

TREK 2000 INTERNATIONAL LTD

Company No. 199905744N
(Incorporated in the Republic of Singapore)

VARIANCES BETWEEN THE PRELIMINARY UNAUDITED FULL YEAR RESULTS ANNOUNCEMENTS AND AUDITED FINANCIAL STATEMENTS IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the “**Board**”) of Trek 2000 International Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results announcement for the financial year ended 31 December 2017 (“**FY2017**”) released via SGXNET on 22 February 2018 (the “**Preliminary Unaudited FY2017 Financial Results**”).

Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”), the Board wishes to announce that, subsequent to the release of the Preliminary Unaudited FY2017 Financial Results, the external auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly. These are material variances and the reasons for such material variances between the Preliminary Unaudited FY2017 Financial Results and the audited financial results of the Group for FY2017 are set out below:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

<u>Group</u>	<u>Note</u>	<u>Preliminary Unaudited 2017 US\$'000</u>	<u>Variances US\$'000</u>	<u>Audited 2017 US\$'000</u>
Revenue		112,617	–	112,617
Cost of sales		(95,250)	–	(95,250)
Gross profit		17,367	–	17,367
Other items of income:				
Interest income		1,107	–	1,107
Other income		413	–	413
Other items of expense:				
Research and development	1	(2,109)	(950)	(3,059)
Marketing and distribution		(1,907)	–	(1,907)
General administration		(5,646)	–	(5,646)
Other expenses		(1,667)	–	(1,667)
Finance costs		(18)	–	(18)
Profit before income tax		7,540	(950)	6,590
Income tax expense		(1,217)	–	(1,217)
Profit for the year		6,323	(950)	5,373
Attributable to:				
Owners of the Company		6,164	(950)	5,214
Non-controlling interests		159	–	159
		6,323	(950)	5,373
Profit for the year		6,323	(950)	5,373
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
- Fair value changes to quoted investments		667	–	667

	Note	Preliminary Unaudited 2017 US\$'000	Variances US\$'000	Audited 2017 US\$'000
- Net deficit on revaluation of freehold and leasehold land and buildings	2	(179)	179	-
- Foreign currency translation		439	-	439
Items that will not be reclassified subsequently to profit or loss				
- Net deficit on revaluation of freehold and leasehold land and buildings	2	-	(179)	(179)
Total comprehensive income for the year		7,250	(950)	6,300
Attributable to:				
Owners of the Company		7,073	(950)	6,123
Non-controlling interests		177	-	177
		7,250	(950)	6,300

Notes: Explanation for the variances noted in Consolidated Statement of Comprehensive Income

1. The revision to audited "Research and development" of US\$3,059K compared to full year announced results "Research and development" of US\$2,109K is due to written-off of intangible assets amounting to US\$950K which were deemed to have no further commercial value.
2. This pertained to reclassification of net deficit on revaluation of freehold and leasehold land and buildings of US\$179K from "Items that may be reclassified subsequently to profit or loss" to "Items that will not be reclassified subsequently to profit or loss" for fairer presentation.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	GROUP			COMPANY		
		Preliminary	Variances	Audited	Preliminary	Variances	Audited
		Unaudited 2017 US\$'000			2017 US\$'000		
Non-current assets							
Property, plant and equipment		1,540	–	1,540	9	–	9
Intangible assets	3	2,645	(950)	1,695	1,374	(950)	424
Investment in subsidiaries		–	–	–	1,603	–	1,603
Investment in associates		–	–	–	5	–	5
Quoted investments		16,435	–	16,435	16,435	–	16,435
Unquoted investments		–	–	–	–	–	–
		20,620	(950)	19,670	19,426	(950)	18,476
Current assets							
Inventories		1,057	–	1,057	–	–	–
Trade and other receivables		3,254	–	3,254	4,334	–	4,334
Prepayments	4	153	–	153	825	(742)	83
Short-term deposits		25,684	–	25,684	8,433	–	8,433
Cash at banks and on hand	4	11,294	–	11,294	760	742	1,502
		41,442	–	41,442	14,352	–	14,352
Total assets		62,062	(950)	61,112	33,778	(950)	32,828
Current liabilities							
Trade payables and accruals		1,943	–	1,943	24	–	24
Other payables	5	7,514	(2,494)	5,020	3,729	–	3,729
Provision for customer claims	5	–	2,494	2,494	–	–	–
Hire purchase payables		–	–	–	–	–	–
Term loans and overdrafts		–	–	–	–	–	–
Income tax payable		1,952	–	1,952	–	–	–
		11,409	–	11,409	3,753	–	3,753
Net current assets		30,033	–	30,033	10,599	–	10,599
Non-current liabilities							
Term loans		–	–	–	–	–	–
Deferred taxation		42	–	42	–	–	–
Hire purchase payables		–	–	–	–	–	–
		42	–	42	–	–	–
Total liabilities		11,451	–	11,451	3,753	–	3,753
Net assets		50,611	(950)	49,661	30,025	(950)	29,075

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 (CONT'D)

	Note	GROUP			COMPANY		
		Preliminary Unaudited 2017 US\$'000	Variations US\$'000	Audited 2017 US\$'000	Preliminary Unaudited 2017 US\$'000	Variations US\$'000	Audited 2017 US\$'000
Equity attributable to owners of the Company							
Share capital		37,829	–	37,829	37,829	–	37,829
Treasury shares		(263)	–	(263)	(263)	–	(263)
Revenue reserve	6	7,076	(950)	6,126	(9,011)	(950)	(9,961)
Capital reserve		2,717	–	2,717	–	–	–
Asset revaluation reserve		1,056	–	1,056	–	–	–
Translation reserve		(586)	–	(586)	–	–	–
Other reserves		1,431	–	1,431	1,470	–	1,470
		49,260	(950)	48,310	30,025	(950)	29,075
Non-controlling interests		1,351	–	1,351	–	–	–
Total equity		50,611	(950)	49,661	30,025	(950)	29,075
Total liabilities and equity		62,062	(950)	61,112	33,778	(950)	32,828

Notes: Explanation for the variances noted in Statement of Financial Position

- The revision to audited “Intangible assets” of US\$1,695K compared to full year announced result “Intangible assets” of US\$2,645K is due to written-off of intangible assets amounting to US\$950K which were deemed to have no further commercial value.
- This pertained to reclassification of US\$742K from “Prepayments” to “Cash at banks and on hand” for fairer presentation.
- This pertained to reclassification of US\$2,494K from “Other payables” to “Provision for customer claims” for fairer presentation.
- The revision to audited “Revenue reserve” pertained to the adjustment mentioned in Note 1 above.

BY ORDER OF THE BOARD

Mr Tan Henry @ Henn Tan
Chairman, Chief Executive Officer and Executive Director

9 April 2018