



Trek 2000 International Ltd
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FOR IMMEDIATE RELEASE

Trek reports 67.9% increase in net profit to US\$1.2 million for 1Q2017 as core ICS segment fuels growth

- Revenue surges 27.2% yoy to US\$41.8 million driven by growth in the Group's Interactive Consumer Solutions ("ICS") division and licensing fees
- Gross profit soars 85.9% yoy to US\$6.7 million while gross profit margin expands 5.1 percentage points to 16.0% backed by cost containment and expanded WiFi module applications
- Robust core business operations contribute to a strengthened balance sheet as net cash position improves to US\$34.3 million; provides the impetus for the Group to pursue R&D initiatives to capture prevailing industry trends in the Internet of Things ("IoT") market

SINGAPORE – 9 May, 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 March 2017 ("1Q2017").

Financial Highlights (US\$ millions)	1Q2017	1Q2016	Change
Revenue	41.8	32.8	27.2%
Gross Profit	6.7	3.6	85.9%
Gross Profit Margin (%)	16.0	10.9	5.1 ppt
Net Profit Attributable to Owners of the Company	1.2	0.7	67.9%
Net Profit Margin (%)	3.0	2.3	0.7 ppt
Earnings per share (US cents)	0.38	0.23	65.2%

Despite an uncertain economic landscape, the Group reported a 27.2% year-on-year ("yoy") increase in revenue to US\$41.8 million for 1Q2017. This growth was spearheaded by the Group's Interactive Consumer Solutions ("ICS") segment and an increase in licensing fees. Accounting 98.5% of the overall revenue for 1QFY2017, the Group's ICS division continues to be the key revenue generator.

Driven by enhanced cost controls and an expansion of WiFi module applications, the Group's gross profit surged 85.9% yoy to US\$6.7 million. Correspondingly, the Group's gross profit margin improved from 10.9% for 1Q2016 to 16.0% for 1Q2017.

Following a record year of revenue and profitability in FY2016, the Group continues to intensify regional marketing activities along with provisions for new product launches in the year ahead. This led to an increase in marketing and distribution expenses to US\$1.8 million for 1Q2017.

The Group's research and development ("R&D") expenses decreased 63.1% yoy to US\$0.5 million for 1Q2017. This was attributed to a decrease in intangible assets written off, amortisation expenses of intangible assets and staff costs over the period. Similarly, other expenses increased to US\$1.8 million as a result of loss from the disposal of Racer Group on 14 March 2017.

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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Stemming from the above factors, the Group achieved a 67.9% increase in net profit attributable to shareholders amounting US\$1.2 million.

The Group's core business operations continued to generate strong positive operating cash flows amounting US\$10.4 million. This was supported by further improvements to the Group's working capital cycle as inventory turnover narrowed to 24 days for 1Q2017 (1Q2016: 55 days). In the midst of an uncertain economic climate, this strengthened the Group's balance sheet as its net cash position improved to US\$34.3 million as at 31 March 2017. In addition, the Group holds US\$13.5 million worth of quoted investments in corporate bonds with no borrowings on its balance sheet.

"In an ever-evolving landscape, we remain at the forefront of technology. Our strong first quarter performance is testament to our longstanding reputation as innovators and our ability to provide customised solutions for our customers. In this light, our ICS segment continues to go from strength to strength as we garner momentum and gain recognition for our technological capabilities from global partners.

At present, our asset-light business model positions us favourably to capture prevailing industry trends. Coupled with our commitment to tightening cost controls and streamlining our operations, we made significant improvements to our operating margins. Furthermore, our strong net cash position provides the impetus for us to pursue R&D initiatives that will accelerate the development of our innovative solutions.

As we position ourselves for growth in the year ahead, we are confident in executing our strategy of penetrating the Internet of Things ("IoT") market in consumer wearable, medical and cloud technologies. We will also capitalise on the clear demand for NAND flash memory products and leverage on our existing portfolio of patented solutions to fuel growth in our licensing segment."

- 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.

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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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