

# CREATIVE TECHNOLOGY LTD

## FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2016 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 30 JUNE 2016**

**1 CONSOLIDATED INCOME STATEMENT**

	GROUP			GROUP		
	Three months ended			Financial year ended		
	2016	2015	% change	2016	2015	% change
	US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)
Sales, net	17,102	21,157	(19)	84,574	99,482	(15)
Cost of goods sold	(12,197)	(15,237)	(20)	(61,605)	(71,022)	(13)
<b>Gross profit</b>	<b>4,905</b>	<b>5,920</b>	(17)	<b>22,969</b>	<b>28,460</b>	(19)
Expenses:						
Selling, general and administrative	(6,087)	(10,353)	(41)	(36,793)	(36,121)	2
Research and development	(3,267)	(4,867)	(33)	(15,289)	(19,674)	(22)
<b>Total expenses</b>	<b>(9,354)</b>	<b>(15,220)</b>	(39)	<b>(52,082)</b>	<b>(55,795)</b>	(7)
Other income	94	274	(66)	354	452	(22)
Other gains	5,298	9,097	(42)	41,538	9,608	332
Other losses	(302)	(3,491)	(91)	(1,370)	(16,848)	(92)
Share of loss of associated companies	(377)	--	n.m.	(724)	--	n.m.
<b>Profit (loss) before income tax</b>	<b>264</b>	<b>(3,420)</b>	108	<b>10,685</b>	<b>(34,123)</b>	131
Income tax credit (expense)	272	762	(64)	(7,973)	732	n.m.
<b>Net profit (loss)</b>	<b>536</b>	<b>(2,658)</b>	120	<b>2,712</b>	<b>(33,391)</b>	108
<b>Attributable to:</b>						
Equity holders of the Company	535	(2,667)	120	2,620	(33,400)	108
Non-controlling interests	1	9	(89)	92	9	n.m.
Earnings (loss) per share attributable to equity holders of the Company						
- Basic (US\$ per share)	0.01	(0.04)	n.m.	0.04	(0.47)	n.m.
- Diluted (US\$ per share)	0.01	(0.04)	n.m.	0.04	(0.47)	n.m.

n.m. – not meaningful

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

	Three months ended			Financial year ended		
	30 June			30 June		
	2016	2015	% change	2016	2015	% change
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Write-off/write-down for inventory obsolescence	(304)	(1,307)	(77)	(872)	(1,911)	(54)
Impairment loss on investments	(164)	(3,491)	(95)	(945)	(4,725)	(80)
Gain on disposal of investments	-	7,322	(100)	2,723	9,181	(70)
(Loss) gain on disposal of property and equipment	(2)	-	n.m.	(2)	392	(101)
Foreign exchange (loss) gain	(136)	1,768	(108)	(423)	(12,123)	(97)
Write-back of subcontract accruals	5,200	-	n.m.	5,200	-	n.m.
Litigation settlement	-	-	n.m.	33,500	-	n.m.

**1(b) Breakdown of sales:**

	GROUP		
	Financial year ended 30 June 2016 US\$'000	Financial year ended 30 June 2015 US\$'000	+ / (-) %
<b><u>First Half Year</u></b>			
(a) Sales	49,013	55,596	(12%)
(b) Net loss	(1,901)	(19,046)	(90%)
<b><u>Second Half Year</u></b>			
(c) Sales	35,561	43,886	(19%)
(b) Net profit (loss)	4,613	(14,345)	132%

**2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	GROUP			GROUP		
	Three months ended			Financial year ended		
	30 June			30 June		
2016	2015	% change	2016	2015	% change	
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Net profit (loss)	536	(2,658)	120	2,712	(33,391)	108
Other comprehensive income:						
Available-for-sale financial assets:						
Fair value gains (losses)	1,793	6,288	(71)	(3,007)	11,571	(126)
Reclassification	-	(7,318)	(100)	(2,723)	(9,163)	(70)
Total comprehensive income (loss) for the financial year	<u>2,329</u>	<u>(3,688)</u>	163	<u>(3,018)</u>	<u>(30,983)</u>	(90)
Total comprehensive income (loss) attributable to:						
Shareholders of the Company	2,328	(3,697)	163	(3,110)	(30,992)	(90)
Non-controlling interests	1	9	(89)	92	9	n.m.
Total comprehensive income (loss) for the financial year	<u>2,329</u>	<u>(3,688)</u>	163	<u>(3,018)</u>	<u>(30,983)</u>	(90)

### 3 BALANCE SHEETS

	Group		Company	
	30 June 2016 US\$'000	30 June 2015 US\$'000	30 June 2016 US\$'000	30 June 2015 US\$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	94,738	99,668	88,362	97,373
Trade receivables	7,570	9,782	245	4,290
Amounts due from subsidiaries	-	-	43,979	31,735
Inventories	25,052	28,879	5,153	15,939
Other current assets	1,797	1,320	633	422
	<b>129,157</b>	<b>139,649</b>	<b>138,372</b>	<b>149,759</b>
<b>Non-current assets:</b>				
Available-for-sale financial assets	11,960	18,239	-	-
Amounts due from subsidiaries	-	-	14,923	145,344
Investments in subsidiaries	-	-	25,353	25,453
Property and equipment	870	1,361	131	369
Other non-current assets	190	88	-	-
	<b>13,020</b>	<b>19,688</b>	<b>40,407</b>	<b>171,166</b>
<b>Total assets</b>	<b>142,177</b>	<b>159,337</b>	<b>178,779</b>	<b>320,925</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Trade payables	9,651	15,639	1,588	10,409
Amounts due to subsidiaries	-	-	8,325	12,060
Accrued liabilities and provisions	23,377	31,445	11,468	20,451
Current income tax liabilities	347	643	-	-
	<b>33,375</b>	<b>47,727</b>	<b>21,381</b>	<b>42,920</b>
<b>Non-current liabilities:</b>				
Amounts due to subsidiaries	-	-	30,162	27,507
Deferred income tax liabilities	10,302	9,902	-	-
	<b>10,302</b>	<b>9,902</b>	<b>30,162</b>	<b>27,507</b>
<b>Total liabilities</b>	<b>43,677</b>	<b>57,629</b>	<b>51,543</b>	<b>70,427</b>
<b>NET ASSETS</b>	<b>98,500</b>	<b>101,708</b>	<b>127,236</b>	<b>250,498</b>
<b>EQUITY</b>				
Share capital	266,753	266,753	266,753	266,753
Treasury shares	(16,262)	(16,262)	(16,262)	(16,262)
Fair value reserve	6,574	12,304	-	-
Other reserves	62,364	62,562	34,900	35,098
Accumulated losses	(221,219)	(223,847)	(158,155)	(35,091)
	98,210	101,510	127,236	250,498
Non-controlling interests	290	198	-	-
<b>Total equity</b>	<b>98,500</b>	<b>101,708</b>	<b>127,236</b>	<b>250,498</b>

#### 4 CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>GROUP</b>	
	<b>Financial year ended 30 June</b>	
	<b>2016</b>	<b>2015</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities:</b>		
Net profit (loss)	2,712	(33,391)
Adjustments for:		
Income tax expense (credit)	7,973	(732)
Depreciation of property and equipment	535	711
Employee share-based expenses	(198)	(8)
Share of loss of associated companies	724	--
Loss (gain) on disposal of property and equipment	2	(392)
Impairment loss of available-for-sale financial assets	945	4,725
Gain on disposal of available-for-sale financial assets	(2,723)	(9,181)
Currency translation loss	840	11,272
Dividend income	(2)	(104)
Interest income	(352)	(348)
	<u>10,456</u>	<u>(27,448)</u>
 Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Trade receivables	2,212	777
Inventories	3,827	43
Other assets and receivables	(554)	568
Trade payables	(5,988)	6,256
Accrued liabilities and provisions	(8,068)	(6,454)
Cash provided by (used in) operations	<u>1,885</u>	<u>(26,258)</u>
Interest received	327	350
Income tax paid	<u>(7,870)</u>	<u>(65)</u>
<b>Net cash used in operating activities</b>	<b><u>(5,658)</u></b>	<b><u>(25,973)</u></b>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(54)	(99)
Proceeds from sale of property and equipment	8	4,884
Proceeds from sale of available-for-sale financial assets	2,828	12,133
Purchase of available-for-sale financial assets	(500)	(1,900)
Loan to associated company	(724)	--
Dividend received	<u>2</u>	<u>104</u>
<b>Net cash provided by investing activities</b>	<b><u>1,560</u></b>	<b><u>15,122</u></b>
 <b>Cash flows from financing activities:</b>		
Dividends paid to equity holders of the Company	--	(2,752)
Unclaimed dividends	<u>8</u>	<u>--</u>
<b>Net cash provided by (used in) financing activities</b>	<b><u>8</u></b>	<b><u>(2,752)</u></b>
 <b>Net decrease in cash and cash equivalents</b>	<b>(4,090)</b>	<b>(13,603)</b>
Cash and cash equivalents at beginning of financial year	99,668	124,638
Effects of currency translation on cash and cash equivalents	<u>(840)</u>	<u>(11,367)</u>
<b>Cash and cash equivalents at end of the financial year</b>	<b><u>94,738</u></b>	<b><u>99,668</u></b>

## 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
<b>FY2016</b>								
<b>Balance at 1 July 2015</b>	266,753	(16,262)	12,304	62,562	(223,847)	101,510	198	101,708
Profit for the year	-	-	-	-	2,620	2,620	92	2,712
Other comprehensive loss for the year	-	-	(5,730)	-	-	(5,730)	-	(5,730)
<b>Total comprehensive loss (income) for the year</b>	-	-	(5,730)	-	2,620	(3,110)	92	(3,018)
Employee share-based expense	-	-	-	(198)	-	(198)	-	(198)
Unclaimed dividends	-	-	-	-	8	8	-	8
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	(198)	8	(190)	-	(190)
<b>Balance at 30 June 2016</b>	<b>266,753</b>	<b>(16,262)</b>	<b>6,574</b>	<b>62,364</b>	<b>(221,219)</b>	<b>98,210</b>	<b>290</b>	<b>98,500</b>
<b>FY2015</b>								
<b>Balance at 1 July 2014</b>	266,753	(16,262)	9,896	62,570	(187,695)	135,262	205	135,467
Loss for the year	-	-	-	-	(33,400)	(33,400)	9	(33,391)
Other comprehensive income for the year	-	-	2,408	-	-	2,408	-	2,408
<b>Total comprehensive income (loss) for the year</b>	-	-	2,408	-	(33,400)	(30,992)	9	(30,983)
Employee share-based expense	-	-	-	(8)	-	(8)	-	(8)
Liquidation of subsidiary	-	-	-	-	-	-	(16)	(16)
Dividends paid	-	-	-	-	(2,752)	(2,752)	-	(2,752)
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	(8)	(2,752)	(2,760)	(16)	(2,776)
<b>Balance at 30 June 2016</b>	<b>266,753</b>	<b>(16,262)</b>	<b>12,304</b>	<b>62,562</b>	<b>(223,847)</b>	<b>101,510</b>	<b>198</b>	<b>101,708</b>

### 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
<b>FY2016</b>					
<b>Balance at 1 July 2015</b>	266,753	(16,262)	35,098	(35,091)	250,498
Employee share-based expense	-	-	(198)	-	(198)
Unclaimed dividends	-	-	-	8	8
Total comprehensive loss for the year	-	-	-	(123,072)	(123,072)
<b>Balance at 30 June 2016</b>	<b>266,753</b>	<b>(16,262)</b>	<b>34,900</b>	<b>(158,155)</b>	<b>127,236</b>
<b>FY2015</b>					
<b>Balance at 1 July 2014</b>	266,753	(16,262)	35,106	4,402	289,999
Employee share-based expense	-	-	(8)	-	(8)
Dividends paid	-	-	-	(2,752)	(2,752)
Total comprehensive loss for the year	-	-	-	(36,741)	(36,741)
<b>Balance at 30 June 2015</b>	<b>266,753</b>	<b>(16,262)</b>	<b>35,098</b>	<b>(35,091)</b>	<b>250,498</b>

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

### Issued and paid up capital

As at 30 June 2016, the Company's issued and paid up capital excluding treasury shares comprises 70,331,649 (30 June 2015: 70,331,649) ordinary shares.

As at 30 June 2016, the Company's issued and paid up share capital was US\$266.8 million (31 March 2016: US\$266.8 million).

### Employee share options plan

During the fourth quarter of FY2016, the Company did not issue any ordinary shares for cash upon the exercise of the options under the Company's Share Options Plan (Q4 FY2015: Nil).

As at 30 June 2016, there were 1,092,000 (30 June 2015: 2,124,500) 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 FY2016, the Company did not issue any ordinary shares pursuant to the Employee Performance Share Plan to eligible employees and directors of the Company and its subsidiaries (Q4 FY2015: Nil).

As at 30 June 2016, there were 231,000 (30 June 2015: 285,000) unissued ordinary shares granted to eligible employees and directors under the Company's Employee Performance Share Plan.

### Treasury shares

As at 30 June 2016, the Company held 4,668,351 (30 June 2015: 4,668,351) treasury shares against 70,331,649 (30 June 2015: 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	
	2016	2015
Balance at beginning of period	4,668,351	4,668,351
Issue for Employee Performance Share Plan	-	-
Balance at end of period	<u>4,668,351</u>	<u>4,668,351</u>

## 6 GROUP BORROWINGS

	<b>GROUP</b>	
	<b>30 June 2016 US\$'000</b>	<b>30 June 2015 US\$'000</b>
<b>Amount repayable:</b>		
<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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>30 June 2016 US\$</b>	<b>30 June 2015 US\$</b>	<b>30 June 2016 US\$</b>	<b>30 June 2015 US\$</b>
Net asset value per ordinary share based on issued capital at the end of the financial year	1.40	1.45	1.81	3.56

## 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 2015.

## 11 CHANGES IN ACCOUNTING POLICIES

None.



## 12 REVIEW OF GROUP PERFORMANCE

### CONSOLIDATED INCOME STATEMENT

#### Net Sales

Net sales for the fourth quarter of FY2016 decreased by 19% compared to the same quarter in FY2015, and net sales for FY2016 decreased by 15% compared to FY2015. Revenue was lower in the fourth quarter and FY2016 due to the uncertain and difficult market conditions which continued to affect the sales of the Group's products. Net sales in FY2016 decreased across the three geographical regions by 18%, 12% and 12% in Asia Pacific, the Americas and Europe regions, respectively.

#### Gross Profit

Gross profit margin was 29% in the fourth quarter of FY2016 compared to 28% in the fourth quarter of FY2015. For the full year of FY2016, gross profit margin was 27% compared to 29% in FY2015. Gross profit margins in the fourth quarter and FY2016 were in line with the sales mix.

#### Net Profit

Net profit for the fourth quarter of FY2016 was US\$0.5 million compared to a net loss of US\$2.7 million in the fourth quarter of FY2015. Net profit in the fourth quarter of FY2016 included other gains of US\$5.3 million, other losses of US\$0.3 million and share of loss of associated companies of US\$0.4 million. Net loss in the fourth quarter of FY2015 included other gains of US\$9.1 million and other losses of US\$3.5 million.

Net profit for FY2016 was US\$2.7 million compared to net loss of US\$33.4 million in FY2015. Net profit in FY2016 included employee severance charges of US\$4.1 million in the first quarter of FY2016, other gains of US\$41.5 million, other losses of US\$1.4 million, share of loss of associated companies of US\$0.7 million and income tax expense of US\$8.0 million. Net loss in FY2015 included other gains of US\$9.6 million, other losses of US\$16.8 million and tax credit of US\$0.7 million.

Selling, general and administrative expenses in the fourth quarter of FY2016 decreased by 41% compared to the fourth quarter of FY2015. Sales, general and administrative expenses in the fourth quarter of FY2015 was higher due mainly to legal expenses for on-going litigation in that quarter. For the full year of FY2016, selling, general and administrative expenses increased by 2% compared to FY2015. Excluding employee severance charges in the first quarter of FY2016, selling, general and administrative expenses for the full year of FY2016 decreased by 2% compared to FY2015. The reduction in selling, general and administrative expenses resulting from the lower sales was offset by an increase in legal expenses for on-going litigation in the first three quarters of FY2016.

Research and development expenses in the fourth quarter and full year of FY2016 decreased by 33% and 22%, respectively, compared to the same periods in the corresponding year. Excluding employee severance charges in the first quarter of FY2016, research and development expenses in the full year of FY2016 decreased by 34% compared to FY2015. The decrease in research and development expenses was due mainly to cost cutting actions taken by management.

Other gains of US\$5.3 million in the fourth quarter of FY2016 were due mainly to US\$5.2 million write-back of subcontract accruals made in prior years, in respect of potential claims under certain agreements, which are no longer required. Other gains of US\$41.5 million in FY2016 were due mainly to US\$33.5 million proceeds from settlements in patent lawsuit, US\$2.7 million gain on disposal of investments and US\$5.2 million from write-back of subcontract accruals. Other gains of US\$9.1 million in the fourth quarter of FY2015 were due mainly to gain on disposal of investments of US\$7.3 million and foreign gain of US\$1.8 million. Other gains of US\$9.6 million in FY2015 were due mainly to a US\$9.2 million gain on disposal of investments and US\$0.4 million gain on disposal of a property owned by a subsidiary in Ireland.

Other losses of US\$0.3 million in the fourth quarter of FY2016 were due mainly to impairment loss on investments of US\$0.2 million and foreign exchange loss of US\$0.1 million. Other losses of US\$1.4 million in FY2016 were due mainly to US\$0.9 million impairment loss on investments and US\$0.4 million foreign exchange loss. Other losses of US\$3.5 million in the fourth quarter of FY2015 were due mainly to impairment loss on investments. Other losses of US\$16.8 million in FY2015 were due mainly to foreign exchange loss of US\$12.1 million and impairment loss on investments of US\$4.7 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 profit (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 fourth quarter of FY2016 was due mainly to the depreciation of British Pound and Euro against the US dollar, partially offset by appreciation of Japanese Yen against the US dollar. The exchange loss for FY2016 was due mainly to depreciation of Singapore dollar against the US dollar in the first quarter of FY2016. The exchange gain in the fourth quarter of FY2015 was due mainly to appreciation of Singapore dollar, Euro and British Pound against the US dollar, and the exchange loss for FY2015 was due mainly to depreciation of Singapore dollar, Euro, British Pound and Japanese Yen against the US dollar in the first three quarters of FY2015.

Income tax expense of US\$8.0 million in FY2016 was due mainly to US\$7.8 million withholding tax payments relating to the proceeds from the patent lawsuit settlements, and US\$0.4 million adjustment to the Group's provision for transfer pricing and withholding tax exposure of foreign subsidiaries. Income tax credit of US\$0.7 million in FY2015 was due mainly to a US\$0.8 million write-back of deferred tax liabilities in the fourth quarter of FY2015 pertaining to an adjustment to the Group's provision for transfer pricing and withholding tax exposure of foreign subsidiaries.

### **BALANCE SHEETS**

The decrease in cash and cash equivalents was due mainly to net cash used in operating activities (see below). The decrease in trade receivables and inventories were in line with the lower level of sales. The decrease in available-for-sale financial assets was due mainly to disposal of investments and fair value losses in revaluation of investments. Trade payables at June 2016 was lower compared to June 2015. The higher trade payables as at June 2015 was due mainly to a payment cycle crossing over year end closing on 26 June 2015. The decrease in accrued liabilities and provisions were due mainly to the write-back of subcontract accruals and lower level of operating activities.

### **CONSOLIDATED STATEMENTS OF CASH FLOWS**

Net cash used in operating activities was US\$5.7 million in FY2016 (FY2015: US\$26.0 million). Despite a net profit in FY2016, net cash used in operating activities was US\$5.7 million due to significant reduction in trade payables and accrued liabilities and provisions.

Net cash provided by investing activities of US\$1.6 million in FY2016 (FY2015: US\$15.1 million) was due mainly to US\$2.8 million proceeds from sale of investments, offset partially by purchase of available-for-sale financial assets US\$0.5 million and loan to an associated company US\$0.7 million.

Net cash provided by financing activities in FY2016 was not material (FY2015: US\$2.7 million used).

## **13 VARIANCE FROM PROSPECT STATEMENT**

There has been no significant variance in the operating performance of the Group in the fourth quarter of FY2016 as compared to the prospect statement disclosed in the announcement of results for the third quarter ended 31 March 2016.

## **14 PROSPECTS**

For the current financial year, the Group expects no significant change in the market conditions and overall market for the Group's products remain challenging. For the current quarter, revenue 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 fourth quarter of FY2016 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
<b>GROUP</b>				
<b>2016</b>				
<b>Sales</b>	42,459	14,608	27,507	84,574
<b>(Loss) profit after total expenses</b>	(31,086)	806	1,167	(29,113)
Other income	337	1	16	354
Other gains	41,438	-	100	41,538
Other losses	(1,076)	(1)	(293)	(1,370)
Share of loss of associated companies	(724)	-	-	(724)
Profit before income tax	8,889	806	990	10,685
Income tax (expense) credit	(7,301)	335	(1,007)	(7,973)
<b>Net profit (loss)</b>	<b>1,588</b>	<b>1,141</b>	<b>(17)</b>	<b>2,712</b>
<b>Other segment items</b>				
Additions to				
- property and equipment	53	-	1	54
Depreciation	466	66	3	535
Impairment of available-for sale financial assets	(945)	-	-	(945)
<b>Segment assets</b>	<b>131,341</b>	<b>7,461</b>	<b>3,375</b>	<b>142,177</b>
<b>Segment liabilities</b>	<b>27,194</b>	<b>3,785</b>	<b>12,698</b>	<b>43,677</b>
<b>GROUP</b>				
<b>2015</b>				
<b>Sales</b>	51,699	16,680	31,103	99,482
<b>(Loss) profit after total expenses</b>	(26,418)	450	(1,367)	(27,335)
Other income	398	1	53	452
Other gains	9,201	3	404	9,608
Other losses	(15,558)	-	(1,290)	(16,848)
(Loss) profit before income tax	(32,377)	454	(2,200)	(34,123)
Income tax credit (expense)	5,242	(12)	(4,498)	732
<b>Net (loss) profit</b>	<b>(27,135)</b>	<b>442</b>	<b>(6,698)</b>	<b>(33,391)</b>
<b>Other segment items</b>				
Additions to				
- property and equipment	91	8	-	99
Depreciation	574	70	67	711
Impairment of available-for sale financial assets	(4,725)	-	-	(4,725)
<b>Segment assets</b>	<b>139,622</b>	<b>8,780</b>	<b>10,935</b>	<b>159,337</b>
<b>Segment liabilities</b>	<b>40,678</b>	<b>4,130</b>	<b>12,821</b>	<b>57,629</b>

Summary of net sales by country:

	<b>GROUP</b>	
	<b>30 June 2016 US\$'000</b>	<b>30 June 2015 US\$'000</b>
Singapore	35,673	45,401
United States of America	14,608	16,680
Ireland	27,507	31,103
Other countries	6,786	6,298
	<u>84,574</u>	<u>99,482</u>

Summary of net sales by product category:

	<b>GROUP</b>	
	<b>30 June 2016 US\$'000</b>	<b>30 June 2015 US\$'000</b>
Audio, speakers and headphones	77,779	90,216
Personal digital entertainment	2,774	5,101
Other products	4,021	4,165
	<u>84,574</u>	<u>99,482</u>

Summary of property and equipment by country:

	<b>GROUP</b>	
	<b>30 June 2016 US\$'000</b>	<b>30 June 2015 US\$'000</b>
Singapore	145	569
United States of America	719	786
Ireland	1	3
Other countries	5	3
	<u>870</u>	<u>1,361</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' 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**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Low Ting Pong	68	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  
25 AUGUST 2016