

CREATIVE TECHNOLOGY LTD

FOURTH QUARTER AND FULL YEAR ENDED 30 JUNE 2011 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	4
3	BALANCE SHEETS	5
4	CONSOLIDATED STATEMENTS OF CASH FLOWS	6
5	STATEMENTS OF CHANGES IN EQUITY	7
6	AUDIT	8
7	AUDITORS' REPORT	8
8	ACCOUNTING POLICIES	8
9	CHANGES IN ACCOUNTING POLICIES	8
10	NET ASSET VALUE	9
11	REVIEW OF GROUP PERFORMANCE	9
12	VARIANCE FROM PROSPECT STATEMENT	11
13	PROSPECTS	11
14	DIVIDEND	11
15	SEGMENTAL REPORTING	12

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 30 JUNE 2011

1 CONSOLIDATED INCOME STATEMENT

	GROUP			
	Three months ended		Financial year ended	
	30 June		30 June	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Sales, net	47,355	59,244	231,025	275,307
Cost of goods sold	43,816	45,020	181,964	206,372
Gross profit	3,539	14,224	49,061	68,935
Expenses:				
Selling, general and administrative	(15,188)	(13,700)	(61,523)	(59,927)
Research and development	(17,208)	(16,234)	(66,434)	(58,832)
Total expenses	(32,396)	(29,934)	(127,957)	(118,759)
Other income	299	271	734	801
Other gains (losses), net	5,051	(2,303)	27,455	3,376
Share of (losses) profits of associated companies	(955)	61	(1,124)	(953)
Interest expense	(11)	7	(72)	(80)
Loss before income tax	(24,473)	(17,674)	(51,903)	(46,680)
Income tax credit	4,772	6,353	4,760	8,289
Net loss	(19,701)	(11,321)	(47,143)	(38,391)
Attributable to:				
Equity holders of the Company	(19,738)	(11,723)	(47,233)	(38,796)
Non-controlling interests	37	402	90	405
Loss per share for loss attributable to equity holders of the Company				
- Basic (US\$ per share)	(0.28)	(0.17)	(0.68)	(0.56)
- Diluted (US\$ per share)	(0.28)	(0.17)	(0.68)	(0.56)

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

	GROUP			
	Three months ended 30 June		Financial year ended 30 June	
	2011	2010	2011	2010
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation and amortization	(1,897)	(3,155)	(7,573)	(11,182)
(Write-off/write-down for inventory obsolescence)/Reversal of write-off/write-down for inventory obsolescence	(4,496)	(175)	(5,812)	3,527
Foreign exchange gain (loss)	5,236	(6,380)	25,259	(8,203)
Gain on disposal of investments	216	5,201	2,565	10,075

1(b) Breakdown of sales:

	GROUP		
	Financial year ended 30 June 2011 US\$'000	Financial year ended 30 June 2010 US\$'000	+ / (-) %
<u>First Half Year</u>			
(a) Sales	126,516	152,772	(17%)
(b) Net loss	(14,466)	(6,300)	(130%)
<u>Second Half Year</u>			
(c) Sales	104,509	122,535	(15%)
(b) Net loss	(32,677)	(32,091)	(2%)

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			
	Three months ended 30 June		Financial year ended 30 June	
	2011 US\$'000	2010 US\$'000	2011 US\$'000	2010 US\$'000
Net loss	(19,701)	(11,321)	(47,143)	(38,391)
Other comprehensive income:				
Net fair value changes of financial assets, available- for-sale	729	(6,166)	1,713	6,721
Total comprehensive loss for the period/year	<u>(18,972)</u>	<u>(17,487)</u>	<u>(45,430)</u>	<u>(31,670)</u>
Attributable to:				
Shareholders of the Company	(19,009)	(17,889)	(45,520)	(32,075)
Non-controlling interests	37	402	90	405
Total comprehensive loss for the period/year	<u>(18,972)</u>	<u>(17,487)</u>	<u>(45,430)</u>	<u>(31,670)</u>

3 BALANCE SHEETS

	Group		Company	
	30 June 2011 US\$'000	30 June 2010 US\$'000	30 June 2011 US\$'000	30 June 2010 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	162,958	214,025	148,693	197,803
Trade receivables	27,508	28,999	8,059	4,355
Amounts due from subsidiaries	-	-	37,424	28,880
Inventories	44,089	46,120	23,425	25,502
Other current assets	22,642	20,990	5,966	4,306
	257,197	310,134	223,567	260,846
Non-current assets:				
Financial assets, available-for-sale	36,476	33,895	-	-
Other non-current receivables	460	582	-	-
Amounts due from subsidiaries	-	-	194,391	184,282
Investments in subsidiaries	-	-	30,790	45,390
Investments in associated companies	322	-	-	-
Property and equipment	26,088	29,411	920	1,394
Intangible assets	5,862	6,324	-	-
Other non-current assets	15,600	22,205	1,422	998
	84,808	92,417	227,523	232,064
Total assets	342,005	402,551	451,090	492,910
LIABILITIES				
Current liabilities:				
Trade payables	20,629	24,089	15,203	18,218
Amounts due to subsidiaries	-	-	29,312	23,238
Accrued liabilities and provisions	60,662	65,249	28,668	30,777
Current income tax liabilities	790	2,235	-	1,951
	82,081	91,573	73,183	74,184
Non-current liabilities:				
Amounts due to subsidiaries	-	-	21,149	21,044
Deferred income tax liabilities	17,902	21,202	-	-
	17,902	21,202	21,149	21,044
Total liabilities	99,983	112,775	94,332	95,228
NET ASSETS	242,022	289,776	356,758	397,682
EQUITY				
Share capital	266,753	266,753	266,753	266,753
Treasury shares	(18,362)	(19,122)	(18,362)	(19,122)
Fair value reserve	15,585	13,872	-	-
Other reserves	64,629	62,285	37,165	34,821
Retained earnings	(87,241)	(34,654)	71,202	115,230
	241,364	289,134	356,758	397,682
Non-controlling interests	658	642	-	-
Total equity	242,022	289,776	356,758	397,682

4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP	
	Financial year ended 30 June	
	2011	2010
	US\$'000	US\$'000
Cash flows from operating activities:		
Net loss	(47,143)	(38,391)
Adjustments for:		
Income tax credit	(4,760)	(8,289)
Depreciation of property and equipment	7,111	10,704
Amortisation of intangible assets	462	478
Employee share-based expenses	2,999	4,100
Share of losses of associated companies	1,124	953
Loss on disposal of property and equipment	34	126
Impairment loss of financial assets, available-for-sale	728	1,079
Net impairment loss of investments in associated companies	--	80
Gain on disposal of financial assets, available-for-sale	(2,232)	(365)
Deemed gain on dilution of subsidiary	(218)	--
Gain on disposal of investments in subsidiary company	(115)	--
Gain on disposal of investments in associated companies	--	(9,710)
Loan from minority shareholder forgiven	(76)	--
Foreign exchange (gain) loss	(20,957)	7,669
Dividend income	(367)	(171)
Interest income	(367)	(630)
Interest expense	72	80
	<u>(63,705)</u>	<u>(32,287)</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	(1,091)	13,366
Inventories	1,824	(8,520)
Other assets and receivables	5,066	9,374
Trade payables	(2,093)	(6,207)
Accrued liabilities and provisions	(3,263)	(4,845)
Cash used in operations	(63,262)	(29,119)
Interest received	366	614
Interest paid	--	(5)
Income tax (paid) refunded	(3)	249
Net cash used in operating activities	<u>(62,899)</u>	<u>(28,261)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(10,038)	(6,313)
Proceeds from sale of property and equipment	11	16
Proceeds from disposal of investments in associated companies	--	11,025
Proceeds from sale of financial assets, available-for-sale	2,753	365
Proceeds from disposal of subsidiaries, net of cash disposed of	6,683	--
Purchase of financial assets, available-for-sale	(2,117)	(500)
Purchase of investments in associated companies	(1,542)	(278)
Purchase of intangible assets	--	(83)
Dividend received	367	171
Net cash (used in) provided by investing activities	<u>(3,883)</u>	<u>4,403</u>
Cash flows from financing activities:		
Proceeds from exercise of share options	186	21
Performance share plan cash settlement	(52)	--
Repayments of capital leases	--	(10)
Dividends paid to equity holders of the Company	(5,354)	(4,930)
Dividends paid to non-controlling interests	--	(140)
Net cash used in financing activities	<u>(5,220)</u>	<u>(5,059)</u>
Net decrease in cash and cash equivalents	<u>(72,002)</u>	<u>(28,917)</u>
Cash and cash equivalents at beginning of financial year	214,025	250,551
Effects of currency translation on cash and cash equivalents	20,935	(7,609)
Cash and cash equivalents at end of the period	<u><u>162,958</u></u>	<u><u>214,025</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	Retained Earnings US\$'000	Total US\$'000	Non- controlling Interests US\$'000	Total Equity US\$'000
FY2011								
Balance at 1 July 2010	266,753	(19,122)	13,872	62,285	(34,654)	289,134	642	289,776
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	760	-	(603)	-	157	-	157
Cash settlement for employee performance share plan	-	-	-	(52)	-	(52)	-	(52)
Employee share-based expense	-	-	-	2,999	-	2,999	-	2,999
Dividends paid	-	-	-	-	(5,354)	(5,354)	-	(5,354)
Currency translation difference	-	-	-	-	-	-	2	2
Loan from minority shareholder forgiven	-	-	-	-	-	-	(76)	(76)
Total comprehensive income (loss) for the financial year	-	-	1,713	-	(47,233)	(45,520)	90	(45,430)
Balance at 30 June 2011	266,753	(18,362)	15,585	64,629	(87,241)	241,364	658	242,022
FY2010								
Balance at 1 July 2009	266,753	(21,475)	7,151	60,512	9,072	322,013	376	322,389
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	2,353	-	(2,327)	-	26	-	26
Employee share-based expense	-	-	-	4,100	-	4,100	-	4,100
Dividends paid	-	-	-	-	(4,930)	(4,930)	(140)	(5,070)
Currency translation difference	-	-	-	-	-	-	1	1
Total comprehensive income (loss) for the financial year	-	-	6,721	-	(38,796)	(32,075)	405	(31,670)
Balance at 30 June 2010	266,753	(19,122)	13,872	62,285	(34,654)	289,134	642	289,776

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

	Share Capital US\$'000	Treasury Shares US\$'000	Other Reserves US\$'000	Retained Earnings US\$'000	Total Equity US\$'000
FY2011					
Balance at 1 July 2010	266,753	(19,122)	34,821	115,230	397,682
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	760	(603)	-	157
Cash settlement for employee performance share plan	-	-	(52)	-	(52)
Employee share-based expense	-	-	2,999	-	2,999
Dividends paid	-	-	-	(5,354)	(5,354)
Total comprehensive loss for the financial year	-	-	-	(38,674)	(38,674)
Balance at 30 June 2011	266,753	(18,362)	37,165	71,202	356,758
FY2010					
Balance at 1 July 2009	266,753	(21,475)	33,049	146,222	424,549
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	2,353	(2,328)	-	25
Employee share-based expense	-	-	4,100	-	4,100
Dividends paid	-	-	-	(4,930)	(4,930)
Total comprehensive loss for the financial year	-	-	-	(26,062)	(26,062)
Balance at 30 June 2010	266,753	(19,122)	34,821	115,230	397,682

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

Issued and paid up capital

As at 30 June 2011, the Company's issued and paid up capital excluding treasury shares comprises 69,790,415 (30 June 2010: 69,574,655) ordinary shares.

Employee share options plan

During the fourth quarter of FY2011, the Company did not issue any treasury shares for cash upon the exercise of the options under the Company's Share Options Plan (Q4 FY2010: Nil).

As at 30 June 2011, there were 5,226,804 (30 June 2010: 6,813,855) unissued ordinary shares under options granted to eligible employees and directors under the Company's Employee Share Options Plan.

Employee performance share plan

During the fourth quarter of FY2011, the Company issued 150,310 (Q4 FY2010: 676,950) treasury shares pursuant to the Employee Performance Share Plan to eligible employees and directors of the Company and its subsidiaries.

As at 30 June 2011, there were 1,643,442 (30 June 2010: 2,088,000) unissued ordinary shares granted to eligible employees and directors under the Company's Employee Performance Share Plan.

Treasury shares

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

	Three months ended 30 June	
	2011	2010
Balance at beginning of period	5,359,895	6,102,295
Issued for:		
- Employee Share Options Plan	-	-
- Employee Performance Share Plan	(150,310)	(676,950)
Balance at end of period	<u>5,209,585</u>	<u>5,425,345</u>

6 AUDIT

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

7 AUDITORS' REPORT

Not applicable.

8 ACCOUNTING POLICIES

Except as disclosed in Item 9 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 2010.

9 CHANGES IN ACCOUNTING POLICIES

None.

10 NET ASSET VALUE

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>	<u>US\$</u>
Net asset value per ordinary share based on issued capital at the end of the financial year	3.47	4.16	5.11	5.72

11 REVIEW OF GROUP PERFORMANCE

CONSOLIDATED INCOME STATEMENT

Net Sales

Net sales for the fourth quarter of FY2011 decreased by 20% compared to the same quarter in FY2010, and net sales for FY2011 decreased by 16% compared to FY2010. Revenue was lower in the fourth quarter and FY2011 as the Group continues to be affected by the difficult market for its products, particularly for the personal digital entertainment products. The decrease in sales in FY2011 is across all three geographical regions at 13%, 25% and 15% in Asia Pacific, the Americas and Europe region, respectively.

Gross Profit

Gross profit margin was 7% in the fourth quarter of FY2011 compared to 24% in the fourth quarter of FY2010. Gross profit margin was lower in the fourth quarter of FY2011 due primarily to restructuring charges of US\$4.2 million included in cost of goods sold as a result of the Group's restructuring exercise undertaken during the quarter (see below). The restructuring charges comprised mainly employee severance costs, inventory write-downs and other charges relating to discontinuance of certain businesses. Excluding the effect of restructuring charges, gross profit margin in the fourth quarter of FY2011 was 16% compared to 24% in the fourth quarter of FY2010, due mainly to write-down of inventory pertaining to product transition for certain personal digital entertainment products, offset partially by lower depreciation charges due to equipment that were fully depreciated in the fourth quarter of FY2010.

Gross profit margin was 21% in FY2011 or 23% before restructuring charges, compared to 25% in FY2010.

Net Loss

Net loss for the fourth quarter of FY2011 was US\$19.7 million compared to US\$11.3 million in the fourth quarter of FY2010. As disclosed in the announcement of results for the third quarter ended 31 March 2011, the Group undertook a restructuring exercise in the fourth quarter of FY2011 including worldwide headcount reductions as well as streamlining of certain businesses and product categories. The total restructuring charges were US\$10.4 million of which US\$4.2 million was charged to cost of good sold, US\$2.2 million to selling, general and administrative expenses and US\$4.0 million to research and development expenses. Excluding the effect of restructuring charges, net loss for the fourth quarter of FY2011 was US\$9.3 million. Net loss for FY2011 was US\$47.1 million, or US\$36.7 million before restructuring charges, compared to US\$38.4 million in FY2010.

Selling, general and administrative expenses in the fourth quarter of FY2011 increased by 11% compared to the fourth quarter of FY2010. The increase was due mainly to employee severance costs of \$2.2 million pertaining to the restructuring exercise. Excluding the effect of restructuring charges, selling, general and administrative expenses in the fourth quarter of FY2011 decreased by 5% compared to the fourth quarter of FY2010. For the full year ended 30 June 2011, selling, general and administrative expenses increased by 3% compared to FY2010. Excluding the effect of restructuring charges, selling, general and administrative expenses for FY2011 decreased marginally by 1% compared to FY2010.

Research and development expenses in the fourth quarter of FY2011 increased by 6% compared to the fourth quarter of FY2010. Research and development expenses in the fourth quarter of FY2011 included restructuring charges of

\$4.0 million comprising mainly employee severance costs. Excluding the effect of restructuring charges, research and development expenses in the fourth quarter of FY2011 decreased by 19% due mainly to reduction in payroll costs and engineering service expenditures. For the full year ended 30 June 2011, research and development expenses increased by 13%, or 6% before restructuring charges, compared to FY2010. Going forward, the Group will continue to invest in product research and development in areas that are strategic to the Group, cutting back on research and development spending only in product areas that are not strategic to the Group.

Other gains of US\$5.1 million in the fourth quarter of FY2011 were due mainly to foreign exchange gains of US\$5.2 million. Other gains of US\$27.5 million in FY2011 were due mainly to exchange gains of US\$25.3 million and gains on disposal of investments US\$2.6 million. In the fourth quarter of FY2011, the Company has disposed its equity interest in a wholly-owned subsidiary in China, Creative Technology (Qingdao) Ltd (“CQD”). CQD owns a 287,000 square feet factory in Qingdao and it performs manufacturing operations for the Group. This transaction is in line with the strategic direction the Group has undertaken to dispose and streamline its manufacturing operations. The sales proceed was US\$9.1 million and the gain on disposal was US\$0.1 million.

Other losses of US\$2.3 million in the fourth quarter of FY2010 were due mainly to US\$6.4 million of foreign exchange losses offset by a US\$4.8 million gain on disposal of investment in an associated company. Other gains of US\$3.4 million in FY2010 comprised a US\$9.7 million gain on disposal of investments in associated companies, a US\$1.9 million government grant to a subsidiary company offset by foreign exchange losses of US\$8.2 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. Besides US dollar, cash and cash equivalents were held mainly in Singapore dollar, Euro, British Pound and Japanese Yen. In the fourth quarter and the full year ended 30 June 2011, the exchange gains were due mainly to the appreciation of these currencies against US dollar. In the fourth quarter and the full year ended 2010, the exchange loss was due mainly to the depreciation of Euro and British Pound against US dollar offset partially by gains from appreciation of Singapore dollar and Japanese Yen.

Income tax credit of US\$4.8 million in FY2011 were due mainly to a US\$3.3 million write back of deferred tax liability and a US\$2.0 million write back of tax provision. Deferred tax liability of US\$3.0 million was previously provided for the tax exposure of a subsidiary company. The amount was written back in the fourth quarter of FY2011 as the Group had disposed the subsidiary company in FY2011 and is no longer liable to its tax exposure. Tax provision of US\$2.0 million pertaining to open years of assessment were finalized and written back by the Company in the fourth quarter of FY2011.

Income tax credit of US\$8.3 million in FY2010 was due mainly to a US\$8.3 million write back of deferred tax liability. Deferred tax liability of US\$6.3 million was written back in the fourth quarter of FY2010 due to the expiration of the Company’s pioneer status in March 2010 where pioneer losses brought forward from the previous financial years can be used to offset certain tax liabilities. Deferred tax liability of US\$2.0 million was written back in the second quarter of FY2010 pertaining to offshore interest income remitted to Singapore which was not taxable due to a tax concession granted by the Singapore tax authorities.

BALANCE SHEETS

The decrease in property and equipment was mainly due to the disposal of Creative Technology (Qingdao) Ltd which owns a factory in Qingdao, offset by an increase in equipments of a subsidiary company pertaining to its investments in a WiMax Wireless Broadband network in Singapore. The decrease in other non-current assets was mainly due to the utilization of security deposit for the payment of the Group’s headquarters office building rental. In line with the reduction in sales, trade receivables and trade payables balances have decreased.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash used in operating activities of US\$62.9 million in FY2011 (FY2010: US\$28.3 million) was due mainly to the net operating loss for the period.

Net cash used in investing activities of US\$3.9 million in FY2011 (FY2010: net cash provided US\$4.4 million) was due mainly to purchase of equipment pertaining to the installation of WiMax Wireless Broadband network in Singapore, offset partially by proceeds from disposal of subsidiaries.

Net cash used in financing activities of US\$5.2 million (FY2010: US\$5.1 million) was due mainly to dividends paid to equity holders of the Company.

12 VARIANCE FROM PROSPECT STATEMENT

There has been no significant variance in the operating performance of the Group as compared to the prospect statement disclosed in the announcement of results for the third quarter and cumulative nine months ended 31 March 2011.

13 PROSPECTS

For the current financial year, there is higher uncertainty in the global economic environment and the overall market for the Group's products remains challenging. For the current quarter, operating expenses are expected to be lower as a result of the restructuring exercise. However, with the challenging overall market for the Group's products, the Group expects to report an operating loss. The Group will continue to take steps to reduce operating expenses to bring them in line with the Group's revenue and gross margins, targeting to return to profitability by the end of this calendar year.

14 DIVIDEND

(a) Current Financial Year Reported On

The Directors are pleased to recommend a tax exempt one-tier final dividend of S\$0.05 per share (2010: S\$0.10) in respect of the financial year ended 30 June 2011 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final
Dividend type	Cash
Dividend per share	S\$0.05
Tax rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

A tax exempt one-tier final dividend of S\$0.10 per share was paid in the second quarter of FY2011.

(c) Date Payable

The payment date for the proposed final dividend will be announced after the Annual General Meeting.

(d) Books Closure Date

Book closure will be announced at a later date for the preparation of dividend payment.

(e) Total Annual Dividend

	FY2011 US\$'000	FY2010 US\$'000
Ordinary final dividend	2,896	5,354
Total	2,896	5,354

15 SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
GROUP				
2011				
Sales	110,088	43,543	77,394	231,025
Loss after total expenses	(77,169)	(1,372)	(355)	(78,896)
Other income	727	3	4	734
Other gains (losses), net	25,053	(10)	2,412	27,455
Share of loss of associated companies	(1,124)	-	-	(1,124)
Interest expense	-	-	(72)	(72)
(Loss) profit before income tax	(52,513)	(1,379)	1,989	(51,903)
Income tax credit (expense)	5,233	122	(595)	4,760
Net (loss) profit	(47,280)	(1,257)	1,394	(47,143)
Other segment items				
Additions to				
- property and equipment	9,916	8	114	10,038
- intangible assets	-	-	-	-
Depreciation	6,182	421	508	7,111
Amortisation	403	-	59	462
Impairment of financial assets, available-for sale	728	-	-	728
Segment assets	277,513	23,112	41,380	342,005
Segment liabilities	66,077	18,218	15,688	99,983
GROUP				
2010				
Sales	125,946	58,311	91,050	275,307
(Loss) profit after total expenses	(57,349)	2,450	5,075	(49,824)
Other income	768	2	31	801
Other gains (losses), net	10,861	9	(7,494)	3,376
Share of loss of associated companies	(953)	-	-	(953)
Interest expense	(1)	-	(79)	(80)
(Loss) profit before income tax	(46,674)	2,461	(2,467)	(46,680)
Income tax credit (expense)	10,299	(2,217)	207	8,289
Net (loss) profit	(36,375)	244	(2,260)	(38,391)
Other segment items				
Additions to				
- property and equipment	6,129	29	155	6,313
- intangible assets	-	-	83	83
Depreciation	9,519	609	576	10,704
Amortisation	371	-	107	478
Impairment of financial assets, available-for sale	1,079	-	-	1,079
Segment assets	337,953	24,814	39,784	402,551
Segment liabilities	75,688	18,795	18,292	112,775

Summary of net sales by product category:

	GROUP	
	30 June 2011	30 June 2010
	US\$'000	US\$'000
Personal Digital Entertainment	55,842	81,920
Audio	43,861	51,623
Speakers and Headphones	98,420	98,730
All Other Products	32,902	43,034
	231,025	275,307

BY ORDER OF THE BOARD

NG KEH LONG
COMPANY SECRETARY
3 AUGUST 2011