



Trek 2000 International Ltd
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FOR IMMEDIATE RELEASE

Trek reports 78.7% rise in net profit to US\$2.1 million driven by improved product mix and enhanced cost controls

- **Gross profit for second quarter of 2017 surges 59.3% yoy to US\$5.7 million while gross profit margin expands to 19.0% with a focus on the production of high-margin products and cost containment measures**
- **Balance sheet strengthens as robust core business operations generate strong positive operating cash flows amounting US\$6.8 million for 1H2017; net cash position improves to US\$28.8 million**
- **Asset-light business model remains poised to capture prevailing trends in the Internet of Things (“IoT”) market in consumer wearable, medical and cloud technologies**

SINGAPORE – August 7, 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 three months (“2Q2017”) and half year ended 30 June 2017 (“1H2017”).

Financial Highlights (US\$ millions)	2Q2017	2Q2016	Change	1H2017	1H2016	Change
Revenue	29.8	48.8	(38.8%)	71.6	81.6	(12.3%)
Gross Profit	5.7	3.6	59.3%	12.3	7.1	72.6%
Gross Profit Margin (%)	19.0	7.3	11.7ppt	17.2	8.8	8.4ppt
Net Profit Attributable to Owners of the Company	2.1	1.2	78.7%	3.3	1.9	74.5%
Net Profit Margin (%)	7.4	2.5	4.9ppt	4.7	2.7	2.0ppt
Earnings per share (US cents)	0.64	0.36	77.8%	1.02	0.58	75.9%

On 14 March 2017, the Group announced the disposal of its 19.0% interest in Racer Technology Pte Ltd (“Racer”), a subsidiary of the company. Coupled with a decline in sales from its Interactive Consumer Solutions (“ICS”) division, the Group reported a 38.8% year-on-year (“yoy”) decrease in revenue to US\$29.8 million for 2Q2017.

With the disposal of the Racer Group, the Group streamlined its operations and adopt cost containment measures. It is able to focus on its core business to improve its product mix to comprise a greater concentration of higher margin products. This translated to a 59.3% yoy increase in gross profit margin to US\$5.7 million for 2Q2017. Correspondingly, the Group’s gross profit margin expanded 11.7 percentage points to 19.0%.

Amidst a competitive landscape, the Group continued to carry out marketing initiatives while preparing for new product launches to capture prevailing industry trends. Along with an increase in staff costs the Group’s marketing and distribution expenses increased to US\$1.5 million for 2Q2017 as compared to US\$0.4 million for 2Q2016.

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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Conversely, the Group's research and development ("R&D") expenses declined 19.1% yoy to US\$0.8 million for 2Q2017. This was attributed to a decrease in the amortisation of intangible assets and partially offset by the impairment of property, plant and equipment.

As a result of the above factors, the Group recorded a 78.7% yoy increase in net profit attributable to shareholders amounting US\$2.1 million for 2Q2017.

The Group's core business operations maintained its ability to generate strong positive operating cash flows amounting to US\$6.8 million for 1H2017. This contributed to a strong balance sheet as net cash and cash equivalents amounted to US\$28.8 million as at 30 June 2017 (31 December 2016: US\$28.4 million). Further contributing to the Group's resilient financial position was the addition of US\$3.7 million worth of quoted investments. Consequently, the Group's quoted investments increased to US\$15.9 million as at 30 June 2017.

"As technology continues to evolve at a relentless pace, our asset-light business model remains nimble enough to constantly adapt to market trends and seize opportunities that will ensure our long-term sustainability. This unique ability was evident as we swiftly shifted our focus to our core R&D strength and technology business following the disposal of Racer in March. As we improved our product mix and enhanced cost controls, gross margin and overall profitability bolstered significantly during the quarter.

In the midst of increased competition, we continue to differentiate ourselves with our relentless focus on innovation, leveraging on our history of R&D capabilities. Backed by our strong balance sheet, we will continue to make headway in developing innovative solutions for our customers as we remain at the cutting edge of technology.

Looking ahead, the global Internet of Things ("IoT") market continues its high-growth trajectory, with global IoT spending forecasted to reach just over \$800 billion in 2017². Against this backdrop, we are committed to executing our strategy of further penetrating into consumer wearable, medical and cloud technologies. Additionally, we are pursuing opportunities to capitalise on the clear demand for NAND flash memory products while seeking to leverage on our existing portfolio of patented solutions to accelerate 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.

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

² IDC, Worldwide Spending on the Internet of Things Forecast to Reach Nearly \$1.4 Trillion in 2021, 14 June 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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