



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

**Second Quarter and Half Year Financial Statement Announcement for the period ended 30 June 2016**

**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 2016**

**(i) Consolidated Income Statement**

	<u>Second Quarter</u>		<u>Increase/ (decrease)</u>	<u>First Half</u>		<u>Increase/ (decrease)</u>
	<u>2016</u> US\$'000	<u>2015</u> US\$'000	%	<u>2016</u> US\$'000	<u>2015</u> US\$'000	%
<b>Revenue</b>	48,750	41,827	16.6	81,595	68,647	18.9
Cost of goods sold	(45,878)	(37,926)	20.9	(74,809)	(61,507)	21.6
<b>Gross profit</b>	<u>3,372</u>	<u>3,901</u>	(13.6)	<u>6,786</u>	<u>7,140</u>	(4.9)
<b>Other items of income :</b>						
Interest Income	179	164	9.2	327	324	0.9
Other income	225	235	(4.3)	351	396	(11.4)
<b>Other items of expense :</b>						
Research and development expenses	(966)	(1,418)	(31.9)	(2,374)	(2,456)	(3.3)
Marketing and distribution expenses	(354)	(647)	(45.3)	(846)	(1,230)	(31.2)
General administration expenses	(1,247)	(1,016)	22.7	(2,086)	(1,859)	12.2
Finance costs	(38)	(27)	40.7	(72)	(66)	9.1
Other expenses	(119)	-	Nm	(219)	(325)	(32.6)
Profit before income tax [1]	<u>1,052</u>	<u>1,192</u>	(11.7)	<u>1,867</u>	<u>1,924</u>	(3.0)
Income tax	(11)	(11)	(0)	(21)	(22)	(4.5)
<b>Profit after tax for the period</b>	<u><b>1,041</b></u>	<u><b>1,181</b></u>	<b>(11.9)</b>	<u><b>1,846</b></u>	<u><b>1,902</b></u>	<b>(2.9)</b>
Profit attributable to :						
Non-controlling interest	(76)	100	(24)	19	277	(93.1)
Owners of the Company	<u>1,117</u>	<u>1,081</u>	3.3	<u>1,826</u>	<u>1,625</u>	(12.4)
	<u><b>1,041</b></u>	<u><b>1,181</b></u>	<b>(11.9)</b>	<u><b>1,846</b></u>	<u><b>1,902</b></u>	<b>(2.9)</b>
Earnings per share attributable to owners of the parent (expressed in cents per share) :						
- Basic	0.34	0.36		0.56	0.55	
- Diluted	<u>0.34</u>	<u>0.36</u>		<u>0.56</u>	<u>0.55</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:

	Second Quarter		Increase/ (decrease)	First Half		Increase/ (decrease)
	2016 US\$'000	2015 US\$'000	%	2016 US\$'000	2015 US\$'000	%
Interest income from:						
- fixed deposits	29	16	81.25	53	23	130.43
- available for sale financial assets	150	148	1.35	274	301	(8.97)
Gain on disposal of property, plant & equipment	7	-	Nm	12	41	(70.73)
Allowance for doubtful debt	5	32	(156.25)	(6)	13	146.15
Depreciation of plant,property,equipment	(455)	(550)	(17.27)	(885)	(854)	3.63
Amortization of intangibles assets	(294)	(460)	(36.09)	(584)	(940)	(37.87)
Net foreign exchange (loss)/gain	(119)	177	(167.23)	(219)	(325)	(32.62)
Interest expense – hire purchase	(4)	(4)	-	(8)	(8)	-
Interest on term loan/bank overdrafts	(11)	(23)	(52.17)	(24)	(34)	(29.41)
Impairment of intangibles assets	-	-	-	(417)	-	Nm
Gain on disposal of investment securities	8	-	-	54	-	-
Provision for share-based expense	(54)	(30)	80.0	(108)	(60)	200.0

**(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 FY2016	Q2 FY2015	Increase/ (decrease)	1H FY2016	1H FY2015	Increase/ (decrease)
<b>Profit after tax for the period</b>	<b>1,041</b>	<b>1,181</b>	<b>(11.85)</b>	<b>1,846</b>	<b>1,902</b>	<b>(2.94)</b>
<b>Other Comprehensive Income:</b>						
Fair value adjustment on investment securities	72	(147)	(148.98)	110	20	450.0
Foreign currency translation	255	(183)	(239.34)	73	(618)	(111.81)
Other comprehensive income:	327	(330)	(199.10)	183	(598)	(130.60)
<b>Total Comprehensive Income for the period, net of tax</b>	<b>1,368</b>	<b>851</b>	<b>60.75</b>	<b>2,029</b>	<b>1,304</b>	<b>55.60</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>						
Owners of the Company	1,444	752	92.02	2,009	1,028	95.43
Non-controlling interest	(76)	99	(176.77)	20	276	(92.75)
	<b>1,368</b>	<b>851</b>	<b>60.75</b>	<b>2,029</b>	<b>1,304</b>	<b>55.60</b>

**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 2016 US\$'000	31 Dec 2015 US\$'000	30 Jun 2016 US\$'000	31 Dec 2015 US\$'000
<b>Non-Current Assets</b>				
Plant, property and equipment	13,260	12,959	17	6
Intangible assets	4,907	5,751	1,697	1,809
Investment in subsidiaries	-	-	5,225	5,225
Investment in associates	-	-	5	5
Quoted investments	8,980	8,749	8,980	8,749
Unquoted investments	186	182	-	-
	27,332	27,641	15,924	15,794
<b>Current assets</b>				
Trade receivables	9,790	11,436	666	714
Inventories	13,230	22,734	-	-
Amounts due from subsidiaries	-	-	18,873	25,425
Prepayments	623	265	123	8
Fixed deposits	12,253	4,781	5,669	-
Cash and bank balances	9,426	19,475	591	393
	45,322	58,691	25,922	26,540
<b>Total assets</b>	<b>72,654</b>	<b>86,332</b>	<b>41,846</b>	<b>42,334</b>
<b>Current liabilities</b>				
Trade payables and accruals	10,884	28,390	41	81
Other payables	2,834	2,298	758	319
Hire purchase payables	186	154	-	-
Term loans and bank overdrafts	1,961	1,249	-	-
Income tax payable	762	768	-	-
	16,821	32,860	799	400
<b>Net current assets</b>	<b>28,000</b>	<b>25,831</b>	<b>25,122</b>	<b>26,140</b>
<b>Non-current liabilities</b>				
Term loans	467	500	-	-
Deferred taxation	461	457	-	-
Hire purchase payables	239	150	-	-
	1,167	1,107	-	-
<b>Total liabilities</b>	<b>17,988</b>	<b>33,967</b>	<b>799</b>	<b>400</b>
<b>Net assets</b>	<b>54,666</b>	<b>52,364</b>	<b>41,047</b>	<b>41,935</b>
<b>Capital and reserves attributable to the equity holders of the Company</b>				
Share capital	37,829	37,829	37,829	37,829
Treasury shares	(298)	(283)	(262)	(247)
Other reserves	113	80	673	639
Revaluation reserve	2,029	2,029	-	-
Revenue reserve	(1,333)	(3,160)	2,807	3,714
Capital reserve	2,717	2,717	-	-
Translation reserve	(709)	(1,145)	-	-
Non-controlling interest	14,318	14,298	-	-
<b>Total Equity</b>	<b>54,666</b>	<b>52,364</b>	<b>41,047</b>	<b>41,935</b>
<b>Total equity and liabilities</b>	<b>72,654</b>	<b>86,332</b>	<b>41,846</b>	<b>42,334</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 2016 US\$'000		As at 31 December 2015 US\$'000	
Secured	Unsecured	Secured	Unsecured
2,147	-	1,403	-

**Amount repayable after one year**

As at 30 June 2016 US\$'000		As at 31 December 2015 US\$'000	
Secured	Unsecured	Secured	Unsecured
706	-	650	-

**Details of any collateral :**

The Group's assets at net book value of US\$ 432,320 (FY2015: US\$620,240) 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 2016 US\$'000	2Q 2015 US\$'000	1H 2016 US\$'000	1H 2015 US\$'000
<b>Cash flow from operating activities:-</b>				
Profit before income tax	1,052	1,192	1,867	1,924
Adjustments for:-				
Amortisation of intangible assets	294	460	584	940
Depreciation of property, plant and equipment	455	550	885	854
Allowance for doubtful debts	17	(32)	6	(13)
Impairment of intangible assets	-	-	417	-
Gain on disposal of property, plant and equipment	(7)	-	(12)	(41)
Gain on disposal of investment securities	(63)	-	(69)	-
Interest income	(179)	(164)	(327)	(324)
Interest expenses	38	27	72	66
Translation difference arising on consolidation	(43)	(236)	(49)	(217)
Foreign exchange difference	75	-	144	-
<b>Operating profit before changes in working capital</b>	<b>1,639</b>	<b>1,797</b>	<b>3,517</b>	<b>3,189</b>
Decrease/(increase) in trade and other receivables and prepayments	2,121	(931)	1,282	11,298
Decrease/(increase) in inventories	4,505	(1,440)	9,504	(4,748)
Decrease/(increase) in trade and other payables	(5,616)	3,375	(16,714)	(1,853)
<b>Cash generated from operating activities</b>	<b>2,649</b>	<b>2,801</b>	<b>(2,415)</b>	<b>7,886</b>
Interest paid	(38)	(27)	(72)	(66)
Income tax paid	(84)	(80)	(91)	(80)
Interest received	30	16	53	23
<b>Net cash generated from operating activities</b>	<b>2,557</b>	<b>2,710</b>	<b>(2,525)</b>	<b>7,763</b>
<b>Cash flow from investing activities</b>				
Proceeds from disposal of investment securities	2,095	600	3,199	600
Proceeds from disposal of property, plant & equipment	11	-	17	99
Purchase of property, plant and equipment	(142)	(3,722)	(658)	(3,995)
Payment for patent & trademark registration expenses	-	(52)	(3)	(124)
Payment for development expenditures	-	(401)	(140)	(779)
Purchase of quoted investments	(3,343)	(688)	(3,343)	(688)
Interest income from available-for-sale investment	149	148	274	301
<b>Net cash used in investing activities</b>	<b>(1,230)</b>	<b>(4,115)</b>	<b>(654)</b>	<b>(4,586)</b>
<b>Cash flow from financing activities</b>				
Repayment of hire purchase instalments	(56)	(27)	(101)	(97)
Employees' share option exercised	-	-	-	64
Repayment of term loans	21	(41)	(41)	(4,582)
Capital contribution from non-controlling interest	-	5,444	-	6,696
Payment of dividends	-	(1,123)	-	(1,123)
Proceeds from term loans	-	-	174	-
Repurchase of treasury shares	-	-	(15)	-
<b>Net cash used in financing activities</b>	<b>(35)</b>	<b>4,253</b>	<b>17</b>	<b>958</b>
Net decrease in cash and cash equivalents	1,292	2,848	(3,162)	4,135
Cash and cash equivalents as beginning of period	19,005	11,295	23,453	10,162
Effect of foreign exchange difference	43	25	49	(129)
<b>Cash and cash equivalents at end of period</b>	<b>20,340</b>	<b>14,168</b>	<b>20,340</b>	<b>14,168</b>

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

	30 <sup>th</sup> Jun 2016 \$'000	30 <sup>th</sup> Jun 2015 \$'000
Cash and Bank Balances	9,425	9,423
Fixed Deposits	12,253	6,423
Bank Overdrafts	(1,338)	(1,678)
	<b>20,340</b>	<b>14,168</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**

	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 GROUP</b>										
Balance at 1 January 2015	29,605	(257)	2,717	(603)	4,685	579	2,029	38,755	8,860	47,615
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Capital contribution from non-controlling Interest	-	-	-	-	-	-	-	-	1,252	1,252
Total comprehensive income for the period	-	-	-	(435)	544	167	-	276	1,429	1,705
<b>Balance at 31 March 2015</b>	<b>29,669</b>	<b>(257)</b>	<b>2,717</b>	<b>(1,038)</b>	<b>5,229</b>	<b>746</b>	<b>2,029</b>	<b>39,095</b>	<b>11,541</b>	<b>50,636</b>
Tax exempt (one-tier) dividends @ 0.005 cts @ 1.322= US\$0.00378 Per share	-	-	-	-	(1,123)	-	-	(1,123)	-	(1,123)
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-	5,444	5,444
Total comprehensive income for the period	-	-	-	(183)	1,081	(147)	-	751	99	850
<b>Balance at 30 June 2015</b>	<b>29,669</b>	<b>(257)</b>	<b>2,717</b>	<b>(1,221)</b>	<b>5,187</b>	<b>599</b>	<b>2,029</b>	<b>38,723</b>	<b>17,084</b>	<b>55,807</b>
Balance at 1 January 2016	37,829	(284)	2,717	(1,145)	(3,160)	80	2,029	38,066	14,298	52,364
Share buyback purchased.	-	(14)	-	-	-	-	-	(14)	-	(14)
Total comprehensive income for the period	-	-	-	182	708	(39)	-	851	96	947
<b>Balance at 31 March 2016</b>	<b>37,829</b>	<b>(298)</b>	<b>2,717</b>	<b>(964)</b>	<b>(2,451)</b>	<b>41</b>	<b>2,029</b>	<b>38,903</b>	<b>14,394</b>	<b>53,297</b>
Total comprehensive income for the period	-	-	-	255	1,118	72	-	1,444	(76)	1,368
<b>Balance at 30 June 2016</b>	<b>37,829</b>	<b>(298)</b>	<b>2,717</b>	<b>(709)</b>	<b>(1,333)</b>	<b>113</b>	<b>2,029</b>	<b>40,347</b>	<b>14,318</b>	<b>54,665</b>
<b>THE COMPANY</b>										
Balance at 1 January 2015	29,605	(222)	-	-	6,618	579	-	36,580	-	36,580
Increase in shares through exercise of share options.	64	-	-	-	-	-	-	64	-	64
Total comprehensive income for the period	-	-	-	-	(345)	167	-	(178)	-	(178)
<b>Balance at 31 March 2015</b>	<b>29,669</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>6,273</b>	<b>746</b>	<b>-</b>	<b>36,466</b>	<b>-</b>	<b>36,466</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>										
Tax exempt (one-tier) dividends @ 0.005 cts @ 1.322= US\$0.00378 Per share	-	-	-	-	(1,123)	-	-	(1,123)	-	(1,123)
Total comprehensive income for the period	-	-	-	-	(322)	(147)	-	(469)	-	(469)
<b>Balance at 30 June 2015</b>	<b>29,669</b>	<b>(222)</b>	<b>-</b>	<b>-</b>	<b>4,828</b>	<b>599</b>	<b>-</b>	<b>34,874</b>	<b>-</b>	<b>34,874</b>
Balance at 1 January 2016	37,829	(249)	-	-	3,714	639	-	41,935	-	41,935
Share buyback purchased	-	(14)	-	-	-	-	-	(14)	-	(14)
Total comprehensive income for the period	-	-	-	-	(356)	(39)	-	(396)	-	(396)
Balance at 31 March 2016	37,829	(262)	-	-	3,358	600	-	41,525	-	41,525
Total comprehensive income for the period	-	-	-	-	(551)	73	-	(478)	-	(478)
<b>Balance at 30 June 2016</b>	<b>37,829</b>	<b>(262)</b>	<b>-</b>	<b>-</b>	<b>2,807</b>	<b>673</b>	<b>-</b>	<b>41,047</b>	<b>-</b>	<b>41,047</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 were no changes in the issued and paid-up capital of the Company, since the previous period reported on. During the 2QFY16, no share options were granted under the Trek 2000 International Share Options Scheme 2011.

The outstanding share options under Trek 2000 International Share Options Scheme as at 30 June 2016 is as follows:

Unexercised Share Option	No. of shares
Balance as at 1 <sup>st</sup> January 2016	6,727,500
Share options withdrawn during the period	(350,000)
<b>Balance as at 30 June 2016</b>	<b>6,377,500</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 2016, 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 2016	324,116,925	37,828,942
Movement in Shares	-	-
<b>Balance as at 30 June 2016</b>	<b>324,116,925</b>	<b>37,828,942</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 2016	1,450,100	(283,123)
Repurchase of shares and held as Treasury Shares	71,900	(14,451)
<b>Balance as at 30 June 2016</b>	<b>1,522,000</b>	<b>(297,574)</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**

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 2015.

**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**

On 1 January 2016, the Group and the Company adopted the following amended financial reporting standards ("FRS") which are effective for annual periods beginning on or after 1 January 2016.

The following are the amended FRS that are relevant to the Group:

- (i) Amendments to FRS 16 *Property plant and equipment*
- (ii) Amendments to FRS 38 *Intangible assets*
- (iii) Amendments to FRS 111 *Joint Arrangements*
- (iv) Amendments to FRS 110 *Consolidated financial statements*
- (v) Amendments to FRS 28 *Investments in associates and joint ventures*
- (vi) Amendments to FRS 1 *Presentation of financial statements*

The adoption of the above amended 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**

<b>THE GROUP</b>	<u>Q2FY2016</u>	<u>Q2FY2015</u>	<u>1HFY2016</u>	<u>1HFY2015</u>
Profit after tax (US\$'000)	965	1,081	1,826	1,625
Weighted average number of ordinary shares in issue (in '000)	324,117	297,748	324,117	297,748
Weighted average number of ordinary shares in issue along with dilution effect (in '000)	327,416	298,162	327,416	298,162
<b>Amount in USD cents)</b>				
Earnings per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on existing issued share capital	<b>0.34</b>	<b>0.36</b>	<b>0.56</b>	<b>0.55</b>
(ii) On a fully diluted basis	<b>0.34</b>	<b>0.36</b>	<b>0.56</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.*

**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 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Number of ordinary shares (in '000)	324,117	308,937	324,117	308,937
<b>(Amount in USD cents)</b>				
Net assets value per ordinary share based on issued share capital at the end of the period	<b>16.87</b>	<b>16.95</b>	<b>12.68</b>	<b>13.57</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**

For the three months ended 30 June 2016 ("2QFY16"), the Group reported a 16.6% year-on-year ("yoy") increase in revenue to US\$48.8 million. Gross profit decreased 13.6% yoy to US\$3.4 million while gross profit margin decreased to 6.9% from 9.3% in the previous corresponding period. The Group reported a net profit attributable to owners of the Company of US\$1.1 million, recording a yoy increase of 3.3% for 2QFY16.

In the first half of FY2016 ("1HFY16"), the Group reported a 18.9% yoy increase in revenue to US\$81.6 million. Gross profit decreased 4.9% yoy to US\$6.8 million in 1HFY16, with the gross profit margin at 8.3% from 10.4% in the previous corresponding period. The Group reported a 12.4% yoy increase in net profit attributable to owners of the Company to US\$1.8 million.

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

**Revenue**

The increase in revenue was mainly contributed by the Group's core Interactive Consumer Solutions (ICS) Division, which increased to US\$79.1 million driven by an increase in demand for Internet of Things (IoT) Wi-Fi memory modules and solutions.

**Profitability**

Gross profits decreased by 4.9% yoy to US\$6.8 million. As a result of the Group's strategy to secure higher volume business and growing market share, gross profit margin declined marginally by 2.1 percentage points to 8.3%.

**Expenses**

Group's total expenses declined 12.8% yoy to US\$2.7 million for 2QFY16 (2QFY15: US\$3.1 million).

Despite the overall increase in revenue for 1HFY16, the Group's total expenses amounted to US\$5.6 million in 1HFY16 (1HFY15: US\$5.9 million) representing a decrease of 6.0% yoy.

**Net profit after tax**

The Group reported a net profit attributable to owners of the company of US\$1.1 million in 2QFY16 (2QFY15: US\$1.1 million) and US\$1.8 million in 1HFY16 (1HFY15: US\$1.6 million) despite the challenging economic environment.



### **Other Financial Highlights**

- **Plant, property & equipment** – US\$0.3 million increase is mainly due to the acquisition of machinery by our subsidiary.
- **Intangible Assets** – There was no significant change in intangible assets in 1HFY16. The intangible assets as at 30 June 2016 is US\$4.9 million (31 Dec 2015: US\$5.7 million). 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\$8.9 million (31 Dec 2015: US\$8.7 million).
- **Trade and other receivables** – At 30 June 2016, trade and other receivables closed at US\$9.8 million (31 Dec 2015: US\$11.4 million).
- **Inventories** – Group’s inventories closed at US\$13.2 million, a decrease by US\$9.5 million from \$22.7 million in FY2015.

### **Cashflow**

The Group’s cash & cash equivalents as at 30 June 2016 amounted to US\$21.7 million compared to US\$24.2 million as at 31 Dec 2015 which is reflective in the net cash utilised in operations.

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.

### **IPT Inquiry and other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 12.

**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 30 June 2016, the Group has US\$21.7 million in net cash and cash equivalents.

Going forward, the Group expects that business conditions will continue to be challenging. Leveraging on the Group’s R&D expertise, it continues to commit efforts to developing new innovations and expansion of product offerings. This will allow the Group to capitalise on its strategy effectively where it had increased market share gradually in the preceding quarters.

Barring any unforeseen circumstances, the Group is cautiously optimistic despite continued global economic uncertainties.

### **IPT Inquiry and other matters**

Apart from the above, shareholders and investors are advised to refer to the cautionary statement set out in the Appendix on page 12.

**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).

**15. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).**

Pursuant to Rule 720(1) of the Listing Manual, the Company has procured undertakings from all its directors and executive officers.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**16. 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

**17. 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

**18. A breakdown of sales**

Not Applicable

**19. 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

**EDWIN LONG MING FAI**

Executive Director

18 August 2016

### **CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) 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 2016 to be false and misleading in any material respect.

On behalf of the Directors

Signed

Signed

HENN TAN  
Director

EDWIN LONG MING FAI  
Director

18 August 2016

## Appendix

### CAUTIONARY STATEMENT

For the period commencing from 25 February 2016 to date, announcements have been made by the Company in relation to *inter alia* (1) the IPT Inquiry by TSMP Law Corporation on certain interested party transactions involving T-Data Systems (S) Pte. Ltd. ("T-Data"), (2) documentation deficiencies observed by the auditors, and following which, the report made by the auditors to the Accounting and Corporate Regulatory Authority (ACRA) in respect of matters that have come to their attention in the course of their audit of the FY2015 financial statements, and (3) investigations conducted by the Commercial Affairs Department (CAD) as announced on 1 June. Further information can be found in the announcements dated 25 February 2016, 1 March 2016, 14 March 2016, 17 March 2016, 7 April 2016, 26 April 2016, 25 May 2016, 1 June 2016 and 8 June 2016.

As announced on 8 June 2016, RSM Corporate Advisory Pte Ltd ("RSM") had been appointed as forensic accountants to review and carry out inquiry on *inter alia* the interested party transactions involving T-Data, and opine on the financial impact of such transactions on the Group. The review by RSM and the IPT Inquiry are still ongoing. Pending such inquiry/review, there are uncertainties as to the full implications and impact of the aforesaid developments on the FY2015 financial statements, in particular, as to whether adjustments are required to be made.

In view of the foregoing, shareholders and investors are advised to carefully monitor and refer to further announcements released by the Company for updates, and to consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. They are therefore cautioned against placing undue reliance on the same.