

# CREATIVE TECHNOLOGY LTD

## SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 JUNE 2020 FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

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**UNAUDITED RESULTS FOR THE SECOND HALF YEAR AND FINANCIAL YEAR ENDED 30 JUNE 2020**

**1 CONSOLIDATED INCOME STATEMENT**

	GROUP			GROUP		
	Six months ended			Financial year ended		
	2020	2019	% change	2020	2019	% change
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Sales, net	29,945	25,498	17	61,155	54,924	11
Cost of goods sold	(21,565)	(18,131)	19	(44,059)	(38,943)	13
<b>Gross profit</b>	<b>8,380</b>	<b>7,367</b>	14	<b>17,096</b>	<b>15,981</b>	7
Expenses:						
Selling, general and administrative	(11,579)	(13,763)	(16)	(22,826)	(27,077)	(16)
Research and development	(6,804)	(6,579)	3	(13,340)	(13,259)	1
<b>Total expenses</b>	<b>(18,383)</b>	<b>(20,342)</b>	(10)	<b>(36,166)</b>	<b>(40,336)</b>	(10)
Interest income	499	928	(46)	1,215	1,756	(31)
Other income	1,624	-	100	1,624	1	n.m.
Other (losses) gains	(1,098)	17,671	n.m.	(1,066)	17,161	n.m.
Interest expense on lease liabilities	(139)	-	100	(288)	-	100
<b>(Loss) profit before income tax</b>	<b>(9,117)</b>	<b>5,624</b>	n.m.	<b>(17,585)</b>	<b>(5,437)</b>	n.m.
Income tax credit	11	1,567	(99)	16	1,606	(99)
<b>Net (loss) profit</b>	<b>(9,106)</b>	<b>7,191</b>	n.m.	<b>(17,569)</b>	<b>(3,831)</b>	n.m.
<b>Attributable to:</b>						
Equity holders of the Company	(9,103)	7,200	n.m.	(17,572)	(3,835)	n.m.
Non-controlling interests	(3)	(9)	(67)	3	4	(25)
(Loss) earnings per share attributable to equity holders of the Company						
- Basic (US\$ per share)	(0.13)	0.10	n.m.	(0.25)	(0.05)	n.m.
- Diluted (US\$ per share)	(0.13)	0.10	n.m.	(0.25)	(0.05)	n.m.

n.m. - not meaningful

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

	<b>GROUP</b>			<b>GROUP</b>		
	<b>Six months ended</b>			<b>Financial year ended</b>		
	<b>30 June</b>			<b>30 June</b>		
	<b>2020</b>	<b>2019</b>	<b>% change</b>	<b>2020</b>	<b>2019</b>	<b>% change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>+ / (-)</b>
Write-off/write-down for inventory obsolescence	(688)	(380)	81	(1,735)	(1,571)	10
(Allowance made)/write-back for provision for bad debts	(178)	25	n.m.	442	15	n.m.
Depreciation	(1,261)	(61)	n.m.	(2,240)	(151)	n.m.
Fair value loss on financial assets at FVPL	(1,244)	(453)	n.m.	(889)	(453)	96
Foreign exchange gain (loss)	67	205	(67)	(322)	(351)	(8)
Grant income	1,624	-	100	1,624	-	100
Litigation settlement	-	17,880	(100)	-	17,880	(100)

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

	<b>GROUP</b>		
	<b>Financial year ended 30 June 2020</b>	<b>Financial year ended 30 June 2019</b>	<b>% change + / (-)</b>
	<b>US\$'000</b>	<b>US\$'000</b>	
<b><u>First Half Year</u></b>			
(a) Sales	31,210	29,426	6
(b) Net loss	(8,463)	(11,022)	(23)
<b><u>Second Half Year</u></b>			
(a) Sales	29,945	25,498	17
(b) Net (loss) profit	(9,106)	7,191	n.m.

## 2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	GROUP			GROUP		
	Six months ended			Financial year ended		
	30 June			30 June		
2020	2019	% change	2020	2019	% change	
US\$'000	US\$'000	+ / (-)	US\$'000	US\$'000	+ / (-)	
Net (loss) profit	(9,106)	7,191	n.m.	(17,569)	(3,831)	n.m.
Other comprehensive (loss) income:						
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 (loss) gain	<u>(264)</u>	<u>2,387</u>	n.m.	<u>(128)</u>	<u>1,369</u>	n.m.
Total comprehensive (loss) income for the period/year	<u>(9,370)</u>	<u>9,578</u>	n.m.	<u>(17,697)</u>	<u>(2,462)</u>	n.m.
Attributable to:						
Shareholders of the Company	(9,367)	9,587	n.m.	(17,700)	(2,466)	n.m.
Non-controlling interests	(3)	(9)	(67)	3	4	(25)
Total comprehensive (loss) income for the period/year	<u>(9,370)</u>	<u>9,578</u>	n.m.	<u>(17,697)</u>	<u>(2,462)</u>	n.m.

### 3 BALANCE SHEETS

	Group		Company	
	30 June 2020 US\$'000	30 June 2019 US\$'000	30 June 2020 US\$'000	30 June 2019 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets:</b>				
Cash and cash equivalents	96,770	107,766	93,706	102,639
Trade receivables	5,215	4,441	158	134
Amounts due from subsidiaries	-	-	3,313	9,822
Inventories	12,328	15,279	409	1,476
Other current assets	2,712	1,316	525	312
	<b>117,025</b>	<b>128,802</b>	<b>98,111</b>	<b>114,383</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss (FVPL)	918	1,847	-	-
Financial assets at fair value through other comprehensive income (FVOCI)	6,085	6,213	-	-
Amounts due from subsidiaries	-	-	6,921	8,915
Investments in subsidiaries	-	-	12,222	13,865
Property and equipment	877	677	73	82
Right-of-use assets	5,403	-	5,001	-
Other non-current assets	156	156	-	-
	<b>13,439</b>	<b>8,893</b>	<b>24,217</b>	<b>22,862</b>
<b>Total assets</b>	<b>130,464</b>	<b>137,695</b>	<b>122,328</b>	<b>137,245</b>
<b><u>LIABILITIES</u></b>				
<b>Current liabilities:</b>				
Trade payables	6,427	3,908	285	285
Amounts due to subsidiaries	-	-	13,028	20,757
Accrued liabilities and provisions	15,207	13,096	7,343	7,169
Contract liabilities	2,102	1,804	-	2
Lease liabilities	2,103	-	1,775	-
Current income tax liabilities	1	6	-	-
	<b>25,840</b>	<b>18,814</b>	<b>22,431</b>	<b>28,213</b>
<b>Non-current liabilities:</b>				
Amounts due to subsidiaries	-	-	36,421	36,953
Lease liabilities	3,435	-	3,358	-
Deferred income tax liabilities	8,826	8,826	-	-
	<b>12,261</b>	<b>8,826</b>	<b>39,779</b>	<b>36,953</b>
<b>Total liabilities</b>	<b>38,101</b>	<b>27,640</b>	<b>62,210</b>	<b>65,166</b>
<b>NET ASSETS</b>	<b>92,363</b>	<b>110,055</b>	<b>60,118</b>	<b>72,079</b>
<b><u>EQUITY</u></b>				
Share capital	266,753	266,753	266,753	266,753
Treasury shares	(16,035)	(16,035)	(16,035)	(16,035)
Fair value reserve	836	964	-	-
Other reserves	40,652	45,628	27,113	32,089
Accumulated losses	(200,164)	(187,573)	(217,713)	(210,728)
	92,042	109,737	60,118	72,079
Non-controlling interests	321	318	-	-
<b>Total equity</b>	<b>92,363</b>	<b>110,055</b>	<b>60,118</b>	<b>72,079</b>

#### 4 CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>GROUP</b>	
	<b>Financial year ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities:</b>		
Net loss	(17,569)	(3,831)
Adjustments for:		
Income tax credit	(16)	(1,606)
Depreciation	2,240	151
Employee share-based expense	-	(524)
Loss (gain) on disposal of property and equipment	1	(1)
Fair value loss on financial assets at FVPL	889	453
Currency translation loss	560	347
Dividend income	-	(1)
Interest income	(1,215)	(1,756)
Interest expense on lease liabilities	288	-
	<u>(14,822)</u>	<u>(6,768)</u>
Changes in working capital		
Trade receivables	(774)	1,535
Inventories	2,951	1,303
Other assets and receivables	(1,453)	(90)
Trade payables	2,519	(1,908)
Accrued liabilities and provisions	2,051	(1,784)
Contract liabilities	298	(1,148)
Cash used in operations	<u>(9,230)</u>	<u>(8,860)</u>
Interest received	1,272	1,764
Income tax received	11	11
<b>Net cash used in operating activities</b>	<u><b>(7,947)</b></u>	<u><b>(7,085)</b></u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(418)	(81)
Proceeds from sale of property and equipment	-	2
Proceeds from sale of financial assets at FVPL	40	607
Proceeds from sale of financial assets at FVOCI	-	186
Purchase of financial assets at FVOCI	-	(335)
Dividend received	-	1
<b>Net cash (used in) provided by investing activities</b>	<u><b>(378)</b></u>	<u><b>380</b></u>
<b>Cash flows from financing activities:</b>		
Unclaimed dividends	5	1
Repayment of lease liabilities	(1,655)	-
Interest paid on lease liabilities	(288)	-
<b>Net cash (used in) provided by financing activities</b>	<u><b>(1,938)</b></u>	<u><b>1</b></u>
<b>Net decrease in cash and cash equivalents</b>	<b>(10,263)</b>	<b>(6,704)</b>
Cash and cash equivalents at beginning of financial year	107,766	114,817
Effects of currency translation on cash and cash equivalents	(733)	(347)
<b>Cash and cash equivalents at end of the period</b>	<u><b>96,770</b></u>	<u><b>107,766</b></u>

## 5 STATEMENTS OF CHANGES IN EQUITY

### 5(a) Statements of Changes in Equity of 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>FY2020</b>								
<b>Balance at 1 July 2019</b>	266,753	(16,035)	964	45,628	(187,573)	109,737	318	110,055
Loss for the year	-	-	-	-	(17,572)	(17,572)	3	(17,569)
Other comprehensive loss for the year	-	-	(128)	-	-	(128)	-	(128)
<b>Total comprehensive loss for the year</b>	-	-	(128)	-	(17,572)	(17,700)	3	(17,697)
Unclaimed dividends	-	-	-	-	5	5	-	5
Transfer of other reserves upon liquidation of subsidiary companies	-	-	-	(4,976)	4,976	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	-	-	-	(4,976)	4,981	5	-	5
<b>Balance at 30 June 2020</b>	<b>266,753</b>	<b>(16,035)</b>	<b>836</b>	<b>40,652</b>	<b>(200,164)</b>	<b>92,042</b>	<b>321</b>	<b>92,363</b>
<b>FY2019</b>								
<b>Balance at 1 July 2018</b>	266,753	(16,262)	(220)	62,279	(199,824)	112,726	314	113,040
Loss for the year	-	-	-	-	(3,835)	(3,835)	4	(3,831)
Other comprehensive loss for the year	-	-	1,369	-	-	1,369	-	1,369
<b>Total comprehensive loss for the year</b>	-	-	1,369	-	(3,835)	(2,466)	4	(2,462)
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	227	-	(227)	-	-	-	-
Employee share-based expense	-	-	-	(524)	-	(524)	-	(524)
Unclaimed dividends	-	-	-	-	1	1	-	1
Transfer fair value reserves upon disposal of investments	-	-	(185)	-	185	-	-	-
Transfer of other reserves upon liquidation of subsidiary companies	-	-	-	(15,900)	15,900	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	-	227	(185)	(16,651)	16,086	(523)	-	(523)
<b>Balance at 30 June 2019</b>	<b>266,753</b>	<b>(16,035)</b>	<b>964</b>	<b>45,628</b>	<b>(187,573)</b>	<b>109,737</b>	<b>318</b>	<b>110,055</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>FY2020</b>					
<b>Balance at 1 July 2019</b>	266,753	(16,035)	32,089	(210,728)	72,079
Total comprehensive loss for the year	-	-	-	(11,966)	(11,966)
Unclaimed dividends	-	-	-	5	5
Transfer of other reserves upon liquidation of subsidiary companies	-	-	(4,976)	4,976	-
<b>Balance at 30 June 2020</b>	<b>266,753</b>	<b>(16,035)</b>	<b>27,113</b>	<b>(217,713)</b>	<b>60,118</b>
<b>FY2019</b>					
<b>Balance at 1 July 2018</b>	266,753	(16,262)	34,815	(196,905)	88,401
Total comprehensive loss for the year	-	-	-	(15,799)	(15,799)
Utilisation of treasury shares for shares issued under employee options plans and performance share plan	-	227	(227)	-	-
Employee share-based expense	-	-	(524)	-	(524)
Unclaimed dividends	-	-	-	1	1
Transfer of other reserves upon liquidation of subsidiary companies	-	-	(1,975)	1,975	-
<b>Balance at 30 June 2019</b>	<b>266,753</b>	<b>(16,035)</b>	<b>32,089</b>	<b>(210,728)</b>	<b>72,079</b>

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

### Issued and paid up capital

As at 30 June 2020, the Company's issued and paid up capital excluding treasury shares comprises 70,396,649 (30 June 2019: 70,396,649) ordinary shares.

As at 30 June 2020, the Company's issued and paid up share capital was US\$266.8 million (31 December 2019: US\$266.8 million).

### Employee share options plan

During the extraordinary general meeting in October 2019, the shareholders have approved the adoption of the Creative Share Option Scheme (2019) (the "2019 Scheme"). As at 30 June 2020, no share options were granted under the 2019 Scheme.

All outstanding share options granted under the Company's (1999) Share Option Scheme have expired in FY2018.

### Employee performance share plan

As at 30 June 2019, there were no outstanding awards pursuant to the Employee Performance Share Plan to eligible employees and directors of the Company and its subsidiaries.

During the second half year of FY2019, the Company issued 65,000 ordinary shares pursuant to the Employee Performance Share Plan.

### Treasury shares

As at 30 June 2020, the Company held 4,603,351 (30 June 2019: 4,603,351) treasury shares against 70,396,649 (30 June 2019: 70,396,649) issued ordinary shares excluding treasury shares.

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

	Six months ended	
	30 June	
	2020	2019
Balance at beginning of period	4,603,351	4,668,351
Issued for Employee Performance Share Plan	-	(65,000)
Balance at end of period	<u>4,603,351</u>	<u>4,603,351</u>

## 6 GROUP BORROWINGS

	GROUP	
	30 June 2020 US\$'000	30 June 2019 US\$'000
<b>Amount repayable:</b>		
<u>In one year or less, or on demand</u>		
Secured	2,103	-
Unsecured	-	-
	<u>2,103</u>	<u>-</u>
<u>After one year</u>		
Secured	3,435	-
Unsecured	-	-
	<u>3,435</u>	<u>-</u>
Total	<u>5,538</u>	<u>-</u>

Secured borrowings relate to lease liabilities on adoption of SFRS(I) 16 *Leases*, secured over right-of-use assets.

## 7 NET ASSET VALUE

	GROUP		COMPANY	
	30 June 2020 US\$	30 June 2019 US\$	30 June 2020 US\$	30 June 2019 US\$
Net asset value per ordinary share based on issued capital at the end of the period/year	1.31	1.56	0.85	1.02

## 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 2019.

## 11 CHANGES IN ACCOUNTING POLICIES

The Group has adopted SFRS(I) 16 *Leases* which is mandatorily effective for the Group from 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Under the new standard, a lessee recognizes a right-of-use asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments in the statement of financial position. Depreciation charges on the right-of-use assets and interest expense on the lease liability are recorded in the income statement.

Lease payments are classified as financing cash flows in the statement of cash flows. Lessor accounting remains largely similar to the previous accounting standard.

As at 1 July 2019, right-of-use assets and lease liabilities recorded by the Group under SFRS(I) 16 was US\$6.7 million.

## 12 REVIEW OF GROUP PERFORMANCE

### **CONSOLIDATED INCOME STATEMENT**

#### **Net Sales**

Net sales for FY2020 increased by 11% compared to FY2019 due mainly to increase in revenue in the second half year of FY2020. In the first half year of FY2020, revenue increase was 6% compared to the first half year of FY2019. In the second half year of FY2020, despite the downturn in the global economy resulting from the outbreak of the COVID-19 pandemic, revenue grew by 17% compared to the same period in FY2019. In particular, there was a significant growth in revenue in the fourth quarter of FY2020. Net sales in the third quarter of FY2020 was US\$13.7 million compared to US\$12.7 million in the third quarter of FY2019, an increase of 8%. Net sales in the fourth quarter of FY2020 was US\$16.3 million compared to US\$12.8 million in the fourth quarter of FY2019, an increase of 27%. In the second half year of FY2020, there was an increase in revenue from new products launched during the financial year. In addition, in the fourth quarter of FY2020, despite the various lockdown measures imposed in many countries around the world in response to the outbreak of the COVID-19 pandemic, there was a substantial increase in sales of certain audio, speaker and headphone products.

Growth in revenue in FY2020 was mainly contributed by the Americas and Europe regions with increases of 37% and 23% respectively. In the Asia Pacific region, sales declined by 5% compared to FY2019.

#### **Gross Profit**

Gross profit margin at 28% in the second half year and full year of FY2020 was slightly lower compared to 29% in the second half year and full year of FY2019 due mainly to an increased in cost of sales for certain products sold in the US resulting from US tariffs levied on these products from China. Gross profit margin in the second half year and full year of FY2020 was in line with the sales mix.

#### **Net (Loss) Profit**

Net loss for the second half year of FY2020 was US\$9.1 million compared to net profit of US\$7.2 million in the second half year of FY2019. Net loss in the second half year of FY2020 includes interest income of US\$0.5 million, other income of US\$1.6 million and other losses (net) of US\$1.1 million compared to interest income of US\$0.9 million and other gains (net) of US\$17.7 million in the second half year of FY2019.

Net loss in FY2020 was US\$17.6 million compared to US\$3.8 million in FY2019. Net loss in FY2020 includes interest income of US\$1.2 million, other income of US\$1.6 million and other losses (net) of US\$1.1 million. Net loss in FY2019 includes interest income of US\$1.8 million and other gains (net) of US\$17.2 million.

Selling, general and administrative expenses in the second half year and full year of FY2020 decreased by 16% compared to the second half year and full year of FY2019. The decrease in selling, general and administrative expenses was due mainly to lower legal expenses for on-going litigations.

Research and development expenses in the second half year and full year of FY2020 remained at about the same level compared to the same periods in the corresponding year.

Other income of US\$1.6 million in the second half year and full year of FY2020 relates to grant income pertaining to COVID-19 relief packages.

Other losses (net) of US\$1.1 million in the second half year of FY2020 were due mainly to US\$1.2 million fair value loss on financial assets at FVPL. Other gains (net) of US\$17.7 million in the second half year 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 losses (net) of US\$1.1 million in FY2020 were due mainly to US\$0.9 million fair value loss on financial assets at FVPL and foreign exchange loss of US\$0.3 million. Other gains (net) of US\$17.2 million in FY2019 were due mainly to US\$17.9 million received from settlement of patent lawsuits, offset partially by US\$0.5 million fair value loss on financial assets at FVPL and US\$0.3 million exchange loss.

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 difference in the second half year of FY2020 was not material. The exchange loss in FY2020 was due mainly to depreciation of Singapore dollar, Euro and British Pound against the US dollar. The exchange gain in the second half year of FY2019 was due mainly to appreciation of Singapore dollar, British Pound and Japanese Yen against the US dollar, offset partially by the depreciation of Euro against the US dollar. The exchange loss in FY2019 was due mainly to the depreciation of Euro and British Pound against the US dollar, offset partially by an appreciation of Singapore dollar and Japanese Yen against the US dollar.

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

### **BALANCE SHEETS**

The decrease in cash and cash equivalents was due to net cash used in operating activities (see below). The decrease in financial assets at FVPL was due mainly to fair value loss on revaluation. Right-of-use assets and lease liabilities as at 30 June 2020 were in relation to the adoption of SFRS(I) 16 on 1 July 2019. The higher trade receivables were in line with the sales increase. The decrease in inventory was due to increased sales towards the end of FY2020. The increase in other current assets was due to government grant receivable from the COVID-19 relief packages. The higher trade payables as at June 2020 was due mainly to the regular month end payment cycle falling after the year end closing date on 26 June 2020. The increase in accrued liabilities and provisions was due mainly to deferred grant income pertaining to the COVID-19 relief packages and increase in operating activities.

### **CONSOLIDATED STATEMENT OF CASH FLOWS**

Net cash used in operating activities of US\$7.9 million in FY2020 was due to operating loss for the period, offset partially by decrease in inventory and increase in trade payables and accrued liabilities and provisions. Net cash used in operating activities was US\$7.1 million in FY2019 due mainly to operating loss, offset partially by US\$17.9 million received from settlement of patent lawsuits.

Cash flows from investing activities were not material.

Net cash used in financing activities of US\$1.9 million in FY2020 (FY2019: not material) was due mainly to payment of lease and interest on lease liabilities in relation to the adoption of SFRS(I) 16.

## **13 VARIANCE FROM PROSPECT STATEMENT**

There has been no significant variance in the operating performance of the Group in the second half year of FY2020 as compared to the prospect statement disclosed in the announcement of results for the first half year of FY2020.

## **14 PROSPECTS**

There is significant uncertainty in the pace of economic recovery from the COVID-19 pandemic and the outlook for the global economy, in addition to the on-going trade tensions. For the current financial year, the new products introduced are expected to continue to drive revenue growth for the Group. The ongoing COVID-19 restrictive measures, including restrictions on entertainment venues, home-based learning and work from home arrangements, may also provide additional growth opportunities for the Group's products that address the demand for a better audio experience for home entertainment, home-based learning and working from home.

For the financial year and first half year of FY2021, the Group expects to increase revenue from the current level and a reduction in operating loss.

## 15 DIVIDEND

No dividends have been recommended in the second half year of FY2020 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>2020</b>				
<b>Sales</b>	26,839	15,063	19,253	61,155
<b>(Loss) profit after total expenses</b>	(20,402)	706	626	(19,070)
Interest income	1,212	3	-	1,215
Other income	1,624	-	-	1,624
Other gains	131	-	15	146
Other losses	(1,142)	-	(70)	(1,212)
Interest expense on lease liabilities	(281)	(2)	(5)	(288)
(Loss) profit before income tax	(18,858)	707	566	(17,585)
Income tax (expense) credit	(26)	(3)	45	16
<b>Net (loss) profit</b>	<b>(18,884)</b>	<b>704</b>	<b>611</b>	<b>(17,569)</b>
<b>Other segment items</b>				
Additions to property and equipment	416	-	2	418
Depreciation	(2,071)	(68)	(101)	(2,240)
Fair value loss on financial assets at FVPL	(889)	-	-	(889)
<b>Segment assets</b>	<b>119,497</b>	<b>5,317</b>	<b>5,650</b>	<b>130,464</b>
<b>Segment liabilities</b>	<b>24,517</b>	<b>1,439</b>	<b>12,145</b>	<b>38,101</b>
	ASIA PACIFIC US\$'000	THE AMERICAS US\$'000	EUROPE US\$'000	TOTAL US\$'000
<b>GROUP</b>				
<b>2019</b>				
<b>Sales</b>	28,249	10,971	15,704	54,924
<b>(Loss) profit after total expenses</b>	(24,186)	590	(759)	(24,355)
Interest income	1,752	4	-	1,756
Other income	1	-	-	1
Other gains	17,957	-	8	17,965
Other losses	(715)	-	(89)	(804)
(Loss) profit before income tax	(5,191)	594	(840)	(5,437)
Income tax expense	(2)	1,583	25	1,606
<b>Net (loss) profit</b>	<b>(5,193)</b>	<b>2,177</b>	<b>(815)</b>	<b>(3,831)</b>
<b>Other segment items</b>				
Additions to property and equipment	81	-	-	81
Depreciation	(117)	(27)	(7)	(151)
Impairment of available-for sale financial assets	(453)	-	-	(453)
<b>Segment assets</b>	<b>127,194</b>	<b>5,050</b>	<b>5,451</b>	<b>137,695</b>
<b>Segment liabilities</b>	<b>14,909</b>	<b>979</b>	<b>11,752</b>	<b>27,640</b>

Summary of net sales by country:

	<b>GROUP</b>	
	<b>30 June 2020 US\$'000</b>	<b>30 June 2019 US\$'000</b>
Singapore	17,939	20,142
United States of America	15,063	10,971
Ireland	19,253	15,704
Other countries	8,900	8,107
	<u>61,155</u>	<u>54,924</u>

Summary of net sales by product category:

	<b>GROUP</b>	
	<b>30 June 2020 US\$'000</b>	<b>30 June 2019 US\$'000</b>
Audio, speakers and headphones	59,923	53,046
Personal digital entertainment	958	1,465
Other products	274	413
	<u>61,155</u>	<u>54,924</u>

Summary of property and equipment by country:

	<b>GROUP</b>	
	<b>30 June 2020 US\$'000</b>	<b>30 June 2019 US\$'000</b>
Singapore	307	107
United States of America	563	564
Other countries	7	6
	<u>877</u>	<u>677</u>

## **17 INTERESTED PERSON TRANSACTIONS**

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

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

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

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

<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	72	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  
27 August 2020