



DATAPULSE TECHNOLOGY

Company Registration No. 198002677D

Datapulse Technology Limited

First Quarter Financial Statements and Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss

GROUP	Three Months	Three Months	Change %
	Ended 31.10.17 \$'000	Ended 31.10.16 \$'000	
<u>Continuing operations</u>			
Revenue	3,885	5,650	(31.2)
Other income	117	111	5.4
	<u>4,002</u>	<u>5,761</u>	(30.5)
Changes in inventories and raw materials usage	(1,001)	(1,405)	(28.8)
Staff costs	(1,745)	(2,207)	(20.9)
Depreciation	(560)	(717)	(21.9)
Impairment loss recognised on property, plant and equipment	(1,354)	-	100.0
Other operating expenses	(673)	(795)	(15.3)
Total operating expenses	<u>(5,333)</u>	<u>(5,124)</u>	4.1
(Loss)/Profit before tax	(1,331)	637	NM
Income tax expense	-	-	-
(Loss)/Profit from continuing operations	(1,331)	637	NM
<u>Discontinued Operations**</u>			
Profit from discontinued operations (net of tax)	-	5,549	NM
(Loss)/Profit for the period attributable to owners of the Company	(1,331)	6,186	(121.5)

** The Group had on 7 July 2016 entered into a share sale and purchase agreement to dispose of its entire shareholding in One Global Inc ("OGI"), a wholly-owned subsidiary in Taiwan. Accordingly, the results of OGI were disclosed as discontinued operations in the Group's statement of profit or loss. The disposal was completed on 19 August 2016.

NM: Not meaningful.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Consolidated Statement of Comprehensive income

GROUP	Three Months	Three Months	Change
	Ended	Ended	
	31.10.17	31.10.16	%
	\$'000	\$'000	
(Loss)/Profit for the period	(1,331)	6,186	(121.5)
<u>Other comprehensive income</u>			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	-	299	NM
Other comprehensive income attributable to owners of the Company	-	299	NM
Other comprehensive income for the period	-	299	NM
Total comprehensive income for the period attributable to owners of the Company	(1,331)	6,485	(120.5)

Notes

Other income:

	Three Months Ended 31.10.17	Three Months Ended 31.10.16	Change %
	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000
Gain on disposal of a foreign subsidiary	-	-	-
Interest income	101	-	101
Sundry income	16	-	16
	117	-	117

Other operating expenses include the following items:

	Three Months Ended 31.10.17	Three Months Ended 31.10.16	Change %
	Continuing operations	Discontinued operations	Total
	\$'000	\$'000	\$'000
Exchange loss / (gain)	(2)	-	(2)
	(277)	-	(277)

NM: Not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

	GROUP			COMPANY		
	31.10.17	31.07.17	Change	31.10.17	31.07.17	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets						
Property, plant and equipment [^]	823	2,731	(69.9)	823	2,731	(69.9)
Subsidiaries	-	-	-	- #	- #	-
	823	2,731	(69.9)	823	2,731	(69.9)
Current assets						
Inventories	1,517	784	93.5	1,517	784	93.5
Trade and other receivables	3,767	1,322	184.9	2,407	1,322	82.1
Cash and bank balances	43,018	39,522	8.8	43,006	39,510	8.8
Assets held for sale*	8,310	8,310	-	8,310	8,310	-
	56,612	49,938	13.4	55,240	49,926	10.6
Total assets	57,435	52,669	9.0	56,063	52,657	6.5
Company						
Share capital	32,992	32,992	-	32,992	32,992	-
Reserves	15,596	16,927	(7.9)	9,482	10,813	(12.3)
Total equity	48,588	49,919	(2.7)	42,474	43,805	(3.0)
Non-current liabilities						
Deferred tax liabilities	370	370	-	370	370	-
	370	370	-	370	370	-
Current liabilities						
Trade and other payables	8,477	2,380	256.2	8,477	2,380	256.2
Amounts due to subsidiaries	-	-	-	4,742	6,102	(22.3)
	8,477	2,380	256.2	13,219	8,482	55.8
Total liabilities	8,847	2,750	221.7	13,589	8,852	53.5
Total equity and liabilities	57,435	52,669	9.0	56,063	52,657	6.5

NM: Not meaningful

#: Amount less than \$50

Notes:

[^] Includes impairment loss recognized on property, plant and equipment of \$1.4 million during the quarter. The recoverable amount is estimated based on the value in use derived using certain assumptions regarding the intended use of property, plant and equipment as at 31 October 2017.

* On 26 July 2017, the Company granted an option to purchase to an independent third party purchaser for the sale of its leasehold property at a consideration of \$53.5 million. The sale of the leasehold property is expected to be completed within the next 12 months. Accordingly, the leasehold property has been presented as "Assets held for sale" as at 31 July 2017 and 31 October 2017.

(b)(ii) Aggregate amount of the group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31.10.17		As at 31.07.17	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31.10.17		As at 31.07.17	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.
Consolidated Statement of Cash Flows

	Three Months Ended 31.10.17 \$'000	Three Months Ended 31.10.16 \$'000
GROUP		
<u>Operating activities</u>		
(Loss)/Profit for the period	(1,331)	6,186
Adjustments for:		
Depreciation	560	717
Gain on disposal of a foreign subsidiary	-	(5,549)
Impairment loss recognised on property, plant and equipment	1,354	-
Interest income	(101)	(106)
	<u>482</u>	<u>1,248</u>
Changes in working capital:		
Inventories	(733)	221
Trade and other receivables	(1,143)	(1,753)
Trade and other payables	943	1,092
Cash (used in)/generated from operations	<u>(451)</u>	<u>808</u>
Income tax paid, net	-	(2)
Net cash (used in)/from operating activities	<u>(451)</u>	<u>806</u>
<u>Investing activities</u>		
Deposit received for disposal of leasehold building	5,152	-
Cash in escrow account in relation of disposal of leasehold building	(5,152)	-
Deposit and stamp duty paid for purchase of leasehold building	(1,360)	-
Fixed deposits with maturity of more than three months	-	(6,050)
Interest received	156	100
Proceeds from disposal of discontinued operations, net of cash disposed of	-	5,423
Purchase of plant and equipment	(6)	(13)
Net cash used in investing activities	<u>(1,210)</u>	<u>(540)</u>
Net (decrease)/increase in cash and cash equivalents	(1,661)	266
Cash and cash equivalents at beginning of period *	39,522	32,080
Effect of exchange rate changes on balances held in foreign currency	5	(170)
Cash and cash equivalents at end of period	<u>37,866</u>	<u>32,176</u>
<u>Note</u>		
Cash and bank balances at end of period comprise the following:		
Fixed deposits with maturity of more than three months	-	6,050
Cash in escrow account in relation of disposal of leasehold building	5,152	-
Cash and cash equivalents	<u>37,866</u>	<u>32,176</u>
Cash and cash equivalents at end of period in the statement of financial position	<u>43,018</u>	<u>38,226</u>

* Cash and cash equivalents as at 31.7.16 included cash and cash equivalents of a subsidiary classified as assets held-for-sale of \$206,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

	Share capital \$'000	Reserve for own shares \$'000	Legal reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2016	32,992	(183)	17	(279)	14,714	47,261
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	6,186	6,186
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	-	-	-	299	-	299
<i>Total other comprehensive income</i>	-	-	-	299	-	299
Total comprehensive income for the period	-	-	-	299	6,186	6,485
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Reserves relating to discontinued operation of a foreign subsidiary transferred to retained earnings, upon disposal	-	-	(17)	-	17	-
<i>Total contributions by and distributions to owners</i>	-	-	(17)	-	17	-
Total transactions with owners	-	-	(17)	-	17	-
At 31 October 2016	32,992	(183)	-	20	20,917	53,746
At 1 August 2017	32,992	(183)	-	-	17,110	49,919
<i>Loss for the period</i>	-	-	-	-	(1,331)	(1,331)
<u>Other comprehensive income</u>						
<i>Total other comprehensive income</i>	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,331)	(1,331)
Transactions with owners, recorded directly in equity						
<i>Total contributions by and distributions to owners</i>	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-
At 31 October 2017	32,992	(183)	-	-	15,779	48,588

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Statement of Changes in Equity

	Share capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
COMPANY				
At 1 August 2016	32,992	(183)	14,279	47,088
Total comprehensive income for the period				
<i>Profit for the period</i>	-	-	638	638
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	638	638
Transactions with owners, recorded directly in equity	-	-	-	-
At 31 October 2016	32,992	(183)	14,917	47,726
At 1 August 2017	32,992	(183)	10,996	43,805
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(1,331)	(1,331)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(1,331)	(1,331)
Transactions with owners, recorded directly in equity	-	-	-	-
At 31 October 2017	32,992	(183)	9,665	42,474

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

For the quarter ended 31 October 2017, there was no change to the share capital of the Company.

As at 31 October 2017, the Company held 829,600 treasury shares (31 October 2016: 829,600).

The Company did not have any outstanding share options and convertibles at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) Total number of issued shares excluding treasury shares (a) as at the end of the current financial period and (b) as at the end of the immediately preceding year.

	COMPANY	
	As at 31.10.17	As at 31.07.17
Number of issued ordinary shares, excluding treasury shares, at the end of the period	219,074,844	219,074,844

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 July 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for accounting period beginning on 1 August 2017. The adoption of these new and revised FRS and INT FRS did not result in any significant financial impact on the Group's financial statements for the current financial period reported on.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	GROUP					
	Quarter ended 31.10.2017			Quarter ended 31.10.2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(Loss)/Profit attributable to owners of the Company (\$'000)	(1,331)	-	(1,331)	637	5,549	6,186
Weighted average no. of shares used in computation of basic earning per shares (in million)	219.07	219.07	219.07	219.07	219.07	219.07
(Loss)/Earnings per share						
(a) Based on the weighted average number of shares in issue	(0.61 cents)	nil	(0.61 cents)	0.29 cents	2.53 cents	2.82 cents
(b) On a fully diluted basis	(0.61 cents)	nil	(0.61 cents)	0.29 cents	2.53 cents	2.82 cents

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.10.17	As at 31.07.17	As at 31.10.17	As at 31.07.17
Net Asset Value per ordinary share based on issued share capital at the end of the period	22.18 cents	22.79 cents	19.39 cents	20.00 cents

Note: The Net Asset Value per ordinary share is calculated based on 219.07 million (31 July 2017: 219.07 million) ordinary shares in issue at the end of the financial period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Three Months ended 31.10.17 ("1Q FY2018")

For 1Q FY2018, the Group registered a 31.2% drop in revenue as compared to the three months ended 31.10.16 ("1Q FY2017") from \$5.7 million to \$3.9 million. The decrease in revenue was a result of the continued shrinkage in the demand for media storage products and services during the quarter.

Total operating expenses increased by 4.1% from \$5.1 million in 1Q FY2017 to \$5.3 million in 1Q FY2018. The decrease in cost of raw materials usage was in line with the lower revenue during 1Q FY2018. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments. The Group recognised an impairment loss on property, plant and equipment of \$1.4 million in 1Q FY2018. The recoverable amount is estimated based on the value in use derived using certain assumptions regarding the intended use of property, plant and equipment as at 31 October 2017. The reduction in staff costs by 20.9% from \$2.2 million to \$1.7 million and other operating expenses by 15.3% from \$0.8 million to \$0.7 million were mainly attributed to lower business activities and cost management measures undertaken by the management of the Group, partially offset by a drop in exchange gain recognised in 1Q FY2018.

Profit from discontinued operations for 1Q FY2017 was relating to recognition of gain on disposal of subsidiary, One Global Inc. of \$5.5 million in 1Q FY2017.

As a result of the above, the Group's recognized a net loss of \$1.3 million in 1Q FY2018, compared to a net profit of \$6.2 million in 1Q FY2017. Excluding the impairment loss on property, plant and equipment of \$1.4 million, the Group would have achieved a profit of \$0.02 million.

Financial Position and Cash flow

The Group's financial position remained healthy with strong cash position of \$43.0 million as at 31 October 2017, which was equivalent to 19.64 cents of cash per share. Cash and cash equivalents increased by 8.8% from \$39.5 million as at 31 October 2017 to \$43.0 million as at 31 October 2017 due mainly to the receipt of a deposit for the proposed sale of its leasehold property (the "Tai Seng Property") of \$5.2 million, partially offset by payment of a deposit and stamp duty for the proposed purchase of an industrial building located at Toa Payoh (the "Toa Payoh Property") of \$1.4 million.

On 26 July 2017, the Company granted an option to purchase (the "Option") to an independent third party purchaser (the "Purchaser") for the proposed sale of the Tai Seng Property at a consideration of \$53.5 million. The sale of the Tai Seng Property is expected to be completed within the next 12 months. Accordingly, the Tai Seng Property has been reclassified to assets held for sale as at 31 July 2017.

The decrease in property, plant and equipment was attributed mainly to impairment loss recognised on property, plant and equipment of \$1.4 million and depreciation charge for the period of \$0.6 million.

Inventories as at 31 October 2017 were \$1.5 million compared to \$0.8 million as at 31 July 2017, due mainly to purchase of components in October 2017 for a customer's special project.

Trade and other receivables increased by 184.9% from \$1.3 million to \$3.8 million due mainly to higher revenue of \$3.7 million recorded during 1Q FY2018 compared to revenue of \$1.8 million registered during three months ended 31 July 2017 ("4Q FY2017") and deposit and stamp duty paid in respect of the Toa Payoh Property of \$1.4 million in 1Q FY 2018 (included in other receivables).

Trade and other payables increased by 256.2% from \$2.4 million to \$8.5 million due mainly to deposit received for the proposed disposal of the Tai Seng Property amounting to \$4.8 million in 1Q FY2018 (included in other payables) and higher purchases of materials from suppliers in 1Q FY2018 as compared to 4Q FY2017.

Use of proceeds raised from private placement

The Company will continue to make periodic announcements on the utilisation of the net placement proceeds from the issuance of shares to Lian Beng Group Ltd in FY2015 of \$7.2 million as and when such proceeds are materially disbursed.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The first quarter of our financial years has historically been the best quarter in terms of revenue and profit. However, revenue in 1Q FY2018 decreased by 31% compared to 1Q FY2017, reflecting the deteriorating prospects in our industry. The Company recognized an impairment loss of S\$1.4 million during the quarter taking into consideration, inter alia, the anticipated contributions from certain of the Company's manufacturing activities. Such impairment loss may potentially be reviewed in view of the intention of the New Board (as defined below) to review the strategic or business direction of the Company as further deliberated below.

In relation to the Tai Seng Drive Property, as previously announced by the Company on 12 December 2017, the timing for the completion of the disposal of such property may be subject to, inter alia, further discussions with the buyer, and in the interim, the Group may continue to carry on its manufacturing activities at the Tai Seng Drive Property, albeit on a significantly reduced scale of operations.

The board of directors of the Company was reconstituted on 11 December 2017 ("New Board"), inter alia, following a change of controlling shareholder on 22 November 2017.

Under the direction of the New Board, the Company will be reviewing the strategic or business direction of the Company, including re-evaluating the feasibility of continuing the Group's manufacturing activities and/or exploring other businesses and opportunities and proposed diversification of the Company's core businesses.

The Company has on 12 December 2017 entered into a share purchase agreement to acquire 100% of the issued share capital of Wayco Manufacturing (M) Sdn Bhd, a company engaged in the manufacturing of hair care products, cosmetics and homecare chemical products.

For further information, please refer to the Company's announcements of 12 December 2017 entitled "Update on the Company's Current Business and Future Plans" and "Proposed Acquisition of Subsidiary".

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared or recommended for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared or recommended for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for the quarter ended 31 October 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under [Rule 920\(1\)\(a\)\(ii\)](#). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

14. Negative confirmation pursuant to [Rule 705\(5\)](#).

The directors confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial statements to be false or misleading in any material aspect.

15. Confirmation pursuant to [Rule 720\(1\)](#).

We confirm that the Company has procured undertakings to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited from all its Directors and executive officers.

BY ORDER OF THE BOARD

Lee Kam Seng
Chief Financial Officer
13 December 2017