



Company Registration No. 198002677D

Datapulse Technology Limited

Second 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 Comprehensive Income

	Three Months Ended 31.01.15 \$'000	Three Months Ended 31.01.14 \$'000	Change %
GROUP			
Revenue	6,083	6,651	(8.5)
Other income	26	99	(73.7)
	<u>6,109</u>	<u>6,750</u>	(9.5)
Changes in inventories and raw materials usage	(1,381)	(1,868)	(26.1)
Staff costs	(2,377)	(2,494)	(4.7)
Depreciation	(872)	(1,265)	(31.1)
Other operating expenses	(1,392)	(1,480)	(5.9)
Finance costs	(9)	(4)	125.0
Total operating expenses	<u>(6,031)</u>	<u>(7,111)</u>	(15.2)
Profit/(loss) before tax	78	(361)	NM
Income tax (expense)/credit	(7)	201	NM
Profit/(loss) for the period attributable to owners of the Company	71	(160)	NM
<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			
- attributable to owners of the Company	(41)	(15)	173.3
Other comprehensive income for the period	(41)	(15)	173.3
Total comprehensive income for the period attributable to owners of the Company	30	(175)	NM

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

	Half Year Ended 31.01.15 \$'000	Half Year Ended 31.01.14 \$'000	Change %
GROUP			
Revenue	15,622	17,287	(9.6)
Other income	89	294	(69.7)
	<u>15,711</u>	<u>17,581</u>	(10.6)
Changes in inventories and raw materials usage	(3,672)	(5,054)	(27.3)
Staff costs	(4,903)	(5,321)	(7.9)
Depreciation	(1,771)	(2,213)	(20.0)
Other operating expenses	(3,721)	(4,158)	(10.5)
Finance costs	(13)	(9)	44.4
Total operating expenses	<u>(14,080)</u>	<u>(16,755)</u>	(16.0)
Profit before tax	1,631	826	97.5
Income tax expense	(14)	(1)	NM
Profit for the period attributable to owners of the Company	<u>1,617</u>	<u>825</u>	96.0
<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			
- attributable to owners of the Company	31	(57)	NM
Other comprehensive income for the period	31	(57)	NM
Total comprehensive income for the period attributable to owners of the Company	<u>1,648</u>	<u>768</u>	114.6

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)

Notes

Other income:

Loss on sale of property, plant and equipment
Interest income
Sundry income

	Three Months Ended 31.01.15 \$'000	Three Months Ended 31.01.14 \$'000	Change %
	(31)	(1)	NM
	52	76	(31.6)
	5	24	(79.2)
	<u>26</u>	<u>99</u>	<u>(73.7)</u>

Other operating expenses include the following items:

Exchange gain
Net change in fair value of derivative financial assets recognised in profit or loss
Property, plant and equipment written off

	(187)	(47)	297.9
	24	16	50.0
	4	-	NM

Notes

Other income:

(Loss)/gain on sale of property, plant and equipment
Interest income
Sundry income

	Half Year Ended 31.01.15 \$'000	Half Year Ended 31.01.14 \$'000	Change %
	(31)	103	NM
	95	160	(40.6)
	25	31	(19.4)
	<u>89</u>	<u>294</u>	<u>(69.7)</u>

Other operating expenses include the following items:

Exchange gain
Impairment losses made on non-financial assets
Net change in fair value of derivative financial assets recognised in profit or loss
Property, plant and equipment written off

	(294)	(29)	NM
	142	-	NM
	31	-	NM
	4	-	NM

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		
	31.01.15 \$'000	31.07.14 \$'000	Change %	31.01.15 \$'000	31.07.14 \$'000	Change %
Non-current assets						
Property, plant and equipment	18,691	20,384	(8.3)	18,691	20,384	(8.3)
Investment property	6,521	6,344	2.8	-	-	-
Subsidiaries	-	-	-	- #	- #	0.0
Amounts due from subsidiaries	-	-	-	421	5,941	(92.9)
Non-financial assets	-	216	NM	-	216	NM
	25,212	26,944	(6.4)	19,112	26,541	(28.0)
Current assets						
Inventories	1,152	1,579	(27.0)	1,152	1,579	(27.0)
Trade and other receivables	2,528	3,175	(20.4)	2,498	3,175	(21.3)
Cash and bank balances	23,285	15,385	51.3	23,041	15,049	53.1
	26,965	20,139	33.9	26,691	19,803	34.8
Total assets	52,177	47,083	10.8	45,803	46,344	(1.2)
Equity attributable to owners of the Company						
Share capital	25,747	25,747	0.0	25,747	25,747	0.0
Reserves	14,818	14,474	2.4	14,730	14,470	1.8
Total equity	40,565	40,221	0.9	40,477	40,217	0.6
Non-current liabilities						
Bank loan	-	583	NM	-	-	-
Deferred tax liabilities	1,616	1,616	0.0	1,616	1,616	0.0
	1,616	2,199	(26.5)	1,616	1,616	0.0
Current liabilities						
Trade and other payables	2,831	3,790	(25.3)	2,720	3,693	(26.3)
Amount due to subsidiary	-	-	-	172	-	NM
Bank loan	6,332	55	NM	-	-	-
Current tax payable	833	818	1.8	818	818	0.0
	9,996	4,663	114.4	3,710	4,511	(17.8)
Total liabilities	11,612	6,862	69.2	5,326	6,127	(13.1)
Total equity and liabilities	52,177	47,083	10.8	45,803	46,344	(1.2)

#: Amount less than \$10.

**1(b)(ii) Aggregate amount of the group's borrowings and debt securities
Amount repayable in one year or less, or on demand**

As at 31.01.15		As at 31.07.14	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
6,332	-	55	-

Amount repayable after one year

As at 31.01.15		As at 31.07.14	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	583	-

Details of any collateral

In January 2015, the Group's 100% owned Taiwan subsidiary, One Global Inc (**OGI**), drew down a bank loan mainly to fund the repayments of the existing building loan of \$0.6 million and the inter-company loan of \$5.5 million due to the Company with a view of managing the Group's foreign exchange risk by funding the investment property held in Taiwan via a local currency bank loan. As at 31 January 2015, the bank loan of \$6.3 million was secured by way of a charge over a freehold property with net book value of \$6.5 million held by OGI and corporate guarantee provided by the Company.

As at 31 July 2014, the bank loan of \$0.6 million was secured by way of a charge over a freehold property with net book value of \$6.3 million held by OGI.

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 31.01.15 \$'000	Three Months Ended 31.01.14 \$'000	Half Year Ended 31.01.15 \$'000	Half Year Ended 31.01.14 \$'000
GROUP				
<u>Operating activities</u>				
Profit/(loss) for the period	71	(160)	1,617	825
Adjustments for:				
Depreciation	872	1,265	1,771	2,213
Finance costs	9	4	13	9
Loss/(gain) on sale of property, plant and equipment	31	1	31	(103)
Impairment losses made on non-financial assets	-	-	142	-
Income tax expense/(credit)	7	(201)	14	1
Interest income	(52)	(76)	(95)	(160)
Net change in fair value of derivative financial assets recognised in profit or loss	24	16	31	-
Property, plant and equipment written off	4	-	4	-
Operating profit before working capital changes	<u>966</u>	<u>849</u>	<u>3,528</u>	<u>2,785</u>
Changes in working capital:				
Inventories	297	200	428	433
Trade and other receivables	2,370	3,493	577	2,341
Trade and other payables	(2,966)	(1,931)	(1,121)	(2,542)
Cash generated from operations	<u>667</u>	<u>2,611</u>	<u>3,412</u>	<u>3,017</u>
Income tax paid	-	(102)	(1)	(102)
Net cash from operating activities	<u>667</u>	<u>2,509</u>	<u>3,411</u>	<u>2,915</u>
<u>Investing activities</u>				
Fixed deposits with maturity of more than three months	-	1,986	2,103	12,639
Interest received	51	76	82	160
Proceeds from sale of non-financial assets	74	-	74	-
Proceeds from sale of property, plant and equipment	31	1	31	105
Purchase of property, plant and equipment	(58)	(397)	(113)	(1,578)
Net cash from investing activities	<u>98</u>	<u>1,666</u>	<u>2,177</u>	<u>11,326</u>
<u>Financing activities</u>				
Cash distribution from capital reduction exercise paid	-	(20,815)	-	(20,815)
Dividends paid	(1,308)	(11,894)	(1,308)	(11,894)
Interest paid	(9)	(4)	(13)	(9)
Proceeds from bank loan	6,156	-	6,156	-
Repayment of bank loan	(632)	(14)	(646)	(28)
Return of unclaimed dividends	4	-	4	-
Net cash from/(used) in financing activities	<u>4,211</u>	<u>(32,727)</u>	<u>4,193</u>	<u>(32,746)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,976</u>	<u>(28,552)</u>	<u>9,781</u>	<u>(18,505)</u>
Cash and cash equivalents at beginning of period	18,155	41,011	13,282	30,982
Effect of exchange rate changes on balances held in foreign currency	154	(36)	222	(54)
Cash and cash equivalents at end of period	<u>23,285</u>	<u>12,423</u>	<u>23,285</u>	<u>12,423</u>

Note

Cash and bank balances at end of period comprise the following:

Fixed deposits with maturity of more than three months	-	2,098
Cash and cash equivalents	23,285	12,423
	<u>23,285</u>	<u>14,521</u>

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	Legal reserve \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2014	25,747	9	(337)	410	14,392	40,221
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	1,546	1,546
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	72	-	-	72
<i>Total other comprehensive income</i>	-	-	72	-	-	72
Total comprehensive income for the period	-	-	72	-	1,546	1,618
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Transfer to retained earnings for value of share options cancelled	-	-	-	(410)	410	-
<i>Total contributions by and distributions to owners</i>	-	-	-	(410)	410	-
Total transactions with owners	-	-	-	(410)	410	-
At 31 October 2014	25,747	9	(265)	-	16,348	41,839
At 1 November 2014	25,747	9	(265)	-	16,348	41,839
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	71	71
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	(41)	-	-	(41)
<i>Total other comprehensive income</i>	-	-	(41)	-	-	(41)
Total comprehensive income for the period	-	-	(41)	-	71	30
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Final 1-tier tax-exempt dividends paid of 0.22 cents per share for FY2014	-	-	-	-	(1,308)	(1,308)
Return of unclaimed dividends	-	-	-	-	4	4
<i>Total contributions by and distributions to owners</i>	-	-	-	-	(1,304)	(1,304)
Total transactions with owners	-	-	-	-	(1,304)	(1,304)
At 31 January 2015	25,747	9	(306)	-	15,115	40,565

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)

Consolidated Statement of Changes in Equity

	Share capital \$'000	Legal reserve \$'000	Foreign currency translation reserve \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2013	46,562	-	(223)	411	25,475	72,225
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	985	985
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	(42)	-	-	(42)
<i>Total other comprehensive income</i>	-	-	(42)	-	-	(42)
Total comprehensive income for the period	-	-	(42)	-	985	943
At 31 October 2013	46,562	-	(265)	411	26,460	73,168
At 1 November 2013	46,562	-	(265)	411	26,460	73,168
Total comprehensive income for the period						
<i>Loss for the period</i>	-	-	-	-	(160)	(160)
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	(15)	-	-	(15)
<i>Total other comprehensive income</i>	-	-	(15)	-	-	(15)
Total comprehensive income for the period	-	-	(15)	-	(160)	(175)
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Cash distribution from capital reduction exercise paid of 3.5 cents per share	(20,815)	-	-	-	-	(20,815)
Final and special 1-tier tax-exempt dividends paid of 2.0 cents per share for FY2013	-	-	-	-	(11,894)	(11,894)
<i>Total contributions by and distributions to owners</i>	(20,815)	-	-	-	(11,894)	(32,709)
Total transactions with owners	(20,815)	-	-	-	(11,894)	(32,709)
At 31 January 2014	25,747	-	(280)	411	14,406	40,284

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

COMPANY

At 1 August 2014

Total comprehensive income for the period

Profit for the period

Total other comprehensive income

Total comprehensive income for the period

Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Transfer to retained earnings for value of share options cancelled

Total contributions by and distributions to owners

Total transactions with owners

At 31 October 2014

At 1 November 2014

Total comprehensive income for the period

Profit for the period

Total other comprehensive income

Total comprehensive income for the period

Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Final 1-tier tax-exempt dividends paid of 0.22 cents per share for FY2014

Return of unclaimed dividends

Total transactions with owners

At 31 January 2015

	Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2014	25,747	410	14,060	40,217
Total comprehensive income for the period				
<i>Profit for the period</i>	-	-	1,511	1,511
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	1,511	1,511
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Transfer to retained earnings for value of share options cancelled	-	(410)	410	-
<i>Total contributions by and distributions to owners</i>	<i>-</i>	<i>(410)</i>	<i>410</i>	<i>-</i>
Total transactions with owners	-	(410)	410	-
At 31 October 2014	25,747	-	15,981	41,728
At 1 November 2014	25,747	-	15,981	41,728
Total comprehensive income for the period				
<i>Profit for the period</i>	-	-	53	53
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	53	53
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Final 1-tier tax-exempt dividends paid of 0.22 cents per share for FY2014	-	-	(1,308)	(1,308)
Return of unclaimed dividends	-	-	4	4
Total transactions with owners	-	-	(1,304)	(1,304)
At 31 January 2015	25,747	-	14,730	40,477

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

COMPANY

At 1 August 2013

Total comprehensive income for the period

Profit for the period

Total other comprehensive income

Total comprehensive income for the period

At 31 October 2013

At 1 November 2013

Total comprehensive income for the period

Loss for the period

Total other comprehensive income

Total comprehensive income for the period

Transactions with owners, recorded directly in equity

Contributions by and distributions to owners

Cash distribution from capital reduction exercise paid of 3.5 cents per share

Final and special 1-tier tax-exempt dividends paid of 2.0 cents per share for FY2013

Total contributions by and distributions to owners

Total transactions with owners

At 31 January 2014

Share capital \$'000	Share option reserve \$'000	Retained earnings \$'000	Total equity \$'000
46,562	411	25,163	72,136
-	-	983	983
-	-	-	-
-	-	983	983
46,562	411	26,146	73,119
46,562	411	26,146	73,119
-	-	(161)	(161)
-	-	-	-
-	-	(161)	(161)
(20,815)	-	-	(20,815)
-	-	(11,894)	(11,894)
(20,815)	-	(11,894)	(32,709)
(20,815)	-	(11,894)	(32,709)
25,747	411	14,091	40,249

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 January 2015, there was no change to the share capital of the Company.

As at 31 January 2015, there were nil (31 January 2014: 8.2 million) outstanding share options in respect of unissued ordinary shares under the DT Share Option Scheme 1999 as all outstanding share options had lapsed in October 2014. Except for the above, the Company did not have any outstanding convertibles and treasury shares 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 31.01.15	As at 31.07.14
Number of issued ordinary shares	594,724,000	594,724,000
Less: Number of treasury shares	-	-
Number of issued ordinary shares, excluding treasury shares, at the end of the period	594,724,000	594,724,000

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 2014.

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 or after 1 August 2014. The adoption of these new and revised FRS and INT FRS are currently assessed to have no material 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			
	Three Months Ended	Three Months Ended	Half Year Ended	Half Year Ended
Earnings per ordinary share based on profit/(loss) for the period	31.01.15	31.01.14	31.01.15	31.01.14
(a) Based on the weighted average number of shares on issue	0.01 cent	(0.03) cent	0.27 cent	0.14 cent
(b) On a fully diluted basis	0.01 cent	(0.03) cent	0.27 cent	0.14 cent

Notes:

- (i) The calculation of basic and diluted earnings per share of the Group for the three months ended 31 January 2015 is based on profit attributable to owners of the Company of \$0.1 million (31 January 2014: Loss of \$0.2 million) and weighted average number of 594.7 million (31 January 2014: 594.7 million) ordinary shares; there were no dilutive potential ordinary shares during these periods.
- (ii) The calculation of basic and diluted earnings per share of the Group for the half year ended 31 January 2015 is based on profit attributable to owners of the Company of \$1.6 million (31 January 2014: \$0.8 million) and weighted average number of 594.7 million (31 January 2014: 594.7 million) ordinary shares; there were no dilutive potential ordinary shares during these periods.

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 31.01.15	As at 31.07.14	As at 31.01.15	As at 31.07.14
Net Asset Value per ordinary share based on issued share capital at the end of the period	6.82 cents	6.76 cents	6.81 cents	6.76 cents

Note: The Net Asset Value per ordinary share is calculated based on 594.7 million (31 July 2014: 594.7 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.

2Q FY2015

For 2Q FY2015, the Group registered 8.5% decline in revenue from \$6.7 million to \$6.1 million. The decrease in revenue was attributed mainly to weaker sales for DVD media storage products and services but was partially offset by higher sales of Blu-Ray media storage products and services.

Other income was lower due to lower interest income and higher loss recorded on sale of Plant and Equipment.

Total operating expenses decreased by 15.2% from \$7.1 million in 2Q FY2014 to \$6.0 million in 2Q FY2015. The decrease in cost of raw materials usage by 26.1% from \$1.9 million to \$1.4 million was attributed to lower revenue and improved effectiveness and efficiency in operations. Staff costs were lower by 4.7% from \$2.5 million to \$2.4 million due to lower level of business activities. The reduction in other operating expenses by 5.9% from \$1.5 million to \$1.4 million was attributed mainly to higher exchange gain, which formed part of other operating expenses, recorded during 2Q FY2015 as compared to 2Q FY2014. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments.

Finance costs, which were related to the Taiwan operation, were higher due to higher gearing. In January 2015, OGI drew down a bank loan to repay the inter-company loan of \$5.5 million due to the Company with a view of managing the Group's foreign exchange risk by funding the investment property held in Taiwan via a local currency bank loan.

The income tax expense recorded by the Group in 2Q FY2015 was related to the Taiwan operation. The Company did not recognize any income tax expense for 2Q FY2015 as it currently has sufficient tax allowances to offset its taxable income for 2Q FY2015. In 2Q FY2014, an income tax credit of \$0.2 million was recognized by the Company, which was a reversal of the amount provided in 1Q FY2014, as the Company had assessed that it would have sufficient tax allowances to offset its taxable income for 1H FY2014, taking into consideration that the Company was granted investment allowance by a government agency during 2Q FY2014 for its investments in Blu-Ray equipment.

As a result of the above, the Group's registered a profit of \$0.1 million in 2Q FY2015 compared to a loss of \$0.2 million recorded in 2Q FY2014.

1H FY2015

For 1H FY2015, the Group recorded a 9.6% drop in revenue from \$17.3 million to \$15.6 million. The decrease in revenue was attributed mainly to weaker demand for DVD media storage products and services but was partially offset by stronger year-on-year sales for Blu-Ray media storage products and services.

Other income was lower due to lower interest income and loss on sale of Plant and Equipment recorded in 1H FY2015 compared to a gain on sale of Plant and Equipment recorded in 1H FY2014.

Total operating expenses decreased by 16.0% from \$16.8 million in 1H FY2014 to \$14.1 million in 1H FY2015. The decrease in cost of raw materials usage by 27.3% from \$5.1 million to \$3.7 million was attributed to lower revenue and improved effectiveness and efficiency in operations. The reduction in staff costs by 7.9% from \$5.3 million to \$4.9 million and other operating expenses by 10.5% from \$4.2 million to \$3.7 million was attributed to lower level of business activities. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments.

Finance costs, which were related to the Taiwan operation, were higher due to higher gearing.

The income tax expense recorded by the Group in 1H FY2015 and 1H FY2014 were related to the Taiwan operation. The Company did not recognize any income tax expense for both periods as it had sufficient tax allowances to offset its taxable income for 1H FY2015 and 1H FY2014 at the end of the respective reporting periods.

As a result of the above, the Group's profit increased by 96.0% from \$0.8 million in 1H FY2014 to \$1.6 million in 1H FY2015.

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. (cont'd)

Financial Position and Cashflow

The Group's financial position remained strong with a net cash position of \$17.0 million as at 31 January 2015, after the payment of final one-tier tax exempt dividend of 0.22 cents per share for FY2014 amounting to \$1.3 million on 2 December 2014. The Group continued to generate positive operating cashflows of \$0.7 million and \$3.4 million during 2Q FY2015 and 1H FY2015, respectively.

The decrease in property, plant and equipment was attributed mainly to depreciation charged for the period.

The amounts due from subsidiaries at the Company level decreased by \$5.5 million due to full repayment of inter-company loan by OGI in January 2015.

Non-financial assets, which were related to club memberships held by the Company, were nil as all these club memberships were sold during 2Q FY2015.

Inventories were lower in line with lower business activities.

Trade and other receivables decreased by 20.4% from \$3.2 million to \$2.5 million due to better collections.

The increase in cash and bank balances was attributed mainly to the drawdown of bank loan by OGI to make full repayment of the \$5.5 million inter-company loan due to the Company and positive operating cashflows generated during 1H 2015.

Reserves were higher by \$0.3 million due mainly to 1H FY2015's profit of \$1.6 million, which was offset by the payment of final one-tier tax exempt dividend of 0.22 cents per share for FY2014 amounting to \$1.3 million on 2 December 2014.

Trade and other payables were lower by 25.3% from \$3.8 million to \$2.8 million due to lower purchases in 2Q FY2015 compared to 4Q FY2014 and payments of accrued operating expenses during 1H 2015.

The amount due to subsidiary was attributed to a short-term inter-company loan taken up by the Company from OGI as part of risk management relating to foreign exchange and cash. As OGI is currently undergoing a capital reduction exercise, which is expected to be completed in 2H FY2015, this amount would form part of the capital to be reduced.

The bank loan taken was attributed to OGI. During 2Q FY2015, OGI repaid its building loan in full and concurrently took up a term loan facility, which is subject to annual renewal, to fund the repayments of the building loan of \$0.6 million and inter-company loan of \$5.5 million due to the Company with a view of managing the Group's foreign exchange risk by funding the investment property held in Taiwan via a local currency bank loan.

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.

While sales of Blu-Ray and CD media storage products and services have improved in the last six months, sales of other products and services, in particular, DVD media storage products and services continue to weaken and affect the overall performance of the Group.

Outlook for the next three to twelve months is expected to be challenging as the demand for our products and services remains uncertain.

The Group will continue to focus on providing more value-added services to its customers and controlling its operating costs.

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 January 2015.

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.

BY ORDER OF THE BOARD

Lim Jit Siew
Chief Financial Officer
5 March 2015