

CREATIVE TECHNOLOGY LTD

THIRD QUARTER ENDED 31 MARCH 2019 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

TABLE OF CONTENTS

<u>Item No</u>	<u>Description</u>	<u>Page</u>
1	CONSOLIDATED INCOME STATEMENT	2
2	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	3
3	BALANCE SHEETS	4
4	CONSOLIDATED STATEMENTS OF CASH FLOWS	5
5	STATEMENTS OF CHANGES IN EQUITY	6
6	GROUP BORROWINGS	8
7	NET ASSET VALUE	8
8	AUDIT	8
9	AUDITORS' REPORT	8
10	ACCOUNTING POLICIES	8
11	CHANGES IN ACCOUNTING POLICIES	8
12	REVIEW OF GROUP PERFORMANCE	11
13	VARIANCE FROM PROSPECT STATEMENT	12
14	PROSPECTS	12
15	DIVIDEND	12
16	INTERESTED PERSON TRANSACTIONS	12
17	CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS' UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)	12
	CONFIRMATION BY THE BOARD	13

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 31 MARCH 2019

1 CONSOLIDATED INCOME STATEMENT

	GROUP			GROUP		
	Three months ended			Nine months ended		
	31 March			31 March		
	2019	2018	% change	2019	2018	% change
	US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)
Sales, net	12,716	15,021	(15)	42,142	51,984	(19)
Cost of goods sold	(9,030)	(10,796)	(16)	(29,842)	(37,435)	(20)
Gross profit	3,686	4,225	(13)	12,300	14,549	(15)
Expenses:						
Selling, general and administrative	(8,061)	(6,355)	27	(21,375)	(24,277)	(12)
Research and development	(3,382)	(3,069)	10	(10,062)	(9,606)	5
Total expenses	(11,443)	(9,424)	21	(31,437)	(33,883)	(7)
Other income	461	349	32	1,290	818	58
Other gains	17,316	1,103	n.m.	16,806	33,406	(50)
Profit (loss) before income tax	10,020	(3,747)	n.m.	(1,041)	14,890	n.m.
Income tax credit (expense)	(9)	(14)	(36)	30	(46)	n.m.
Net profit (loss)	10,011	(3,761)	n.m.	(1,011)	14,844	n.m.
Attributable to:						
Equity holders of the Company	10,031	(3,756)	n.m.	(1,004)	14,838	n.m.
Non-controlling interests	(20)	(5)	n.m.	(7)	6	n.m.
Earnings (loss) per share attributable to equity holders of the Company						
- Basic (US\$ per share)	0.14	(0.05)	n.m.	(0.01)	0.21	n.m.
- Diluted (US\$ per share)	0.14	(0.05)	n.m.	(0.01)	0.21	n.m.

n.m. - not meaningful

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

	GROUP			GROUP		
	Three months ended			Nine months ended		
	31 March			31 March		
2019	2018	% change	2019	2018	% change	
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Write-off/write-down for inventory obsolescence	(203)	(403)	(50)	(1,394)	(1,921)	(27)
Fair value loss on financial assets at FVPL	(453)	-	n.m.	(453)	-	n.m.
Foreign exchange (loss) gain	(119)	1,094	n.m.	(675)	1,851	n.m.
Interest income	461	350	32	1,289	818	58
Litigation settlement	17,880	-	n.m.	17,880	31,200	(43)

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	Three months ended			Nine months ended		
	31 March			31 March		
2019	2018	% change	2019	2018	% change	
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Net profit (loss)	10,011	(3,761)	n.m.	(1,011)	14,844	n.m.
Other comprehensive income (loss):						
Items that may be reclassified subsequently to profit or loss:						
Available-for-sale financial assets:						
Fair value gains (losses)	-	(366)	(100)	-	1,074	(100)
Reclassification	-	-	-	-	(126)	(100)
	-	(366)	(100)	-	948	(100)
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 (losses) gains	(436)	-	n.m.	(1,018)	-	n.m.
Total comprehensive income (loss) for the period	9,575	(4,127)		(2,029)	15,792	
Attributable to:						
Shareholders of the Company	9,595	(4,122)	n.m.	(2,022)	15,786	n.m.
Non-controlling interests	(20)	(5)	n.m.	(7)	6	n.m.
Total comprehensive income (loss) for the period	9,575	(4,127)	(332)	(2,029)	15,792	n.m.

3 BALANCE SHEETS

	Group			Company		
	31 March 2019	30 June 2018	1 July 2017	31 March 2019	30 June 2018	1 July 2017
	US\$'000	Restated US\$'000	Restated US\$'000	US\$'000	US\$'000	Restated US\$'000
ASSETS						
Current assets:						
Cash and cash equivalents	109,428	114,817	75,282	105,053	112,118	69,892
Trade receivables	3,950	5,976	6,624	188	15	193
Amounts due from subsidiaries	-	-	-	19,336	9,157	36,277
Inventories	16,888	16,582	20,413	1,470	1,978	2,489
Other current assets	1,176	1,236	1,422	420	220	597
	131,442	138,611	103,741	126,467	123,488	109,448
Non-current assets:						
Financial assets at FVPL	2,034	-	-	-	-	-
Financial assets at FVOCI	3,726	-	-	-	-	-
Available-for-sale financial assets	-	7,602	9,622	-	-	-
Amounts due from subsidiaries	-	-	-	5,198	5,388	21,323
Investments in subsidiaries	-	-	-	14,365	14,365	14,665
Property and equipment	691	748	866	95	108	143
Other non-current assets	155	154	186	-	-	-
	6,606	8,504	10,674	19,658	19,861	36,131
Total assets	138,048	147,115	114,415	146,125	143,349	145,579
LIABILITIES						
Current liabilities:						
Trade payables	2,786	5,816	9,300	211	233	417
Amounts due to subsidiaries	-	-	-	17,645	18,359	9,272
Accrued liabilities and provisions	11,839	14,880	17,526	7,132	9,363	10,101
Contract liabilities	1,999	2,952	2,725	2	-	68
Current income tax liabilities	-	1	5	-	-	-
	16,624	23,649	29,556	24,990	27,955	19,858
Non-current liabilities:						
Amounts due to subsidiaries	-	-	-	37,107	26,993	19,105
Deferred income tax liabilities	10,426	10,426	10,426	-	-	-
	10,426	10,426	10,426	37,107	26,993	19,105
Total liabilities	27,050	34,075	39,982	62,097	54,948	38,963
NET ASSETS	110,998	113,040	74,433	84,028	88,401	106,616
EQUITY						
Share capital	266,753	266,753	266,753	266,753	266,753	266,753
Treasury shares	(16,262)	(16,262)	(16,262)	(16,262)	(16,262)	(16,262)
Fair value reserve	(1,423)	3,646	5,416	-	-	-
Other reserves	48,340	62,279	62,315	34,801	34,815	34,851
Accumulated losses	(186,717)	(203,690)	(244,112)	(201,264)	(196,905)	(178,726)
	110,691	112,726	74,110	84,028	88,401	106,616
Non-controlling interests	307	314	323	-	-	-
Total equity	110,998	113,040	74,433	84,028	88,401	106,616

4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP	
	Nine months ended 31 March	
	2019	2018
	US\$'000	Restated US\$'000
Cash flows from operating activities:		
Net (loss) profit	(1,011)	14,844
Adjustments for:		
Income tax (credit) expense	(30)	46
Depreciation of property and equipment	124	152
Employee share-based expenses	(14)	(36)
Gain on disposal of property and equipment	(1)	-
Fair value loss on financial assets at FVPL	453	-
Gain on disposal of available-for-sale financial assets	-	(126)
Currency translation loss (gain)	622	(1,900)
Dividend income	(1)	(1)
Interest income	(1,289)	(818)
	<u>(1,147)</u>	<u>12,161</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	2,026	(532)
Inventories	(306)	3,175
Other assets and receivables	154	113
Trade payables	(3,030)	(3,623)
Accrued liabilities and provisions	(3,041)	25,071
Contract liabilities	(953)	645
Cash (used in) provided by operations	<u>(6,297)</u>	<u>37,010</u>
Interest received	1,194	776
Income tax received (paid)	29	(51)
Net cash (used in) provided by operating activities	<u>(5,074)</u>	<u>37,735</u>
Cash flows from investing activities:		
Purchase of property and equipment	(68)	(88)
Proceeds from sale of property and equipment	2	20
Proceeds from sale of financial assets at FVPL	420	-
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	(235)	-
Purchase of available-for-sale financial assets	-	(134)
Dividend received	1	1
Net cash provided by investing activities	<u>306</u>	<u>272</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	<u>(4,767)</u>	<u>38,009</u>
Cash and cash equivalents at beginning of financial year	114,817	75,282
Effects of currency translation on cash and cash equivalents	(622)	1,900
Cash and cash equivalents at end of the period	<u><u>109,428</u></u>	<u><u>115,191</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	-	-	-	-	(1,004)	(1,004)	(7)	(1,011)
Other comprehensive loss for the period	-	-	(1,018)	-	-	(1,018)	-	(1,018)
Total comprehensive loss for the period	-	-	(1,018)	-	(1,004)	(2,022)	(7)	(2,029)
Employee share-based expense	-	-	-	(14)	-	(14)	-	(14)
Unclaimed dividends	-	-	-	-	1	1	-	1
Transfer fair value reserve upon disposal of investments	-	-	(185)	-	185	-	-	-
Transfer of other reserves upon liquidation of a subsidiary	-	-	-	(13,925)	13,925	-	-	-
Total transactions with owners, recognised directly in equity	-	-	(185)	(13,939)	14,111	(13)	-	(13)
Balance at 31 March 2019	266,753	(16,262)	(1,423)	48,340	(186,717)	110,691	307	110,998
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	-	-	-	-	14,838	14,838	6	14,844
Other comprehensive income for the period	-	-	948	-	-	948	-	948
Total comprehensive income for the period	-	-	948	-	14,838	15,786	6	15,792
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 31 March 2018	266,753	(16,262)	6,364	62,279	(229,272)	89,862	329	90,191

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	-	-	-	(4,360)	(4,360)
Employee share-based expense	-	-	(14)	-	(14)
Unclaimed dividends	-	-	-	1	1
Balance at 31 March 2019	266,753	(16,262)	34,801	(201,264)	84,028
FY2018					
Balance at 1 July 2017	266,753	(16,262)	34,851	(178,726)	106,616
Total comprehensive loss for the period	-	-	-	(4,567)	(4,567)
Employee share-based expense	-	-	(36)	-	(36)
Unclaimed dividends	-	-	-	2	2
Balance at 31 March 2018	266,753	(16,262)	34,815	(183,291)	102,015

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

Issued and paid up capital

As at 31 March 2019, the Company's issued and paid up capital excluding treasury shares comprises 70,331,649 (30 June 2018: 70,331,649) ordinary shares.

As at 31 March 2019, the Company's issued and paid up share capital was US\$266.8 million (31 December 2018: 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 third quarter of FY2019, the Company did not issue any treasury shares pursuant to the Employee Performance Share Plan to eligible employees and directors of the Company and its subsidiaries (Q3 FY2018: Nil).

As at 31 March 2019, there were 204,000 unissued ordinary shares granted to eligible employees and directors under the Company's Employee Performance Share Plan (31 March 2018: 207,750).

Treasury shares

As at 31 March 2019, the Company held 4,668,351 (31 March 2018: 4,668,351) treasury shares against 70,331,649 (31 March 2018: 70,331,649) issued ordinary shares excluding treasury shares.

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

	Three months ended	
	31 March	
	2019	2018
Balance at beginning of period	4,668,351	4,668,351
Issued for Employee Performance Share Plan	-	-
Balance at end of period	<u>4,668,351</u>	<u>4,668,351</u>

6 GROUP BORROWINGS

	GROUP	
	31 March 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	
	31 March 2019 US\$	30 June 2018 US\$	31 March 2019 US\$	30 June 2018 US\$
Net asset value per ordinary share based on issued capital at the end of the period / financial year	1.58	1.61	1.19	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 currently accounted as available-for-sale financial assets (“AFS”) 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 recognizes 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: Recognize 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 third quarter of FY2019 decreased by 15% compared to the same quarter in FY2018, and net sales for the cumulative nine months ended 31 March 2019 decreased by 19% compared to the same period in FY2018. Revenue in the third quarter and cumulative nine months period of FY2019 was lower due to the uncertain and difficult market conditions which affected the sales of the Group's products.

Gross Profit

Gross profit margin was 29% in the third quarter and cumulative nine months period of FY2019 compared to 28% in the third quarter and cumulative nine months period of FY2018. Gross profit margin in the third quarter and cumulative nine months period of FY2019 was in line with the sales mix.

Net Profit (Loss)

Net profit for the third quarter of FY2019 was US\$10.0 million compared to net loss of US\$3.8 million in the third quarter of FY2018. Net profit in the third quarter of FY2019 include other gains (net) of US\$17.3 million compared to US\$1.1 million in the third quarter of FY2018.

Net loss for the cumulative nine months period of FY2019 was US\$1.0 million compared net profit of US\$14.8 million in the cumulative nine months period of FY2018. Net loss in the cumulative nine months period of FY2019 included other gains (net) of US\$16.8 million. Net profit in the cumulative nine months period of FY2018 included other gains (net) of US\$33.4 million.

Selling, general and administrative expenses in the third quarter of FY2019 increased by 27% compared to the third quarter of FY2018 due mainly to higher legal expenses pertaining to patent litigations (see below for gains from settlement of patent lawsuits). Excluding legal expenses, selling, general and administrative expenses in the third quarter of FY2019 was comparable to the third quarter of FY2018. For the cumulative nine months period of FY2019, selling, general and administrative expenses decreased by 12% compared to the same period in FY2018 due mainly to lower level of sales.

Research and development expenses in the third quarter and cumulative nine months period of FY2019 remained at about the same level compared to the same periods in the corresponding year.

Other gains (net) of US\$17.3 million in the third quarter of 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. Other gains (net) of US\$16.8 million in the cumulative nine months period of 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\$0.7 million.

Other gains (net) of US\$1.1 million in the third quarter of FY2018 were due mainly to foreign exchange gain. Other gains (net) of US\$33.4 million in the cumulative nine months period of FY2018 were due mainly to US\$31.2 million received from settlement of patent lawsuits and foreign exchange gain of US\$1.9 million.

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 loss in the third quarter and cumulative nine months period of FY2019 was due mainly to the depreciation of Euro against the US dollar, offset partially by an appreciation of Singapore dollar against the US dollar. The exchange gain in the third quarter and cumulative nine months period of FY2018 was due mainly to the appreciation of Singapore dollar, Euro, British Pound and Japanese Yen against the US dollar.

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 has decreased compared to available-for-sale financial assets due mainly to disposal of financial assets at FVPL and fair value loss in revaluation of financial assets at FVPL and FVOCI. The lower trade receivables, trade payables, accrued liabilities and provisions and contract liabilities as at March 2019 was in line with the lower level of operating activities.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash used in operating activities was US\$5.1 million in the cumulative nine months period of FY2019 due mainly to operating loss for the period, offset partially by US\$17.9 million received from settlement of patent lawsuits. Net cash provided by operating activities in the cumulative nine months period of FY2018 was US\$37.7 million due mainly to US\$31.2 million received from settlement of patent lawsuits and US\$27.5 million judgement sums received from an equipment vendor, offset partially by operating loss for the period.

Net cash provided by investing activities of US\$0.3 million for the cumulative nine months period of FY2019 (cumulative nine months period of FY2018: US\$0.3 million) was due mainly to proceeds from sale of financial assets at FVPL and FVOCI, offset partially by purchase of financial assets at FVOCI.

Net cash provided by 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 third quarter of FY2019 as compared to the prospect statement disclosed in the announcement of results for the second quarter ended 31 December 2018.

14 PROSPECTS

The Group expects no significant change in the market conditions. Revenue in this quarter is expected to be comparable to the current level, and the Group expects to report an operating loss.

15 DIVIDEND

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

16 INTERESTED PERSON TRANSACTIONS

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

17 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).

BY ORDER OF THE BOARD

NG KEH LONG
COMPANY SECRETARY
30 APRIL 2019

CONFIRMATION BY THE BOARD

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the interim financial information for the third quarter and cumulative nine months period ended 31 March 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sim Wong Hoo
Chairman

Lee Kheng Nam
Director