 1HFY12. Being a leader in the technology space, the Group continues to emphasize and invest in research and development.
- **Quoted Investments** - Investments in quoted investments increased by US\$0.2 million from US\$6.3 million in FY2011 to US\$6.5 million, as a result of mark to market valuations.
- **Unquoted Investments** - Investments in unquoted investments remained unchanged at US\$0.2 million.
- **Trade Debtors** – Trade debtors decreased from US\$23.5 million in FY2011 to US\$20.9 million.
- **Inventory** – The Group's inventory closed at US\$8.7 million, a decrease from US\$9.4 million in FY2011.

### **Cashflow**

The Group's cash & cash equivalents as at 30 June 2012 stood at US\$6.1 million compared to US\$10.7 million as at 31 December 2011, as the Group continued its development efforts in its maiden products (Flucard and Ai-ball). In 2QFY12, cash was also utilised for dividend payments declared for FY11.

There were 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 were 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 30 June 2012, the Group has US\$6.1 million (including fixed deposits amounting to US\$2.1 million) in cash and cash equivalents. The Group will continue to utilise this position to pursue R&D activities so as to introduce new innovations to the market.

Going forward, the Group expects that the business environment will continue to be challenging as the global economic situation remains uncertain. To mitigate this, the Group will focus on building up its security-centric Enterprise Solutions, which command more stable margins and offer greater potential for growth. At the same time, the Group will also explore tie-ups with strategic partners. The disruption of the ASIC chips design flaw will further delay the launch of the new product by 6-8 months.

Barring any unforeseen circumstances, the Group expects to be profitable in 2HFY12 and strives to be profitable in FY12 as compared to FY11 despite the delay in the new product launch.

**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.

BY ORDER OF THE BOARD

**GURCHARAN SINGH**

Executive Director  
10<sup>th</sup> August 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 30 June 2012 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN  
Director

10<sup>th</sup> August 2012

Signed

GURCHARAN SINGH  
Director