



Trek 2000 International Ltd
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FOR IMMEDIATE RELEASE

Trek achieves record US\$165.7 million revenue for FY 2016 as Interactive Consumer Solutions segment gains traction

- Turnaround to report a record US\$6.1 million net profit supported by margin expansion and better cost controls
- Robust core business operations and improved working capital cycle generated US\$9.1 million positive operating cash flows to bolster balance sheet strength
- Notwithstanding US\$12.2 million worth of corporate bonds held, net cash position improves to US\$26.7 million, positioning the Group favourably to capture growth in the Internet of Things and Data Storage markets

SINGAPORE – 28 March, 2017 - Trek 2000 International Ltd. (“Trek” or “the Group”), inventor and patent owner of the ThumbDrive™, board director of SD Card Association¹ and co-chairman of iSDIO forum, has announced its financial results for the full year ended 31 December 2016 (“FY2016”).

Financial Highlights (US\$ millions)	FY2016	FY2015	Change
Revenue	165.7	148.8	11.4%
Gross Profit	19.3	4.1	373.9%
Gross Profit Margin (%)	11.7	2.7	9.0 ppt
Net Profit/(Loss) Attributable to Owners of the Company	6.1	(6.6)	n.m.
Net Profit Margin (%)	3.7	n.m.	n.m.
Earnings/(Loss) per share (US cents)	1.87	(2.15)	n.m.

Despite a challenging global economic environment, the Group reported an 11.4% year-on-year (“yoy”) increase in revenue to record US\$165.7 million for FY2016. This growth was driven by the Group’s Interactive Consumer Solutions (“ICS”) division which accounted for 98.4% of the overall revenue.

Backed by effective cost containment measures and increased sales of expanded Wi-Fi and IoT module applications, the Group’s gross profit surged 373.9% yoy to US\$19.3 million alongside a 9.0 percentage point expansion in gross profit margin to 11.7%.

Over the course of the year, the Group made a conscious effort to tighten its cost controls. This translated to a 21.7% yoy decrease in marketing and distribution activities to US\$2.5 million.

Conversely, general administrative expenses increased by US\$0.3 million yoy to US\$6.2 million due to an increase in professional fees and a decrease in property, plant and equipment written off.

¹ The SD Association is a global ecosystem of companies setting industry-leading memory card standards. (<https://www.sdcard.org/home/>)

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As a result of the above factors, the Group posted a strong turnaround, reversing a US\$6.6 million loss for FY2015 to a net profit attributable to shareholders amounting US\$6.1 million for FY2016.

The Group's robust core business operations generated US\$9.1 million of positive operating cash flow for FY2016. This was supported by an improved working capital cycle where inventory turnover improved to 26 days (FY2015: 57 days) while trade receivables turnover remained stable at 20 days (FY2015: 20 days). Amidst economic uncertainty, this strengthened the Group's balance sheet as cash and cash equivalents increased 21.2% yoy to US\$28.4 million as at 31 December 2016. Accounting for loans and borrowings amounting US\$2.5 million, the Group's net cash position improved to US\$26.7 million as at 31 December 2016. Apart from this, the Group also holds US\$12.4 million worth of quoted and unquoted investments, primarily corporate bonds on its balance sheet.

"Our ICS segment continued to spearhead growth as we leveraged on our longstanding reputation for innovation and proven R&D capabilities. We garnered momentum over the course of the year as our focus on penetrating into consumer wearable, medical and cloud technologies led to both top line growth and a return to profitability.

While navigating difficult economic conditions, we tightened cost controls and streamlined our operations in order to adopt a leaner and asset-light business model. This prudent approach translated to a significant improvement in our operating margins amidst economic uncertainty. As we remain vigilant to business headwinds, we will utilise our strong cash position to pursue R&D initiatives and unveil new innovative solutions to the market.

At present, our asset-light operating model and portfolio of patented products has positioned us to ride the technological revolution in an Internet of Things ("IoT") market that is expected to reach US\$267.0 billion by 2020². In addition, rapid growth in the demand for NAND flash memory products is expected going forward. Against this backdrop, our engineers push the barrier for technological advancement on a daily basis as we pursue the most disruptive of innovations that will transform the way we live and interact."

- Mr. Henn Tan, Executive Chairman and CEO of Trek 2000 International Ltd

-The End -

About Trek 2000 International Ltd

Trek 2000 International Ltd (Trek), an industry leader, innovator, original inventor and patent owner of the ThumbDrive® offers state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions all catering to the fast changing digital industry. Trek with its library of granted patents is represented all over the world and has offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, the Philippines, Vietnam, Indonesia and Japan to serve the rapidly expanding markets across all regions.

A public listed company whose shares are quoted on the Singapore Stock Exchange (SGX:5AB), Trek was named by Forbes Global as one of the Best Small Companies in the World of 2000 and 2002. Trek also received the Best Managed small Company in Singapore by AsiaMoney (of Euromoney), the INVENT Singapore Award 2008 and the ASEAN Business Award for Innovation in 2011. The company was awarded Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, the SD Association Awards of Excellence in 2014 and conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015. More recently in July 2016, the company was bestowed the prestigious Engineering Feats@IES-SG50 award by the Prime Minister of Singapore.

Trek®, ThumbDrive®, DivaDrive® and Flucard® are trademarks or registered trademarks of Trek Group of Companies in Singapore and / or other countries.

² Forbes, Internet Of Things Market To Reach \$267B By 2020, 29 January 2017

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For more information, visit our website at <http://www.trek2000.com.sg>, <http://www.thumbdrive.com>,
<http://www.flu-card.com>, <https://www.cloudstringers.com/>

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