

CREATIVE TECHNOLOGY LTD

FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2013 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2013

1 CONSOLIDATED INCOME STATEMENT

	GROUP		GROUP	
	Three months ended 30 June		Financial year ended 30 June	
	2013 US\$'000	2012 US\$'000	2013 US\$'000	2012 US\$'000
Sales, net	30,222	36,994	165,342	191,783
Cost of goods sold	24,202	31,761	111,618	154,937
Gross profit	6,020	5,233	53,724	36,846
Expenses:				
Selling, general and administrative	(8,969)	(10,077)	(38,749)	(46,524)
Research and development	(6,280)	(8,200)	(28,346)	(39,635)
Total expenses	(15,249)	(18,277)	(67,095)	(86,159)
Other income	115	618	443	919
Other (losses) gains, net	(97)	(5,948)	28,177	(32,504)
Share of losses of associated companies	--	(490)	(1,088)	(2,643)
Interest expense	--	(11)	--	(43)
(Loss) profit before income tax	(9,211)	(18,875)	14,161	(83,584)
Income tax credit (expense)	2,662	(107)	2,501	(312)
Net (loss) profit	(6,549)	(18,982)	16,662	(83,896)
Attributable to:				
Equity holders of the Company	(6,544)	(18,931)	16,668	(83,964)
Non-controlling interests	(5)	(51)	(6)	68
(Loss) earnings per share attributable to equity holders of the Company				
- Basic (US\$ per share)	(0.09)	(0.27)	0.24	(1.20)
- Diluted (US\$ per share)	(0.09)	(0.27)	0.24	(1.20)

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

	GROUP			
	Three months ended		Financial year ended	
	30 June		30 June	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation and amortization	(359)	(828)	(1,392)	(3,893)
Write-off/write-down for inventory obsolescence	(152)	(1,086)	(684)	(9,949)
Impairment loss on investments	(2,229)	(249)	(2,288)	(3,417)
Gain on disposal of investments	2,812	2,835	29,585	7,109
Foreign exchange loss	(1,447)	(2,199)	(629)	(8,120)
Impairment loss on property and equipment and intangible assets	-	(2,500)	-	(18,139)
Impairment loss on unutilized building facilities	-	(3,598)	-	(3,598)
Provisions for commitments and obligations	-	-	-	(6,489)

1(b) Breakdown of sales:

	GROUP		
	Financial year ended 30 June 2013	Financial year ended 30 June 2012	+ / (-) %
	US\$'000	US\$'000	
<u>First Half Year</u>			
(a) Sales	101,289	109,903	(8%)
(b) Net profit (loss)	33,644	(63,431)	153%
<u>Second Half Year</u>			
(c) Sales	64,053	81,880	(22%)
(b) Net loss	(16,982)	(20,465)	17%

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			
	Three months ended		Financial year ended	
	30 June		30 June	
	2013	2012	2013	2012
	US\$'000	US\$'000	US\$'000	US\$'000
Net (loss) profit	(6,549)	(18,982)	16,662	(83,896)
Other comprehensive income:				
Fair value gains (losses) of financial assets, available-for-sale:				
Fair value gains (losses)	1,090	(3,979)	3,080	(6,927)
Reclassification	(2,193)	-	(2,253)	-
Total comprehensive (loss) income for the period	<u>(7,652)</u>	<u>(22,961)</u>	<u>17,489</u>	<u>(90,823)</u>
Attributable to:				
Shareholders of the Company	(7,647)	(22,910)	17,495	(90,891)
Non-controlling interests	(5)	(51)	(6)	68
Total comprehensive (loss) income for the period	<u>(7,652)</u>	<u>(22,961)</u>	<u>17,489</u>	<u>(90,823)</u>

3 BALANCE SHEETS

	Group		Company	
	30 June 2013 US\$'000	30 June 2012 US\$'000	30 June 2013 US\$'000	30 June 2012 US\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	163,574	131,432	150,804	117,457
Trade receivables	14,728	18,841	4,748	6,294
Amounts due from subsidiaries	-	-	42,801	41,803
Inventories	25,353	27,822	11,369	11,052
Property and equipment held for sale	-	4,991	-	-
Other current assets	2,178	12,732	656	1,567
	205,833	195,818	210,378	178,173
Non-current assets:				
Financial assets, available-for-sale	22,654	26,651	-	-
Other non-current receivables	-	1,088	-	-
Amounts due from subsidiaries	-	-	146,659	199,321
Investments in subsidiaries	-	-	28,390	27,290
Property and equipment	6,892	7,427	705	483
Other non-current assets	1,827	3,301	1,729	1,193
	31,373	38,467	177,483	228,287
Total assets	237,206	234,285	387,861	406,460
LIABILITIES				
Current liabilities:				
Trade payables	13,753	13,844	9,460	8,586
Amounts due to subsidiaries	-	-	10,940	36,590
Accrued liabilities and provisions	44,496	53,367	26,576	24,692
Current income tax liabilities	706	742	-	48
	58,955	67,953	46,976	69,916
Non-current liabilities:				
Amounts due to subsidiaries	-	-	21,173	21,669
Deferred income tax liabilities	15,202	17,902	-	-
	15,202	17,902	21,173	21,669
Total liabilities	74,157	85,855	68,149	91,585
NET ASSETS	163,049	148,430	319,712	314,875
EQUITY				
Share capital	266,753	266,753	266,753	266,753
Treasury shares	(16,606)	(17,676)	(16,606)	(17,676)
Fair value reserve	9,485	8,658	-	-
Other reserves	63,351	64,433	35,887	36,969
Retained earnings	(160,170)	(173,980)	33,678	28,829
	162,813	148,188	319,712	314,875
Non-controlling interests	236	242	-	-
Total equity	163,049	148,430	319,712	314,875

4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	GROUP	
	Financial year ended 30 June	
	2013	2012
	US\$'000	US\$'000
Cash flows from operating activities:		
Net profit (loss)	16,662	(83,896)
Adjustments for:		
Income tax (credit) expense	(2,501)	312
Depreciation of property and equipment	1,392	3,624
Amortisation of intangible assets	--	269
Employee share-based expenses	(12)	813
Share of loss of associated companies	1,088	2,643
(Gain) loss on disposal of property and equipment	(707)	368
Impairment loss on property and equipment	--	14,748
Impairment loss on intangible assets	--	3,391
Impairment loss on unutilized building facilities	--	3,598
Impairment loss of financial assets, available-for-sale	2,288	3,417
Gain on disposal of financial assets, available-for-sale	(2,835)	(471)
Gain on disposal of investments in subsidiary	(26,750)	(2,824)
Gain on disposal of investments in associated companies	--	(3,814)
Currency translation loss	724	6,370
Dividend income	(203)	(693)
Interest income	(240)	(227)
Interest expense	--	43
	<u>(11,094)</u>	<u>(52,329)</u>
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	4,113	8,667
Inventories	2,469	16,267
Other assets and receivables	11,645	16,637
Trade payables	(88)	(6,750)
Accrued liabilities and provisions	(9,590)	(5,223)
Cash used in operations	<u>(2,545)</u>	<u>(22,731)</u>
Interest received	241	230
Income tax paid	<u>(260)</u>	<u>(304)</u>
Net cash used in operating activities	<u>(2,564)</u>	<u>(22,805)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,237)	(5,285)
Proceeds from sale of property and equipment	5,921	213
Proceeds from sale of subsidiary (net of cash disposed of)	23,501	3,312
Proceeds from disposal of investments in associated companies	--	3,814
Proceeds from sale of financial assets, available-for-sale	6,371	952
Purchase of financial assets, available-for-sale	(1,000)	(1,000)
Purchase of investments in associated companies	--	(1,874)
Dividend received	203	693
Net cash provided by investing activities	<u>33,759</u>	<u>825</u>
Cash flows from financing activities:		
Purchase of treasury shares	--	(322)
Dividends paid to equity holders of the Company	(2,858)	(2,775)
Net cash used in financing activities	<u>(2,858)</u>	<u>(3,097)</u>
Net increase (decrease) in cash and cash equivalents	28,337	(25,077)
Cash and cash equivalents at beginning of financial year	131,432	162,958
Effects of currency translation on cash and cash equivalents	(695)	(6,449)
Cash and cash equivalents at end of financial year	<u>159,074</u>	<u>131,432</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
FY2013								
Balance at 1 July 2012	266,753	(17,676)	8,658	64,433	(173,980)	148,188	242	148,430
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	1,070	-	(1,070)	-	-	-	-
Employee share-based expense	-	-	-	(12)	-	(12)	-	(12)
Dividends paid	-	-	-	-	(2,858)	(2,858)	-	(2,858)
Total comprehensive income (loss) for the financial year	-	-	827	-	16,668	17,495	(6)	17,489
Balance at 30 June 2013	266,753	(16,606)	9,485	63,351	(160,170)	162,813	236	163,049
FY2012								
Balance at 1 July 2011	266,753	(18,362)	15,585	64,629	(87,241)	241,364	658	242,022
Purchase of treasury shares	-	(322)	-	-	-	(322)	-	(322)
Utilization of treasury shares for shares issued under employee options plans and performance share plan	-	1,008	-	(1,009)	-	(1)	-	(1)
Employee share-based expense	-	-	-	813	-	813	-	813
Disposal of subsidiary	-	-	-	-	-	-	(484)	(484)
Dividends paid	-	-	-	-	(2,775)	(2,775)	-	(2,775)
Total comprehensive (loss) income for the financial year	-	-	(6,927)	-	(83,964)	(90,891)	68	(90,823)
Balance at 30 June 2012	266,753	(17,676)	8,658	64,433	(173,980)	148,188	242	148,430

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
FY2013					
Balance at 1 July 2012	266,753	(17,676)	36,969	28,829	314,875
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	1,070	(1,070)	-	-
Employee share-based expense	-	-	(12)	-	(12)
Dividends paid	-	-	-	(2,858)	(2,858)
Total comprehensive income for the financial year	-	-	-	7,707	7,707
Balance at 30 June 2013	266,753	(16,606)	35,887	33,678	319,712
FY2012					
Balance at 1 July 2011	266,753	(18,362)	37,165	71,202	356,758
Purchase of treasury shares	-	(322)	-	-	(322)
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	1,008	(1,009)	-	(1)
Employee share-based expense	-	-	813	-	813
Dividends paid	-	-	-	(2,775)	(2,775)
Total comprehensive loss for the financial year	-	-	-	(39,598)	(39,598)
Balance at 30 June 2012	266,753	(17,676)	36,969	28,829	314,875

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

Issued and paid up capital

As at 30 June 2013, the Company's issued and paid up capital excluding treasury shares comprises 70,232,900 (30 June 2012: 69,925,524) ordinary shares.

As at 30 June 2013, the Company's issued and paid up share capital was US\$266.8 million (31 March 2013: US\$266.8 million).

Employee share options plan

During the fourth quarter of FY2013, the Company did not issue any ordinary shares for cash upon the exercise of the options under the Company's Share Options Plan (Q4 FY2012: Nil).

As at 30 June 2013, there were 3,187,500 (30 June 2012: 3,746,950) 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 FY2013, the Company issued 299,876 ordinary shares pursuant to the Employee Performance Share Plan to eligible employees and directors of the Company and its subsidiaries (Q4 FY2012: 281,809).

As at 30 June 2013, there were 560,500 (30 June 2012: 1,098,316) unissued ordinary shares granted to eligible employees and directors under the Company's Employee Performance Share Plan.

Treasury shares

As at 30 June 2013, the Company held 4,767,100 (30 June 2012: 5,074,476) treasury shares against 70,232,900 (30 June 2012: 69,925,524) issued ordinary shares excluding treasury shares.

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

	Three months ended 30 June	
	2013	2012
Balance at beginning of period	5,066,976	5,356,285
Issue for Employee Performance Share Plan	(299,876)	(281,809)
Balance at end of period	<u>4,767,100</u>	<u>5,074,476</u>

6 GROUP BORROWINGS

	GROUP	
	30 June 2013 US\$'000	30 June 2012 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 2013 US\$	30 June 2012 US\$	30 June 2013 US\$	30 June 2012 US\$
Net asset value per ordinary share based on issued capital at the end of the financial year	2.32	2.12	4.55	4.50

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 2012.

11 CHANGES IN ACCOUNTING POLICIES

None.

12 REVIEW OF GROUP PERFORMANCE

CONSOLIDATED INCOME STATEMENT

Net Sales

Net sales for the fourth quarter of FY2013 decreased by 18% compared to the same quarter in FY2012, and net sales for FY2013 decreased by 14% compared to FY2012. Revenue was lower in the fourth quarter and FY2013 due to the uncertain and difficult market conditions which continued to affect the sales of the Group's products and impacted sales across all three geographical regions. Net sales in FY2013 decreased across the three geographical regions by 1%, 29% and 26% in Asia Pacific, the Americas and Europe regions, respectively. Net sales in Asia Pacific region included a one time US\$20.0 million licensing income reported in the second quarter of FY2013. Excluding this one time licensing income, net sales in Asia Pacific region for FY2013 decreased by 22%.

Gross Profit

Gross profit margin was 20% in the fourth quarter of FY2013 compared to 14% in the fourth quarter of FY2012, and 33% in the full year of FY2013 compared to 19% in FY2012. Excluding the one time licensing income as mentioned above, gross profit margin was 23% for FY2013. Gross profit margin in the fourth quarter and FY2013 was higher compared to the same corresponding periods in FY2012 due to write-down of inventories mainly for the personal digital entertainment product category in FY2012.

Net Profit

The Group recorded a net loss of US\$6.5 million in the fourth quarter of FY2013 compared to a net loss of US\$19.0 million in the fourth quarter of FY2012. Despite the decrease in sales, there was an improvement in the operating results in the fourth quarter of FY2013 compared to the fourth quarter of FY2012 due mainly to the higher gross margin and reduction in operating expenses. Net loss in the fourth quarter of FY2013 included other losses (net) of US\$97,000, compared to other losses (net) of US\$5.9 million in the fourth quarter of FY2012.

Net profit for FY2013 was US\$16.7 million compared to a net loss of US\$83.9 million in FY2012. Improvement in net results of FY2013 was due mainly to the one time licensing income of US\$20.0 million reported in the second quarter of FY2013 and other gains (net) of US\$28.2 million included in the net profit, as well as a decrease in operating expenses by US\$19.1 million. Net loss in FY2012 included other losses (net) of US\$32.5 million.

Selling, general and administrative expenses in the fourth quarter and full year of FY2013 decreased by 11% and 17%, respectively, compared to the same periods in the prior year. 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 FY2013 decreased by 23% and 28%, respectively, compared to the same periods in the prior year. The decrease in research and development expenses was due mainly to cost cutting actions taken by management and costs savings resulting from the divestment of a subsidiary company, ZiiLABS Limited, in the second quarter of FY2013. The Group will continue to invest in product research and development in areas that are strategic to the Group, cutting back research and development spending only in product areas that are not strategic to the Group.

Depreciation and amortization was US\$0.4 million and US\$1.4 million in the fourth quarter and full year of FY2013, respectively, compared to US\$0.8 million and US\$3.9 million in the same periods in the prior year. Depreciation and amortization was lower in the fourth quarter and full year of FY2013 due mainly to assets being fully depreciated.

Other losses (net) of US\$97,000 in the fourth quarter of FY2013 were due mainly to foreign exchange loss of US\$1.4 million and impairment of investments of US\$2.2 million, offset partially by gain on disposal of investments of US\$2.8 million. Other losses (net) of US\$5.9 million in the fourth quarter of FY2012 were due mainly to foreign exchange loss of US\$2.2 million, impairment loss on property and equipment of US\$2.5 million and impairment loss on unutilized building facilities of US\$3.6 million, offset partially by gain on disposal of investments of US\$2.8 million.

Other gains (net) of US\$28.2 million in FY2013 comprised mainly a US\$26.7 million gain on divestment of ZiiLABS Limited and gain on disposal of investments of US\$2.8 million, offset partially by a US\$2.3 million impairment of investments. Other losses (net) of US\$32.5 million in FY2012 were due mainly to impairment loss on property and

equipment and intangible assets of US\$18.1 million, which included US\$15.6 million of impairment charges by a subsidiary, QMax Communications Pte Ltd (“QMax”), for its wireless broadband network in Singapore and a US\$2.5 million impairment charge on a building owned by a subsidiary in Ireland, provisions of US\$6.5 million for commitments for other expenditures and obligations of the wireless broadband project by QMax, US\$8.1 million foreign exchange loss, US\$3.6 million impairment loss on unutilized building facilities and US\$3.4 million impairment loss on investments, offset partially by a US\$7.1 million net gain on disposal of investments of which US\$3.8 million was pertaining to a gain on disposal of an associated company and a US\$2.8 million gain on the disposal of a subsidiary company.

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 (loss) profit. 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 Singapore dollar, with the balance mainly in US dollar, Euro, British Pound and Japanese Yen. The exchange loss in the fourth quarter of FY2013 was due mainly to the depreciation of Singapore dollar and Japanese Yen against the US dollar. The exchange loss for FY2013 was due mainly to the depreciation of Japanese Yen against the US dollar. The exchange loss in the fourth quarter and the full year of FY2012 was due mainly to the depreciation of the Singapore dollar and Euro against the US dollar.

Income tax credit of US\$2.5 million in FY2013 was due mainly to a US\$2.7 million write back of deferred tax liabilities. The write back of deferred tax liabilities of US\$2.7 million was an adjustment to the Group’s provision for the tax exposure of a foreign subsidiary.

BALANCE SHEETS

The increase in cash and cash equivalents was due mainly to proceeds of US\$31.2 million from the divestment of a subsidiary company, ZiiLABS Limited. Included in cash and cash equivalents was US\$4.5 million cash in an escrow account relating to the divestment of ZiiLABS Limited that will be released to the Group between 12 to 18 months after the completion of the divestment. The decrease in trade receivables was in line with the lower level of sales. Property and equipment held for sale of US\$5.0 million as at 30 June 2012 relates to a property owned by a subsidiary in the United States sold in the first quarter of FY2013. The decrease in other current assets was due mainly to the utilization of security deposit for the payment of the Group’s headquarters office building rental. The decrease in financial assets available-for-sale was due mainly to the disposal and impairment of investments during the financial year. The decrease in accrued liabilities and provisions was due mainly to lower level of operating activities and reduction in provisions for commitments for other expenditures and obligations pertaining to the QMax wireless broadband project due to payments made to vendors. The decrease in deferred income tax liabilities was due to a write back of US\$2.7 million deferred tax liabilities as explained above.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Net cash used in operating activities of US\$2.6 million in FY2013 (FY2012: US\$22.8 million) was due mainly to the operating loss for the year and decrease in accrued liabilities and provisions, offset partially by reductions in trade receivables, inventories and other current assets.

Net cash provided by investing activities of US\$33.8 million in FY2013 (FY2012: US\$0.8 million) was due mainly to US\$5.9 million proceeds from the sale of property, US\$6.4 million proceeds from sale of investments and US\$23.5 million net available proceeds from the sale of a subsidiary, ZiiLABS Limited. Net available proceeds from the sale of ZiiLABS Limited comprised proceeds of US\$31.2 million net of US\$3.2 million cash disposed and US\$4.5 million cash paid into an escrow account.

Net cash used in financing activities of US\$2.9 million in FY2013 (FY2012: US\$3.1 million) was due to dividends paid to equity holders of the Company.

13 VARIANCE FROM PROSPECT STATEMENT

There has been no significant variance in the operating performance of the Group in the fourth quarter of FY2013 as compared to the prospect statement disclosed in the announcement of results for the third quarter ended 31 March 2013.

14 PROSPECTS

For the current financial year, the Group expects no major improvement in the difficult and uncertain market conditions, and the overall market for the Group's products remains challenging. For the current quarter, with the expected introduction of new products, the Group is targeting an improvement in revenue from the current levels. The Group expects to report an operating loss for the quarter.

15 DIVIDEND

(a) Current Financial Year Reported On

The Directors are pleased to recommend a tax exempt one-tier final dividend of S\$0.10 per share (2012: S\$0.05) in respect of the financial year ended 30 June 2013 for approval by shareholders at the next Annual General Meeting to be convened.

Name of Dividend	Final
Dividend type	Cash
Dividend per share	S\$0.10
Tax rate	Tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

A tax exempt one-tier final dividend of S\$0.05 per share was paid in the second quarter of FY2013.

(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

	FY2013 US\$'000	FY2012 US\$'000
Ordinary final dividend	5,560	2,858
Total	5,560	2,858

16 SEGMENTAL REPORTING

	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
GROUP				
2013				
Sales	95,203	22,927	47,212	165,342
(Loss) gain after total expenses	(16,414)	1,474	1,569	(13,371)
Other income	439	2	2	443
Other gains, net	27,141	913	123	28,177
Share of loss of associated companies	(1,088)	-	-	(1,088)
Profit before income tax	10,078	2,389	1,694	14,161
Income tax credit (expense)	2,509	(17)	9	2,501
Net profit	12,587	2,372	1,703	16,662
Other segment items				
Additions to				
- property and equipment	1,174	1	62	1,237
Depreciation	1,087	81	224	1,392
Impairment of financial assets, available-for sale	(2,288)	-	-	(2,288)
Segment assets	203,753	10,367	23,086	237,206
Segment liabilities	53,660	9,535	10,962	74,157
GROUP				
2012				
Sales	95,979	32,360	63,444	191,783
(Loss) gain after total expenses	(52,705)	1,805	1,587	(49,313)
Other income	907	2	10	919
Other (losses) gains, net	(25,545)	92	(7,051)	(32,504)
Share of loss of associated companies	(2,643)	-	-	(2,643)
Interest expense	-	-	(43)	(43)
(Loss) profit before income tax	(79,986)	1,899	(5,497)	(83,584)
Income tax (expense) credit	(318)	14	(8)	(312)
Net (loss) profit	(80,304)	1,913	(5,505)	(83,896)
Other segment items				
Additions to				
- property and equipment	5,220	30	35	5,285
Depreciation	2,817	338	469	3,624
Amortization	210	-	59	269
Impairment of financial assets, available-for sale	(3,417)	-	-	(3,417)
Impairment loss on property and equipment and intangible assets	(15,639)	-	(2,500)	(18,139)
Impairment loss on unutilized building facilities	(3,598)	-	-	(3,598)
Provisions for commitments and obligations	(6,489)	-	-	(6,489)
Segment assets	187,984	17,646	28,655	234,285
Segment liabilities	59,051	15,931	10,873	85,855

Summary of net sales by product category:

	GROUP	
	30 June 2013 US\$'000	30 June 2012 US\$'000
Personal Digital Entertainment	13,652	30,322
Audio	33,472	38,835
Speakers and Headphones	88,527	105,063
All Other Products	29,691	17,563
	<u>165,342</u>	<u>191,783</u>

17 INTERESTED PERSON TRANSACTIONS

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

18 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	65	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
6 AUGUST 2013