



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

## **NEWS RELEASE**

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### **STRONG IP ENGINE FUELS TREK'S PERFORMANCE**

*Licensing business set to assume significant role  
with escalating revenue contribution*

- *Licensing contribution rose significantly by 340%*
- *Total revenue rose 21%*
- *Net profit after tax amounted to S\$1.3 million*
- *Cash flow from operating activities generated S\$10.4 million*
- *Group maintains self-funding policy with cash and bank balances amounting to S\$51.6 million*
- *Numerous patents are pending filing*
- *Recent contract signed with Lenovo for supply of ThumbDrive® devices*

**SINGAPORE, 9 November 2005** – Main board listed engineering solutions provider, Trek 2000 International Ltd (“Trek” or “the Group”) today announced strong 3<sup>rd</sup> Quarter FY2005 performance driven by increasing demand for its *ThumbDrive*® solutions and the growing contribution from its licensing business. Driving the Group’s growth is its expanding library of patents that are rapidly commanding global respect and attention.

Powered by its strong IP engine, the Group’s turnover in Q3 FY2005 rose 21.2% from S\$30.9 million to S\$37.5 million. Net profit for the quarter amounted to S\$1.28 million, a significant improvement compared to the loss reported in the 3<sup>rd</sup> quarter of the previous financial year.

On the sales and distribution front, supported by Imation’s global distribution efforts and the product co-branding, both partners are now starting to realize the benefits of their strategic handshake as evidenced by the Group’s results today.

Performance of the licensing, a growing business segment, has been very strong and encouraging. Contribution from the licensing business registered strong growth rising from S\$0.2 million in Q3 FY2004 to S\$1.0 million in Q3 FY2005. This reflects the growing respect and recognition in the market for intellectual property ownership. Of special significance is the recognition of Trek's patent ownership of the *ThumbDrive*<sup>®</sup> solution by the Courts of Singapore earlier this year. This event reflects the new paradigm in the Research and Development industry and reinforces the growing importance and relevance of intellectual property assets.

Demonstrating its confidence in Trek and endorsing its rightful patent ownership over the *ThumbDrive*<sup>®</sup> solutions, Lenovo recently signed a contract with Trek for the supply of *ThumbDrive*<sup>®</sup> devices. These devices, carrying the Lenovo brand will be manufactured under OEM for global distribution. This contract is expected to contribute to Trek's performance in FY2006.

As in previous years, the Group continues to satisfy its funding requirements through its internal resources. Cash flows amounting to approximately S\$10.4 million were generated from operating activities this quarter compared to S\$4.9 million used in the third quarter of the previous financial year. Bearing evidence to Trek's sound financial health is its cash and bank balances which registered an increase of S\$9.4 million rising from S\$41.7 million to S\$51.6 million at the close of the quarter under review. .

General and administrative expenses and marketing expenses were lower during the quarter declining from S\$1.49 million to S\$1.14 million due to the shift in its distribution activities. On the other hand, Research and Development incurred higher expenses due to the increased R&D activities and the additional costs incurred on patents filing. R&D expenses rose from S\$0.5 million in Q3 FY2004 to S\$0.7 million in Q3 FY2005.

Trade debtors' turnover during the quarter stood at 77 days compared to 52 days in the same quarter last year. Inventory turnover improved to 16 days from 19 days reflecting the better efficiency in the Group's inventory management.

Commenting on Trek's results, Mr. Henn Tan – Chairman and CEO said: "The measures that we adopted earlier this year to rationalize our business model are now beginning to yield results. Going forward, we will continue to focus our efforts in the area of R&D and expand our library of patents to drive our licensing business. We are optimistic that the new business segment created by licensing will increasingly gain importance and eventually take its place as one of the key contributors to the Group's performance."

The Group is optimistic about its prospects ahead as it expects to see stronger contributions from both new and existing customers. The strong sales thrust from Innovation will continue to drive the sale of its *ThumbDrive*<sup>®</sup> solutions and bring on new customers to the Group. Similarly, the revenue stream from the growing licensing business will add a new dimension to the Group's future growth.

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#### **About Trek 2000 International**

Trek 2000 International Ltd, an industry leader, innovator and patent owner of the *ThumbDrive*<sup>®</sup> (i.e. USB flash Drive) offers state-of-the-art design solutions ranging from portable storage devices, Digital Technology, wireless, encryption to sophisticated Enterprise solutions all catering to the fast changing digital industry. Trek is represented all over the world and has offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, the Philippines and Japan to serve the rapidly expanding markets in all regions. A public company on the Singapore Stock Exchange (SGX:TREK), Trek 2000 International Ltd is named by Forbes Global as one of the Best Small Companies in the World for 2000 and 2002. Trek 2000 International Ltd is also ranked as the Best Managed Small Company in Singapore by AsiaMoney (of Euromoney).

For more information, visit <http://www.trek2000.com.sg> and <http://www.thumbdrive.com>

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