



TREK 2000 INTERNATIONAL LTD (Registration Number 199905744N)

First Quarter of FY 2013 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 2013

(i) Consolidated Income Statement

	1st Qtr 2013	1st Qtr 2012	Increase/ (decrease)
	US\$'000	US\$'000	%
Revenue	16,916	20,736	(18.42)
Cost of goods sold	(14,140)	(17,388)	(18.68)
Gross profit	<u>2,776</u>	<u>3,348</u>	(17.08)
Other items of income :			
Interest Income	113	98	15.31
Other income	233	238	(2.10)
Other items of expense :			
Research and development expenses	(922)	(821)	12.30
Marketing and distribution expenses	(742)	(808)	(8.17)
General administration expenses	(972)	(555)	75.14
Finance costs	(36)	(24)	50.00
Other expenses	(80)	(134)	(40.30)
Profit before tax [1]	<u>370</u>	<u>1,342</u>	(72.43)
Income tax expense	45	(31)	245.16
Profit for the period	<u>415</u>	<u>1,311</u>	(68.34)
Profit attributable to :			
Non-Controlling interests	(67)	18	(472.22)
Owners of the Company	482	1,293	(62.72)
	<u>415</u>	<u>1,311</u>	(68.34)
Earnings per share attributable to owners of the parent (expressed in cents per share) :			
- Basic	0.16	0.44	
- Diluted	<u>0.16</u>	<u>0.43</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 2013	1 st Qtr 2012	Increase/ (decrease)
	US\$'000	US\$'000	%
Interest income – fixed deposits	113	98	15.31
Allowance for doubtful debts	(185)	(214)	13.55
Depreciation of fixed assets	(333)	(259)	28.57
Amortisation of intangibles	(382)	(282)	35.46
(Provision)/Writeback of share-based expense	(30)	220	113.64
Net foreign exchange loss	(80)	(134)	(40.30)
Interest expenses – hire purchase	(3)	(3)	nm
Interest on term loan	(13)	(13)	nm

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 2013	1 st Qtr 2012	Increase/ (decrease)
Profit for the period	415	1,311	(68.34)
Other comprehensive Income:			
Share-based expense	-	(220)	Nm
Fair value adjustment on investment securities.	29	226	(87.17)
Foreign currency translation	(187)	443	(142.21)
Other Comprehensive income for the period, net of tax	(158)	449	(135.19)
Total Comprehensive Income for the period	257	1,760	(85.40)
ATTRIBUTABLE TO:			
Owners of the Company	329	1,717	(80.84)
Non-Controlling interests	(72)	43	(267.44)
	257	1,760	(85.40)

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 2013 US\$'000	31 Dec 2012 US\$'000	31 Mar 2013 US\$'000	31 Dec 2012 US\$'000
Non-current assets				
Plant, property and equipment	10,954	11,049	9	10
Intangible assets	10,997	10,777	4,708	4,596
Investment in subsidiaries	-	-	6,507	6,507
Investment in associates	-	-	5	5
Quoted investments	6,451	6,837	6,451	6,837
Unquoted investments	412	413	263	263
	28,814	29,076	17,943	18,218
Current assets				
Trade receivables	13,548	13,439	479	482
Inventories	8,425	8,841	-	-
Amounts due from subsidiaries	-	-	20,425	20,948
Amounts due from associates	210	210	-	-
Other receivables	2,233	2,294	138	108
Prepayments	1,687	1,401	1,480	1,232
Fixed deposits	2,138	3,444	1,125	1,388
Cash and bank balances	6,757	3,793	686	313
	34,998	33,422	24,333	24,471
Total assets	63,812	62,498	42,276	42,689
Current liabilities				
Trade payables and accruals	10,197	9,905	297	394
Other payables	2,903	3,203	228	272
Hire purchase payables	270	137	-	-
Term loans	1,589	1,132	-	-
Income tax payable	453	439	183	183
Amount due to subsidiaries	-	-	54	56
	15,412	14,816	762	905
Net current assets	19,586	18,606	23,571	23,566
Non-current liabilities				
Term loans	1,033	611	-	-
Deferred taxation	1,090	1,091	331	331
Hire purchase payables	127	87	-	-
	2,250	1,789	331	331
Total liabilities	17,662	16,605	1,093	1,236
Net assets	46,150	45,893	41,183	41,453
Capital and reserves attributable to the equity holders of the Company				
Share capital	29,580	29,580	29,580	29,580
Treasury shares	(257)	(257)	(222)	(222)
Other reserves	886	857	886	857
Revaluation reserve	334	334	-	-
Revenue reserve	6,102	5,620	10,939	11,238
Capital reserve	2,717	2,717	-	-
Translation reserve	627	809	-	-
Non controlling interest	6,161	6,233	-	-
Total equity	46,150	45,893	41,183	41,453
Total equity and liabilities	63,812	62,498	42,276	42,689

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 2013 US\$'000		As at 31 December 2012 US\$'000	
Secured	Unsecured	Secured	Unsecured
1,859	-	1,269	-

Amount repayable after one year

As at 31 March 2013 US\$'000		As at 31 December 2012 US\$'000	
Secured	Unsecured	Secured	Unsecured
1,160	-	698	-

Details of any collateral :

The Group's motor vehicles and plant and equipment at net book value of US\$155,189 (FY2012: US\$164,838) 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

	2013	2012
	US\$'000	US\$'000
Cash flow from operating activities:-		
Profit before income tax	370	1,342
Adjustments for:-		
Amortisation of intangible assets	382	282
Depreciation of property, plant and equipment	333	259
Provision for doubtful debts	185	214
(Gain)/loss on disposal of investment	(4)	-
Write back of share-based expenses	-	(220)
Interest income	(113)	(98)
Translation differences arising on consolidation	(104)	93
Interest expense	36	24
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Operating profit before changes in working capital	1,085	1,896
Increase in trade, other receivables and prepayments	(519)	(2,700)
Decrease/(Increase) in inventories	416	(1,963)
(Decrease)/increase in trade and other payables	(8)	1,494
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Cash utilised from operating activities	974	(1,273)
Income tax paid	62	(31)
Interest received	113	98
Interest paid	(36)	(24)
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Net cash utilised from operating activities	1,113	(1,230)
Cash flow from investing activities		
Proceeds from disposal of investment securities	409	500
Purchase of property, plant and equipment	(96)	(217)
Payment for patent & trademark registration expenses	(225)	(1,382)
Payment for development expenditures	(397)	(221)
Purchase of quoted investments	-	(497)
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Net cash used in by investing activities	(309)	(1,817)
Cash flow from financing activities		
Repayment of hire purchase instalments	(33)	(27)
Repayment of term loan	(77)	(99)
Proceeds from term loan	978	144
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Net cash used in financing activities	868	18
Net increase/(decrease) in cash and cash equivalents	1,672	(3,029)
Cash and cash equivalents as beginning of period	7,237	10,659
Effect of foreign exchange difference	(14)	65
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Cash and cash equivalents at end of period	8,895	7,695
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Group cash and cash equivalents in the consolidated cash flow statement consist of the following:

	<u>31 Mar 2013</u>	<u>31 Mar 2012</u>
	\$'000	\$'000
Cash and Bank Balances	6,757	2,715
Fixed Deposits	2,138	4,980
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	8,895	7,695
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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 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
Balance at 31 March 2012	29,573	(257)	2,717	498	13,959	488	334	47,312	6,077	53,389
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
THE COMPANY										
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)
Balance at 31 March 2012	29,573	(222)	-	-	10,964	488	-	40,803	-	40,803
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

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 1QFY13, 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 2013 is as follows:

Unexercised Share Option	<u>No. of shares</u>
Balance as at 1 st January 2013	6,022,500
Share options lapsed during the period	(1,840,000)
Balance as at 31st March 2013	<u>4,182,500</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 2013, 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 2013	297,461,925	29,580,657
Movement in Shares	-	-
Balance as at 31st March 2013	<u>297,461,925</u>	<u>29,580,657</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 2013	1,293,000	(256,914)
Repurchase of shares and held as Treasury Shares	-	-
Balance as at 31st March 2013	<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 2012.

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 following new/amended FRSs have become effective from 1 January 2013.

- Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*
Revised FRS 19 *Employee Benefits*
FRS 113 *Fair Value Measurement*
Amendments to FRS 107 *Disclosures – Offering Financial Assets and Financial Liabilities*
Improvements to FRS 2012
- Amendment to FRS 1 *Presentation of Financial Statements*
 - Amendment to FRS 16 *Property, Plant and Machinery*
 - Amendment to FRS 32 *Financial Instruments: Presentation*

The adoption of the revised 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	1Q 2013	1Q 2012
Profit after tax (US\$'000)	482	1,293
Weighted average number of ordinary shares in issue (in '000)	296,169	296,109
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	297,036	297,973

(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	0.44
(ii) On a fully diluted basis	0.16	0.43

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 1QFY13, 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 2013	31 Dec 2012	31 Mar 2013	31 Dec 2012
Number of ordinary shares (in '000)	296,462	296,462	296,462	296,462
(Amount in USD cents)				
Net assets value per ordinary share based on issued share capital at the end of the period	15.57	15.48	13.89	13.98

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 2013 (1QFY13), the Group reported a 18.4% decrease in revenues from US\$20.7 million (1QFY12) to US\$16.9 million. The gross profit decreased by 17.1% from US\$3.3 million (1QFY12) to US\$2.8 million (1QFY13) in line with lower revenue growth. The Group reported lower net profit after tax from US\$1.3 million (1QFY12) to US\$0.4 million (1QFY13) representing a decrease of 68.3%.

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

Revenue

- Mobile media solutions business decreased by 23.0% from US\$17.7 million (1QFY12) to US\$13.6 million in 1QFY13.
- In 1QFY13, licensing revenue was US\$0.7 million (1QFY12: US\$0.6 million) mainly contributed by new licensees.

Expenses

Group's total expenses amounted to US\$2.8 million in 1QFY13 (1QFY12: US\$2.3 million) representing an increase by 17.5% arising mainly in general administration expenses from which a writeback of share based expenses was recorded in 1QFY12.

Net profit after tax

- Net profit after tax was lower by 68.3% from US\$1.3 million to US\$0.4 million largely due to the lower revenue growth.

Balance Sheet – Key Highlights

- **Intangible Assets** – There was a US\$0.2 million increase in intangible assets in 1QFY13 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\$10.8 million as at 31 Dec 2012 to US\$11.0 million as at 31 Mar 2013. 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\$6.4 million (31 Dec 2012: US\$6.8 million). The decrease by US\$0.4 million was due to a maturity of a quoted investment.
- **Trade Debtors** – At quarter end, trade debtors closed at US\$13.5 million (31 Dec 2012: US\$13.4 million).
- **Inventory** – Group's inventory closed at US\$8.4 million, an decrease by US\$0.4 million from \$8.8 million in FY2012.

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 2013 of US\$8.9 million compared to US\$7.2 million as at 31 Dec 2012.

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 2013, the Group has US\$8.8million in cash and cash equivalents. The Group will continue to pursue our R&D activities so as to introduce new innovations to the market.

Going forward, the Group expects that business conditions will continue to be challenging. The Group will continue to develop its MMS core segment into the future.

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).

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

Director
10th May 2013

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 2013 to be false and misleading in any material respect.

On behalf of the Directors

Signed

HENN TAN
Director

10th May 2013

Signed

GURCHARAN SINGH
Director