

CREATIVE TECHNOLOGY LTD

FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2019

1 CONSOLIDATED INCOME STATEMENT

	GROUP			GROUP		
	Three months ended			Financial year ended		
	30 June			30 June		
	2019	2018	% change	2019	2018	% change
	US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)
Sales, net	12,782	14,087	(9)	54,924	66,071	(17)
Cost of goods sold	(9,101)	(10,130)	(10)	(38,943)	(47,565)	(18)
Gross profit	3,681	3,957	(7)	15,981	18,506	(14)
Expenses:						
Selling, general and administrative	(5,702)	(6,419)	(11)	(27,077)	(30,696)	(12)
Research and development	(3,197)	(3,256)	(2)	(13,259)	(12,862)	3
Total expenses	(8,899)	(9,675)	(8)	(40,336)	(43,558)	(7)
Other income	467	620	(25)	1,757	1,438	22
Other gains	355	30,669	(99)	17,161	64,075	(73)
(Loss) profit before income tax	(4,396)	25,571	n.m.	(5,437)	40,461	n.m.
Income tax credit (expense)	1,576	(4)	n.m.	1,606	(50)	n.m.
Net (loss) profit	(2,820)	25,567	n.m.	(3,831)	40,411	n.m.
Attributable to:						
Equity holders of the Company	(2,831)	25,582	n.m.	(3,835)	40,420	n.m.
Non-controlling interests	11	(15)	n.m.	4	(9)	n.m.
(Loss) earnings per share attributable to equity holders of the Company						
- Basic (US\$ per share)	(0.04)	0.36	n.m.	(0.05)	0.57	n.m.
- Diluted (US\$ per share)	(0.04)	0.36	n.m.	(0.05)	0.57	n.m.

n.m. - not meaningful

1(a) Net (loss) profit is arrived at after accounting for:

	GROUP			GROUP		
	Three months ended			Financial year ended		
	2019	2018	% change	2019	2018	% change
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Write-off/write-down for inventory obsolescence	(177)	(301)	(41)	(1,571)	(2,222)	(29)
Impairment loss on available-for-sale financial assets	-	(352)	(100)	-	(352)	(100)
Fair value loss on financial assets at FVPL	-	-	-	(453)	-	n.m.
Foreign exchange gain (loss)	324	(1,901)	n.m.	(351)	(50)	n.m.
Interest income	467	412	13	1,756	1,230	43
Litigation settlement	-	32,550	n.m.	17,880	63,750	(72)

1(b) Breakdown of sales:

	GROUP		
	Financial year ended 30 June 2019	Financial year ended 30 June 2018	+ / (-) %
	US\$'000	US\$'000	
<u>First Half Year</u>			
(a) Sales	29,426	36,963	(20)
(b) Net (loss) profit	(11,022)	18,605	n.m.
<u>Second Half Year</u>			
(c) Sales	25,498	29,108	(12)
(b) Net profit	7,191	21,806	(67)

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	Three months ended			Financial year ended		
	2019	2018	% change	2019	2018	% change
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Net (loss) profit	(2,820)	25,567	n.m.	(3,831)	40,411	n.m.
Other comprehensive (loss) income:						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets:						
Fair value losses	-	(2,718)	(100)	-	(1,644)	(100)
Reclassification	-	-	-	-	(126)	(100)
	<u>-</u>	<u>(2,718)</u>	<u>(100)</u>	<u>-</u>	<u>(1,770)</u>	<u>(100)</u>
Items that will not be reclassified subsequently to profit or loss:						
Financial assets at fair value through other comprehensive income ("Financial assets at FVOCI"):						
Fair value gains	<u>2,387</u>	<u>-</u>	n.m.	<u>1,369</u>	<u>-</u>	n.m.
Total comprehensive (loss) income for the period	<u>(433)</u>	<u>22,849</u>		<u>(2,462)</u>	<u>38,641</u>	
Attributable to:						
Shareholders of the Company	(444)	22,864	n.m.	(2,466)	38,650	n.m.
Non-controlling interests	11	(15)	n.m.	4	(9)	n.m.
Total comprehensive (loss) income for the period	<u>(433)</u>	<u>22,849</u>	n.m.	<u>(2,462)</u>	<u>38,641</u>	n.m.

3 BALANCE SHEETS

	Group			Company		
	30 June 2019	30 June 2018 Restated	1 July 2017 Restated	30 June 2019	30 June 2018	1 July 2017 Restated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS						
Current assets:						
Cash and cash equivalents	107,766	114,817	75,282	102,639	112,118	69,892
Trade receivables	4,441	5,976	6,624	134	15	193
Amounts due from subsidiaries	-	-	-	9,822	9,157	36,277
Inventories	15,279	16,582	20,413	1,476	1,978	2,489
Other current assets	1,316	1,236	1,422	312	220	597
	128,802	138,611	103,741	114,383	123,488	109,448
Non-current assets:						
Available-for-sale financial assets	-	7,602	9,622	-	-	-
Financial assets at FVPL	1,847	-	-	-	-	-
Financial assets at FVOCI	6,213	-	-	-	-	-
Amounts due from subsidiaries	-	-	-	8,915	5,388	21,323
Investments in subsidiaries	-	-	-	13,865	14,365	14,665
Property and equipment	677	748	866	82	108	143
Other non-current assets	156	154	186	-	-	-
	8,893	8,504	10,674	22,862	19,861	36,131
Total assets	137,695	147,115	114,415	137,245	143,349	145,579
LIABILITIES						
Current liabilities:						
Trade payables	3,908	5,816	9,300	285	233	417
Amounts due to subsidiaries	-	-	-	20,757	18,359	9,272
Accrued liabilities and provisions	13,096	14,880	17,526	7,169	9,363	10,101
Contract liabilities	1,804	2,952	2,725	2	-	68
Current income tax liabilities	6	1	5	-	-	-
	18,814	23,649	29,556	28,213	27,955	19,858
Non-current liabilities:						
Amounts due to subsidiaries	-	-	-	36,953	26,993	19,105
Deferred income tax liabilities	8,826	10,426	10,426	-	-	-
	8,826	10,426	10,426	36,953	26,993	19,105
Total liabilities	27,640	34,075	39,982	65,166	54,948	38,963
NET ASSETS	110,055	113,040	74,433	72,079	88,401	106,616
EQUITY						
Share capital	266,753	266,753	266,753	266,753	266,753	266,753
Treasury shares	(16,035)	(16,262)	(16,262)	(16,035)	(16,262)	(16,262)
Fair value reserve	964	3,646	5,416	-	-	-
Other reserves	45,628	62,279	62,315	32,089	34,815	34,851
Accumulated losses	(187,573)	(203,690)	(244,112)	(210,728)	(196,905)	(178,726)
	109,737	112,726	74,110	72,079	88,401	106,616
Non-controlling interests	318	314	323	-	-	-
Total equity	110,055	113,040	74,433	72,079	88,401	106,616

4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP	
	Financial year ended 30 June	
	2019	2018
	US\$'000	Restated US\$'000
Cash flows from operating activities:		
Net (loss) profit	(3,831)	40,411
Adjustments for:		
Income tax (credit) expense	(1,606)	50
Depreciation of property and equipment	151	195
Employee share-based expenses	(524)	(36)
Gain on disposal of property and equipment	(1)	-
Impairment loss on available-for-sale financial assets	-	352
Fair value loss on financial assets at FVPL	453	-
Gain on disposal of available-for-sale financial assets	-	(126)
Currency translation loss	347	42
Dividend income	(1)	(208)
Interest income	(1,756)	(1,230)
	<u>(6,768)</u>	<u>39,450</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	1,535	649
Inventories	1,303	3,831
Other assets and receivables	(90)	242
Trade payables	(1,908)	(3,484)
Accrued liabilities and provisions	(1,784)	(2,646)
Contract liabilities	(1,148)	226
Cash (used in) provided by operations	<u>(8,860)</u>	<u>38,268</u>
Interest received	1,764	1,206
Income tax received (paid)	11	(54)
Net cash (used in) provided by operating activities	<u>(7,085)</u>	<u>39,420</u>
Cash flows from investing activities:		
Purchase of property and equipment	(81)	(97)
Proceeds from sale of property and equipment	2	20
Proceeds from sale of financial assets at FVPL	607	-
Proceeds from sale of financial assets at FVOCI	186	-
Proceeds from sale of available-for-sale financial assets	-	473
Purchase of financial assets at FVOCI	(335)	-
Purchase of available-for-sale financial assets	-	(449)
Dividend received	1	208
Net cash provided by investing activities	<u>380</u>	<u>155</u>
Cash flows from financing activities:		
Unclaimed dividends	1	2
Net cash provided by financing activities	<u>1</u>	<u>2</u>
Net (decrease) increase in cash and cash equivalents	(6,704)	39,577
Cash and cash equivalents at beginning of financial year	114,817	75,282
Effects of currency translation on cash and cash equivalents	(347)	(42)
Cash and cash equivalents at end of the period	<u><u>107,766</u></u>	<u><u>114,817</u></u>

5 STATEMENTS OF CHANGES IN EQUITY

5(a) Statements of Changes in Equity for the Group

	Share Capital US\$'000	Treasury Shares US\$'000	Fair Value Reserve US\$'000	Other Reserves US\$'000	Accumulated Losses US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
FY2019								
Balance at 30 June 2018	266,753	(16,262)	3,646	62,279	(203,690)	112,726	314	113,040
Adoption of SFRS(I) 9	-	-	(3,866)	-	3,866	-	-	-
Balance at 1 July 2018	266,753	(16,262)	(220)	62,279	(199,824)	112,726	314	113,040
Loss for the period	-	-	-	-	(3,835)	(3,835)	4	(3,831)
Other comprehensive income for the period	-	-	1,369	-	-	1,369	-	1,369
Total comprehensive income (loss) for the period	-	-	1,369	-	(3,835)	(2,466)	4	(2,462)
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	227	-	(227)	-	-	-	-
Employee share-based expense	-	-	-	(524)	-	(524)	-	(524)
Unclaimed dividends	-	-	-	-	1	1	-	1
Transfer fair value reserve upon disposal of investments	-	-	(185)	-	185	-	-	-
Transfer of other reserves upon liquidation of subsidiaries	-	-	-	(15,900)	15,900	-	-	-
Total transactions with owners, recognised directly in equity	-	227	(185)	(16,651)	16,086	(523)	-	(523)
Balance at 30 June 2019	266,753	(16,035)	964	45,628	(187,573)	109,737	318	110,055
FY2018								
Balance at 1 July 2017	266,753	(16,262)	5,416	62,315	(244,112)	74,110	323	74,433
Profit for the period	-	-	-	-	40,420	40,420	(9)	40,411
Other comprehensive income for the period	-	-	(1,770)	-	-	(1,770)	-	(1,770)
Total comprehensive income for the period	-	-	(1,770)	-	40,420	38,650	(9)	38,641
Employee share-based expense	-	-	-	(36)	-	(36)	-	(36)
Unclaimed dividends	-	-	-	-	2	2	-	2
Total transactions with owners, recognised directly in equity	-	-	-	(36)	2	(34)	-	(34)
Balance at 30 June 2018	266,753	(16,262)	3,646	62,279	(203,690)	112,726	314	113,040

5(b) Statements of Changes in Equity of the Company

	Share Capital US\$'000	Treasury Shares US\$'000	Other Reserves US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
FY2019					
Balance at 1 July 2018	266,753	(16,262)	34,815	(196,905)	88,401
Total comprehensive loss for the period	-	-	-	(15,799)	(15,799)
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	227	(227)	-	-
Employee share-based expense	-	-	(524)	-	(524)
Unclaimed dividends	-	-	-	1	1
Transfer of other reserves upon liquidation of subsidiaries	-	-	(1,975)	1,975	-
Balance at 30 June 2019	266,753	(16,035)	32,089	(210,728)	72,079
FY2018					
Balance at 1 July 2017	266,753	(16,262)	34,851	(178,726)	106,616
Total comprehensive loss for the period	-	-	-	(18,181)	(18,181)
Employee share-based expense	-	-	(36)	-	(36)
Unclaimed dividends	-	-	-	2	2
Balance at 30 June 2018	266,753	(16,262)	34,815	(196,905)	88,401

5(c) CHANGES IN THE COMPANY'S SHARE CAPITAL

Issued and paid up capital

As at 30 June 2019, the Company's issued and paid up capital excluding treasury shares comprises 70,396,649 (30 June 2018: 70,331,649) ordinary shares.

As at 30 June 2019, the Company's issued and paid up share capital was US\$266.8 million (31 March 2019: US\$266.8 million).

Employee share options plan

All outstanding options granted under the Company's Employee Share Options Plan have expired in the second quarter of FY2018.

Employee performance share plan

During the fourth quarter of FY2019, the Company issued 65,000 ordinary shares pursuant to the Employee Performance Share Plan (Q4 FY2018: Nil).

As at 30 June 2019, there were no outstanding grant under the Company's Employee Performance Share Plan (30 June 2018: 207,750).

Treasury shares

As at 30 June 2019, the Company held 4,603,351 (30 June 2018: 4,668,351) treasury shares against 70,396,649 (30 June 2018: 70,331,649) issued ordinary shares excluding treasury shares.

The movement of treasury shares for the period is as follows:

	Three months ended	
	30 June	
	2019	2018
Balance at beginning of period	4,668,351	4,668,351
Issued for Employee Performance Share Plan	(65,000)	-
Balance at end of period	<u>4,603,351</u>	<u>4,668,351</u>

6 GROUP BORROWINGS

	GROUP	
	30 June 2019 US\$'000	30 June 2018 US\$'000
Amount repayable:		
<u>In one year or less, or on demand</u>		
Secured	-	-
Unsecured	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<u>After one year</u>		
Secured	-	-
Unsecured	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Total	<hr/>	<hr/>
	-	-

7 NET ASSET VALUE

	GROUP		COMPANY	
	30 June 2019 US\$	30 June 2018 US\$	30 June 2019 US\$	30 June 2018 US\$
Net asset value per ordinary share based on issued capital at the end of the period / financial year	1.56	1.61	1.02	1.26

8 AUDIT

The figures have not been audited or reviewed by our auditors.

9 AUDITORS' REPORT

Not applicable.

10 ACCOUNTING POLICIES

Except as disclosed in Item 11 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 June 2018.

11 CHANGES IN ACCOUNTING POLICIES

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)s") hereinafter.

As required by the listing requirements of the Singapore Exchange, with effect from the Group's financial year beginning on 1 July 2018, the Group has adopted SFRS(I)s, SFRS(I) 9 *Financial Instruments*, and SFRS(I) 15 *Revenue from Contracts with Customers* and has prepared its first set of financial information under SFRS(I)s from the

first quarter ended 30 September 2018. The application of the new and revised standards has no material effect on the financial statements, except as described below:

(a) SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 retains the mixed measurement model and establishes three primary measurement categories for Financial Assets: Amortised Cost, Fair Value through Other Comprehensive Income (“FVOCI”) and Fair Value through Profit or Loss (“FVPL”). Equity investments accounted for as available-for-sale financial assets (“AFS”) before adoption of SFRS(I) 9 are required to be measured at fair value through profit or loss with an irrevocable option at the adoption of this standard, to present changes in fair value in Other Comprehensive Income. Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from FVOCI reserve to retained earnings. For financial assets held by the Group on 1 July 2018, the Group has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under SFRS(I) 9. Material reclassifications resulting from the Group’s assessment are disclosed below.

	AFS US\$'000	Financial assets, at FVPL US\$'000	Financial assets, at FVOCI US\$'000	Fair value reserve US\$'000	Accumulated losses US\$'000
Balance as at 30 June 2018 – before adoption of SFRS(I) 9	7,602	-	-	3,646	(203,690)
Reclassify investments from AFS to Financial assets at FVPL	(2,907)	2,907	-	(2,516)	2,516
Reclassify investments from AFS to Financial assets at FVOCI	(4,695)	-	4,695	(1,350)	1,350
Balance as at 1 July 2018 – after adoption of SFRS(I) 9	<u>-</u>	<u>2,907</u>	<u>4,695</u>	<u>(220)</u>	<u>(199,824)</u>

SFRS(I) 9 also contains a new expected credit losses model which applies to financial assets classified at amortised cost. The adoption of the expected credit loss model did not result in any significant impact on the financial statements.

(b) SFRS(I) 15 *Revenue from Contracts with Customers*

The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

SFRS(I) 15 requires a contract liability (refund liability) and a right to returned goods to be recognized for products expected to be returned. The Group and the Company has applied the changes in accounting policies retrospectively to each prior period reported. As such, the comparative FY2018 figures in this report is not comparable to previously announced FY2018 figures.

The following comparative figures that have been restated with impact arising from the adoption of SFRS(I) 15 are summarized below:

	GROUP		
	Reported under SFRS US\$'000	Effects of SFRS(I) 15 US\$'000	Restated under SFRS(I) 15 US\$'000
<u>As at 1 July 2017</u>			
<u>Balance Sheets</u>			
<u>Assets</u>			
Trade receivables	5,850	774	6,624
<u>Liabilities</u>			
Accrued liabilities and provisions	19,477	(1,951)	17,526
Contract liabilities	-	2,725	2,725
<u>As at 30 June 2018</u>			
<u>Balance Sheets</u>			
<u>Assets</u>			
Trade receivables	5,156	820	5,976
<u>Liabilities</u>			
Accrued liabilities and provisions	17,012	(2,132)	14,880
Contract liabilities	-	2,952	2,952
	COMPANY		
	Reported under SFRS US\$'000	Effects of SFRS(I) 15 US\$'000	Restated under SFRS(I) 15 US\$'000
<u>As at 1 July 2017</u>			
<u>Balance Sheets</u>			
<u>Liabilities</u>			
Accrued liabilities and provisions	10,169	(68)	10,101
Contract liabilities	-	68	68

There is no change to the Company's comparative balance sheet as at 30 June 2018 figures and the Group's FY2018 Consolidated Income Statement and Consolidated Statement of Comprehensive Income.

12 REVIEW OF GROUP PERFORMANCE

CONSOLIDATED INCOME STATEMENT

Net Sales

Net sales for the fourth quarter and full year of FY2019 decreased by 9% and 17%, respectively, compared to the same corresponding periods in FY2018. Revenue in the fourth quarter and full year of FY2019 was lower due to the uncertain and difficult market conditions which affected the sales of the Group's products. Net sales in FY2019 decreased by 22% and 19% in Asia Pacific and Europe regions, but increased by 5% for the American region compared to FY2018.

Gross Profit

Gross profit margin was 29% in the fourth quarter and full year of FY2019 compared to 28% in the fourth quarter and full year of FY2018. Gross profit margin in the fourth quarter and full year of FY2019 was in line with the sales mix.

Net (Loss) Profit

Net loss for the fourth quarter of FY2019 was US\$2.8 million compared to net profit of US\$25.6 million in the fourth quarter of FY2018. Net loss in the fourth quarter of FY2019 includes other gains (net) of US\$0.4 million compared to other gains (net) of US\$30.7 million in the fourth quarter of FY2018.

Net loss in FY2019 was US\$3.8 million compared net profit of US\$40.4 million in FY2018. Net loss in FY2019 includes interest income of US\$1.7 million and other gains (net) of US\$17.2 million. Net profit in FY2018 includes interest income of US\$1.2 million and other gains (net) of US\$64.1 million.

Selling, general and administrative expenses in the fourth quarter and full year of FY2019 decreased by 11% and 12% compared to the fourth quarter and full year of FY2018. The decrease in selling, general and administrative expenses was due mainly to lower level of sales.

Research and development expenses in the fourth quarter and full year of FY2019 remained at about the same level compared to the same periods in the corresponding year.

Other gains (net) of US\$0.4 million in the fourth quarter of FY2019 were due mainly to US\$0.3 million foreign exchange gain. Other gains (net) of US\$17.2 million in FY2019 were due mainly to US\$17.9 million received from settlement of patent lawsuits, offset partially by US\$0.5 million fair value loss on financial assets at FVPL and foreign exchange loss of US\$0.4 million.

Other gains (net) of US\$30.7 million in the fourth quarter of FY2018 were due mainly to US\$32.6 million gains from litigation settlements, offset partially by foreign exchange loss of US\$1.9 million. Other gains (net) of US\$64.1 million in FY2018 were due mainly to US\$63.8 million gains from litigation settlements.

The functional currency of the Company and its subsidiaries is predominantly the US dollar and accordingly, gains and losses resulting from the translation of monetary assets and liabilities denominated in currencies other than the US dollar are reflected in the determination of net income (loss). The exchange differences were due mainly to the cash and cash equivalent balances held by the Group. Cash and cash equivalents were held mainly in US dollar, with the balance mainly in Singapore dollar, Euro, British Pound and Japanese Yen. The exchange gain in the fourth quarter of FY2019 was due mainly to the appreciation of Japanese Yen, Singapore dollar and Euro against the US dollar, offset partially by a depreciation of British Pound against the US dollar. The exchange loss in FY2019 was due mainly to the depreciation of British Pound and Euro against the US dollar, offset partially by an appreciation of Japanese Yen and Singapore dollar against the US dollar. The exchange loss in the fourth quarter of FY2018 was due mainly to the depreciation of British Pound, Japanese Yen, Singapore dollar and Euro against the US dollar. The exchange difference for FY2018 was not significant.

Income tax credit of US\$1.6 million in FY2019 was due mainly to a US\$1.6 million write back of deferred tax liabilities pertaining to an adjustment to the Group's provision for withholding tax exposure of a foreign subsidiary.

BALANCE SHEETS

The decrease in cash and cash equivalents was due to net cash used in operating activities (see below). Financial assets at FVPL and FVOCI were reclassified from available-for-sale financial assets in adoption of SFRS(I) 9. Financial assets at FVPL and FVOCI in total have increased compared to available-for-sale financial assets due mainly to net fair value gains on revaluation and purchases, offset partially by disposals. The lower trade receivables, trade payables, accrued liabilities and provisions and contract liabilities as at June 2019 were in line with the lower level of operating activities. The decrease in deferred income tax liabilities was due to an adjustment to the Group's provision for withholding tax exposure of a foreign subsidiary.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash used in operating activities was US\$7.1 million in FY2019 due mainly to operating loss, offset partially by US\$17.9 million received from settlement of patent lawsuits. Net cash provided by operating activities in FY2018 was US\$39.4 million due mainly to US\$63.8 million gains from litigation settlements, offset partially by operating loss for the year.

Cash flows from investing activities and financing activities were not material.

13 VARIANCE FROM PROSPECT STATEMENT

There has been no significant variance in the operating performance of the Group in the fourth quarter of FY2019 as compared to the prospect statement disclosed in the announcement of results for the third quarter ended 31 March 2019.

14 PROSPECTS

For the current financial year, the coming introduction of a number of new products is expected to provide potential revenue growth opportunities and the Group is targeting an improvement in revenue from the current level. However, the uncertain global economic conditions and the ongoing trade tensions are expected to have a negative impact on the Group's revenue and the extent of such impact is uncertain at this time. For the current quarter, the Group is targeting an improvement in revenue from the current level. The Group expects to report an operating loss for the quarter.

15 DIVIDEND

No dividends have been recommended in the fourth quarter of FY2019 and no dividends were recommended or declared for the same period last year.

16 SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
GROUP				
2019				
Sales	28,249	10,971	15,704	54,924
(Loss) profit after total expenses	(24,186)	590	(759)	(24,355)
Other income	1,753	4	-	1,757
Other gains	17,957	-	8	17,965
Other losses	(715)	-	(89)	(804)
(Loss) profit before income tax	(5,191)	594	(840)	(5,437)
Income tax (expense) credit	(2)	1,583	25	1,606
Net (loss) profit	(5,193)	2,177	(815)	(3,831)
Other segment items				
Additions to				
- property and equipment	81	-	-	81
Depreciation	117	27	7	151
Fair value loss on financial assets at FVPL	(453)	-	-	(453)
Segment assets	127,194	5,050	5,451	137,695
Segment liabilities	14,909	979	11,752	27,640
GROUP				
2018				
Sales	36,343	10,400	19,328	66,071
(Loss) profit after total expenses	(26,306)	1,143	111	(25,052)
Other income	1,436	2	-	1,438
Other gains	64,254	-	223	64,477
Other losses	(494)	-	92	(402)
Profit before income tax	38,890	1,145	426	40,461
Income tax expense	(37)	(11)	(2)	(50)
Net profit	38,853	1,134	424	40,411
Other segment items				
Additions to				
- property and equipment	95	-	2	97
Depreciation	116	63	16	195
Impairment of available-for sale financial assets	(352)	-	-	(352)
Segment assets	139,316	5,156	2,643	147,115
Segment liabilities	19,523	2,516	12,036	34,075

Summary of net sales by country:

	GROUP	
	30 June 2019 US\$'000	30 June 2018 US\$'000
Singapore	20,142	28,480
United States of America	10,971	10,400
Ireland	15,704	19,328
Other countries	8,107	7,863
	<u>54,924</u>	<u>66,071</u>

Summary of net sales by product category:

	GROUP	
	30 June 2019 US\$'000	30 June 2018 US\$'000
Audio, speakers and headphones	53,046	62,317
Personal digital entertainment	1,465	2,071
Other products	413	1,683
	<u>54,924</u>	<u>66,071</u>

Summary of property and equipment by country:

	GROUP	
	30 June 2019 US\$'000	30 June 2018 US\$'000
Singapore	107	147
United States of America	564	590
Ireland	-	7
Other countries	6	4
	<u>677</u>	<u>748</u>

17 INTERESTED PERSON TRANSACTIONS

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

18 CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

19 REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Low Ting Pong	71	Brother-in-law of Mr. Sim Wong Hoo, Chairman, Chief Executive Officer and substantial shareholder.	Senior Vice President, HQ Services since 1999. Responsible for overseeing the facility and related services.	Nil.

BY ORDER OF THE BOARD

NG KEH LONG
COMPANY SECRETARY
21 August 2019