



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

## **NEWS RELEASE**

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### **TREK MAINTAINS BUSINESS MOMENTUM DESPITE DIFFICULT OPERATING CONDITIONS IN THE GLOBAL IT INDUSTRY**

- **Revenue rose from US\$51.0M to US\$54.6M in 1H FY08.**
- **Net profit for the first six months is lower compared to the previous year.**
- **MMS maintains position as the Group's growth driver.**
- **Group's balance sheet and cash flow remain healthy.**

**SINGAPORE, 11<sup>th</sup> August 2008** – Mainboard listed Trek 2000 International Ltd (“Trek” or the “Group”) today reported revenues of US\$28.3M and net profit after tax of US\$0.9M for the second quarter ended 30 June 2008.

The Group turned in marginally lower revenue this quarter due to NAND flash memory price erosion. Gross profit margin was higher, rising from 6.4% (2Q FY07) to 7.2% (2Q FY08), despite the fluctuation of the NAND Flash prices. Net profit after tax stood at US\$0.9 compared to US\$1.6M reported in 2Q FY07.

On a half-year basis, the Group reported revenues of \$54.6M compared to US\$51.0M (1H FY07). Gross profit margin in the first six months of this year was lower, declining from 7.6% (1H FY07) to 6.8% and net profit decreased from US\$2.7M (1H FY07) to US\$1.9M (1H FY08).

Salient highlights of the Group's performance for the first six months of FY2008 are the higher revenue contribution from its Mobile Media Solutions (“MMS”) business, whose revenue contributions rose 7.9% from US\$42.8M (1H FY07) to US\$46.2M and higher licensing revenues. In the first half of the current financial year, licensing revenues rose from US\$0.7M to US\$0.8M due to higher revenues received from its licensees. On the other hand, gross profitability was lower due to price erosion of the NAND flash memory chips used in Treks products and solutions.

Total operating expenses were higher in the first six months of this year due to investments undertaken to expand Trek's R&D activities and continuing marketing and distribution activities due to the establishment of Trek's new office in Vietnam. As a result, total expenses incurred in the half of this year rose from US\$2.7M (1H FY07) to US\$2.8M.

The industry remains very competitive and going forward we find it very challenging, however, the Group maintained its strong balance sheet and healthy cash flow positions. Cash and cash equivalents at the close of the quarter amounted to \$21.0M compared to US\$29.1M due to utilization of funds for dividend payment in 2Q FY08 and investment in quoted investments.

Commenting on the performance of Trek, Mr.Henn Tan – Chairman and CEO said: “The global economic slow down will continue to impede business growth and curtail consumer demands. Being financially self-reliant we are less susceptible to the effects of the credit curbs. Our internal resources will help support our business development and R&D efforts in the currently tough operating climate.”

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

Trek 2000 International Ltd, an industry leader, innovator and patent owner of the ThumbDrive® (i.e. USB flash Drive) offers state-of-the-art design solutions ranging from Mobile Media Solutions, Wireless, Anti-piracy, Compression and 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, Vietnam 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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