



Company Registration No. 198002677D

Datapulse Technology Limited

Third 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 30.04.14 \$'000	Three Months Ended 30.04.13 \$'000	Change %
GROUP			
Revenue	6,643	7,381	(10.0)
Other income	68	110	(38.2)
	<u>6,711</u>	<u>7,491</u>	(10.4)
Changes in inventories and raw materials usage	(1,781)	(1,587)	12.2
Staff costs	(2,319)	(2,058)	12.7
Depreciation	(1,062)	(769)	38.1
Other operating expenses	(1,660)	(1,222)	35.8
Finance costs	(4)	(4)	0.0
Total operating expenses	<u>(6,826)</u>	<u>(5,640)</u>	21.0
(Loss)/profit before income tax	(115)	1,851	NM
Income tax credit	-	334	NM
(Loss)/profit for the period	(115)	2,185	NM
Attributable to:			
Owners of the Company	(115)	2,185	NM
(Loss)/profit for the period	(115)	2,185	NM
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets			
- attributable to owners of the Company	-	181	NM
Translation differences relating to financial statements of foreign subsidiaries			
- attributable to owners of the Company	(71)	(29)	144.8
Other comprehensive income for the period	(71)	152	NM
Total comprehensive income for the period	(186)	2,337	NM
Total comprehensive income attributable to:			
Owners of the Company	(186)	2,337	NM
Total comprehensive income for the period	(186)	2,337	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

	Nine Months Ended 30.04.14 \$'000	Nine Months Ended 30.04.13 \$'000	Change %
GROUP			
Revenue	23,930	37,745	(36.6)
Other income	362	381	(5.0)
	<u>24,292</u>	<u>38,126</u>	<u>(36.3)</u>
Changes in inventories and raw materials usage	(6,835)	(10,443)	(34.5)
Staff costs	(7,640)	(9,203)	(17.0)
Depreciation	(3,275)	(2,410)	35.9
Other operating expenses	(5,818)	(7,355)	(20.9)
Finance costs	(13)	(13)	0.0
Total operating expenses	<u>(23,581)</u>	<u>(29,424)</u>	<u>(19.9)</u>
Profit before income tax	711	8,702	(91.8)
Income tax expense	(1)	(580)	(99.8)
Profit for the period	710	8,122	(91.3)
Attributable to:			
Owners of the Company	710	8,122	(91.3)
Profit for the period	710	8,122	(91.3)
<u>Other comprehensive income</u>			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets			
- attributable to owners of the Company	-	236	NM
Translation differences relating to financial statements of foreign subsidiaries			
- attributable to owners of the Company	(128)	28	NM
Other comprehensive income for the period	(128)	264	NM
Total comprehensive income for the period	582	8,386	(93.1)
Total comprehensive income attributable to:			
Owners of the Company	582	8,386	(93.1)
Total comprehensive income for the period	582	8,386	(93.1)

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:

Dividend income from financial assets
 Gain on sale of property, plant and equipment
 Interest income
 Sundry income

	Three Months Ended 30.04.14 \$'000	Three Months Ended 30.04.13 \$'000	Change %
	-	7	NM
	37	-	NM
	25	98	(74.5)
	6	5	20.0
	<u>68</u>	<u>110</u>	<u>(38.2)</u>

Other operating expenses include the following items:

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

	(28)	(39)	(28.2)
	3	-	NM
	-	18	NM
	1	-	NM
	<u>(24)</u>	<u>(21)</u>	<u>14.3</u>

Notes

Other income:

Dividend income from financial assets
 Gain on sale of property, plant and equipment
 Interest income
 Sundry income

	Nine Months Ended 30.04.14 \$'000	Nine Months Ended 30.04.13 \$'000	Change %
	-	68	NM
	140	-	NM
	185	298	(37.9)
	37	15	146.7
	<u>362</u>	<u>381</u>	<u>(5.0)</u>

Other operating expenses include the following items:

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

	(57)	(97)	(41.2)
	3	-	NM
	-	14	NM
	1	36	(97.2)
	<u>(53)</u>	<u>(47)</u>	<u>12.8</u>

Others:

Adjustment for overprovision of tax in respect of prior years (included as part of income tax expense)

	-	211	NM
	<u>-</u>	<u>211</u>	<u>NM</u>

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		
	30.04.14	31.07.13	Change	30.04.14	31.07.13	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets						
Property, plant and equipment	20,949	16,406	27.7	20,949	16,406	27.7
Investment property	6,344	6,530	(2.8)	-	-	-
Subsidiaries	-	-	-	-#	-#	0.0
Amounts due from subsidiaries	-	-	-	5,941	5,941	0.0
Non-financial assets	216	216	0.0	216	216	0.0
	27,509	23,152	18.8	27,106	22,563	20.1
Current assets						
Inventories	1,306	1,888	(30.8)	1,306	1,888	(30.8)
Trade and other receivables	3,603	11,601	(68.9)	3,606	11,604	(68.9)
Cash and bank balances	15,105	45,719	(67.0)	14,831	45,461	(67.4)
	20,014	59,208	(66.2)	19,743	58,953	(66.5)
Total assets	47,523	82,360	(42.3)	46,849	81,516	(42.5)
Equity attributable to owners of the Company						
Share capital	25,747	46,562	(44.7)	25,747	46,562	(44.7)
Reserves	14,359	25,663	(44.0)	14,391	25,574	(43.7)
Total equity	40,106	72,225	(44.5)	40,138	72,136	(44.4)
Non-current liabilities						
Bank loan	595	650	(8.5)	-	-	-
Deferred tax liabilities	1,801	1,801	0.0	1,800	1,800	0.0
	2,396	2,451	(2.2)	1,800	1,800	0.0
Current liabilities						
Trade and other payables	3,689	6,205	(40.5)	3,635	6,158	(41.0)
Bank loan	55	57	(3.5)	-	-	-
Current tax payable	1,277	1,422	(10.2)	1,276	1,422	(10.3)
	5,021	7,684	(34.7)	4,911	7,580	(35.2)
Total liabilities	7,417	10,135	(26.8)	6,711	9,380	(28.5)
Total equity and liabilities	47,523	82,360	(42.3)	46,849	81,516	(42.5)

#: 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 30.04.14		As at 31.07.13	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
55	-	57	-

Amount repayable after one year

As at 30.04.14		As at 31.07.13	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
595	-	650	-

Details of any collateral

As at 30 April 2014, the bank loan of \$0.7 million (31 July 2013: \$0.7 million) was secured by way of a charge over a subsidiary's freehold property with net book value of \$6.3 million (31 July 2013: \$6.5 million).

(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 30.04.14 \$'000	Three Months Ended 30.04.13 \$'000	Nine Months Ended 30.04.14 \$'000	Nine Months Ended 30.04.13 \$'000
GROUP				
<u>Operating activities</u>				
(Loss)/profit for the period	(115)	2,185	710	8,122
Adjustments for:				
Depreciation	1,062	769	3,275	2,410
Dividend income from financial assets	-	(7)	-	(68)
Finance costs	4	4	13	13
Gain on sale of property, plant and equipment	(37)	-	(140)	-
Income tax (credit)/expense	-	(334)	1	580
Impairment losses made on trade receivables	3	-	3	-
Interest income	(25)	(98)	(185)	(298)
Net change in fair value of derivative financial assets recognised in profit or loss	-	(18)	-	14
Property, plant and equipment written off	1	-	1	36
Operating profit before working capital changes	893	2,501	3,678	10,809
Changes in working capital:				
Inventories	149	(417)	582	341
Trade and other receivables	(529)	1,649	1,812	2,953
Trade and other payables	30	(1,066)	(2,512)	(873)
Cash generated from operations	543	2,667	3,560	13,230
Income tax paid	(44)	(468)	(146)	(1,121)
Net cash from operating activities	499	2,199	3,414	12,109
<u>Investing activities</u>				
Advance payments for purchase of property, plant and equipment	-	(3,419)	-	(3,419)
Dividends received from financial assets	-	7	-	53
Fixed deposits with maturity of more than three months	2,098	(6,120)	14,737	(4,026)
Interest received	25	98	185	298
Proceeds from sale of property, plant and equipment	46	-	151	-
Purchase of property, plant and equipment	(16)	(9)	(1,594)	(75)
Net cash from/(used in) investing activities	2,153	(9,443)	13,479	(7,169)
<u>Financing activities</u>				
Cash distribution from capital reduction exercise paid	-	-	(20,815)	-
Dividends paid	-	-	(11,894)	(11,894)
Interest paid	(4)	(4)	(13)	(13)
Repayment of bank loan	(14)	(14)	(42)	(42)
Return of unclaimed dividends	8	6	8	15
Net cash used in financing activities	(10)	(12)	(32,756)	(11,934)
Net increase/(decrease) in cash and cash equivalents	2,642	(7,256)	(15,863)	(6,994)
Cash and cash equivalents at beginning of period	12,423	37,807	30,982	37,557
Effect of exchange rate changes on balances held in foreign currency	40	6	(14)	(6)
Cash and cash equivalents at end of period	15,105	30,557	15,105	30,557

Note

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

Fixed deposits with maturity of more than three months	-	19,841
Cash and cash equivalents	15,105	30,557
	15,105	50,398

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	Currency translation reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
GROUP					
At 1 August 2013	46,562	(223)	411	25,475	72,225
Total comprehensive income for the period					
Profit for the period	-	-	-	825	825
<u>Other comprehensive income</u>					
Translation differences relating to financial statements of a foreign subsidiary	-	(57)	-	-	(57)
<i>Total other comprehensive income</i>	-	(57)	-	-	(57)
Total comprehensive income for the period	-	(57)	-	825	768
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 1-tier tax-exempt dividend 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
At 1 February 2014	25,747	(280)	411	14,406	40,284
Total comprehensive income for the period					
Loss for the period	-	-	-	(115)	(115)
<u>Other comprehensive income</u>					
Translation differences relating to financial statements of a foreign subsidiary	-	(71)	-	-	(71)
<i>Total other comprehensive income</i>	-	(71)	-	-	(71)
Total comprehensive income for the period	-	(71)	-	(115)	(186)
Transactions with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Return of unclaimed dividends	-	-	-	8	8
<i>Total contributions by and distributions to owners</i>	-	-	-	8	8
Total transactions with owners	-	-	-	8	8
At 30 April 2014	25,747	(351)	411	14,299	40,106

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	Currency translation reserve \$'000	Fair value reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
GROUP						
At 1 August 2012	46,562	(351)	404	413	27,136	74,164
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,937	5,937
<u>Other comprehensive income</u>						
Net change in fair value of available-for-sale financial assets	-	-	55	-	-	55
Translation differences relating to financial statements of a foreign subsidiary	-	57	-	-	-	57
<i>Total other comprehensive income</i>	-	57	55	-	-	112
Total comprehensive income for the period	-	57	55	-	5,937	6,049
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Final 1-tier tax-exempt dividend paid of 2.0 cents per share for FY2012	-	-	-	-	(11,894)	(11,894)
Return of unclaimed dividends	-	-	-	-	9	9
<i>Total contributions by and distributions to owners</i>	-	-	-	-	(11,885)	(11,885)
Total transactions with owners	-	-	-	-	(11,885)	(11,885)
At 31 January 2013	46,562	(294)	459	413	21,188	68,328
At 1 February 2013	46,562	(294)	459	413	21,188	68,328
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,185	2,185
<u>Other comprehensive income</u>						
Net change in fair value of available-for-sale financial assets	-	-	181	-	-	181
Translation differences relating to financial statements of a foreign subsidiary	-	(29)	-	-	-	(29)
<i>Total other comprehensive income</i>	-	(29)	181	-	-	152
Total comprehensive income for the period	-	(29)	181	-	2,185	2,337
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Return of unclaimed dividends	-	-	-	-	6	6
<i>Total contributions by and distributions to owners</i>	-	-	-	-	6	6
Total transactions with owners	-	-	-	-	6	6
At 30 April 2013	46,562	(323)	640	413	23,379	70,671

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	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
COMPANY				
At 1 August 2013	46,562	411	25,163	72,136
Total comprehensive income for the period				
Profit for the period	-	-	822	822
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	822	822
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 1-tier tax-exempt dividend 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	411	14,091	40,249
At 1 February 2014	25,747	411	14,091	40,249
Total comprehensive income for the period				
Loss for the period	-	-	(119)	(119)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(119)	(119)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Return of unclaimed dividends	-	-	8	8
<i>Total contributions by and distributions to owners</i>	-	-	8	8
Total transactions with owners	-	-	8	8
At 30 April 2014	25,747	411	13,980	40,138

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	Fair value reserve \$'000	Share option reserve \$'000	Accumulated profits \$'000	Total equity \$'000
COMPANY					
At 1 August 2012	46,562	404	413	26,832	74,211
Total comprehensive income for the period					
Profit for the period	-	-	-	5,934	5,934
<u>Other comprehensive income</u>					
Net change in fair value of available-for-sale financial assets	-	55	-	-	55
<i>Total other comprehensive income</i>	-	55	-	-	55
Total comprehensive income for the period	-	55	-	5,934	5,989
Transactions with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Final 1-tier tax-exempt dividend paid of 2.0 cents per share for FY2012	-	-	-	(11,894)	(11,894)
Return of unclaimed dividends	-	-	-	9	9
<i>Total contributions by and distributions to owners</i>	-	-	-	(11,885)	(11,885)
Total transactions with owners	-	-	-	(11,885)	(11,885)
At 31 January 2013	46,562	459	413	20,881	68,315
At 1 February 2013	46,562	459	413	20,881	68,315
Total comprehensive income for the period					
Profit for the period	-	-	-	2,183	2,183
<u>Other comprehensive income</u>					
Net change in fair value of available-for-sale financial assets	-	181	-	-	181
<i>Total other comprehensive income</i>	-	181	-	-	181
Total comprehensive income for the period	-	181	-	2,183	2,364
Transactions with owners, recorded directly in equity					
<u>Contributions by and distributions to owners</u>					
Return of unclaimed dividends	-	-	-	6	6
<i>Total contributions by and distributions to owners</i>	-	-	-	6	6
Total transactions with owners	-	-	-	6	6
At 30 April 2013	46,562	640	413	23,070	70,685

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 30 April 2014, there was no change to the share capital of the Company.

As at 30 April 2014, there were 8.2 million (30 April 2013: 16.9 million) outstanding share options in respect of unissued ordinary shares under the DT Share Option Scheme 1999.

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 30.04.14	As at 31.07.13
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.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 July 2013.

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.

Not applicable.

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		GROUP	
	Three Months Ended 30.04.14	Three Months Ended 30.04.13	Nine Months Ended 30.04.14	Nine Months Ended 30.04.13
Earnings per ordinary share based on (loss)/profit for the period				
(a) Based on the weighted average number of shares on issue	(0.02) cent	0.37 cent	0.12 cent	1.37 cent
(b) On a fully diluted basis	(0.02) cent	0.37 cent	0.12 cent	1.37 cent

Notes:

- (i) The calculation of basic earnings per share of the Group for the three months ended 30 April 2014 is based on loss attributable to owners of the Company of \$0.1 million (30 April 2013: Profit of \$2.2 million) and weighted average number of 594.7 million (30 April 2013: 594.7 million) ordinary shares.
- (ii) The calculation of diluted basic earnings per share of the Group for the three months ended 30 April 2014 is based on loss attributable to owners of the Company of \$0.1 million (30 April 2013: Profit of \$2.2 million) and weighted average number of 594.7 million (30 April 2013: 594.7 million) ordinary shares; there were no dilutive potential ordinary shares during these periods.
- (iii) The calculation of basic earnings per share of the Group for the nine months ended 30 April 2014 is based on profit attributable to owners of the Company of \$0.7 million (30 April 2013: Profit of \$8.1 million) and weighted average number of 594.7 million (30 April 2013: 594.7 million) ordinary shares.
- (iv) The calculation of diluted basic earnings per share of the Group for the nine months ended 30 April 2014 is based on profit attributable to owners of the Company of \$0.7 million (30 April 2013: Profit of \$8.1 million) and weighted average number of 594.7 million (30 April 2013: 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 30.04.14	As at 31.07.13	As at 30.04.14	As at 31.07.13
Net Asset Value per ordinary share based on issued share capital at the end of the period	6.74 cents	12.14 cents	6.75 cents	12.13 cents

Note: The Net Asset Value per ordinary share is calculated based on 594.7 million (31 July 2013: 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.

3Q FY2014

For 3Q FY2014, the Group recorded 10.0% drop in revenue from \$7.4 million to \$6.6 million. The decrease in revenue was a result of drop in sales from higher value DVD media products and services, which was partially mitigated by increased sales from lower value CD media products and services.

Total operating expenses was higher by 21.0% from \$5.6 million in 3Q FY2013 compared to \$6.8 million in 3Q FY2014. Although revenue decreased by 10.0%, cost of raw materials usage rose by 12.2% due to an overall 10.1% increase in media volume arising mainly from CD media products and services. Staff costs of \$2.3 million in 3Q FY2014 were 12.7% higher compared to a lower base of \$2.1 million in 3Q FY2013 as a result of a reversal during 3Q FY2013 of excess bonus for prior year. Depreciation was higher by 38.1% from \$0.8 million to \$1.1 million due to depreciation recorded for Blu-Ray related plant, property and equipment during 3Q FY2014. Other operating expenses were higher by 35.8% from \$1.2 million to \$1.7 million mainly due to the absence of a one-off discount received on royalty during 3Q FY2013 as a result of signing a new licensing agreement with an existing licensor.

No income tax was recorded in 3Q FY2014 as the Company had assessed that it would have sufficient tax allowances to offset its taxable income for FY2014, taking into consideration that the Company was granted investment allowance by a government agency during 2Q FY2014 for its investment in Blu-Ray equipments. For 3Q FY2013, income tax expense was a credit amount of \$0.3 million due to the recognition of \$0.6 million in tax benefits claimed under the Productivity and Innovation Credit scheme announced in Singapore Budget 2013. If the claim for these tax benefits was excluded, income tax expense for 3Q FY2013 would have been \$0.3 million.

As a result of the above, the Group incurred a loss of \$0.1 million for 3Q FY2014 compared to a profit of \$2.2 million recorded for 3Q FY2013.

9M FY2014

For 9M FY2014, the Group registered 36.6% decrease in revenue from \$37.7 million to \$23.9 million. The decrease in revenue was mainly attributed to weaker demand for its DVD media storage products and services. In addition, sales from Blu Ray media storage products and services remained slow.

Total operating expenses decreased by 19.9% from \$29.4 million in 9M FY2013 compared to \$23.6 million in 9M FY2014. The decrease in cost of raw materials usage by 34.5% from \$10.4 million to \$6.8 million was mainly attributed to lower sales from DVD media storage products and services. The reduction in staff costs by 17.0% from \$9.2 million to \$7.6 million and other operating expenses by 20.9% from \$7.4 million to \$5.8 million was attributed to lower level of business activities. Depreciation was higher by 35.9% from \$2.4 million to \$3.3 million due to depreciation recorded for Blu-Ray related plant, property and equipment during 9M FY2014.

No income tax expense was recorded by the Company for 9M FY2014 as the Company had assessed that it should have sufficient tax allowances to offset its taxable income for FY2014, taking into consideration that the Company was granted investment allowance by a government agency during 2Q FY2014 for its investment in Blu-Ray equipments. For 9M FY2013, income tax expense of \$0.6 million was recorded for profits made during 9M FY2013, the amount of which had included an adjustment of \$0.2 million made during 2Q FY2013 for overprovision of tax in respect of prior years and the recognition of \$0.6 million in tax benefits claimed during 3Q FY2013 under the Productivity and Innovation Credit scheme announced in Singapore Budget 2013. If the prior year tax adjustment of \$0.2 million and claim for tax benefits of \$0.6 million were excluded, income tax expense would have been \$1.4 million.

As a result of the above, the Group's profit decreased by 91.3% from \$8.1 million to \$0.7 million.

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 financial position of the Group remained healthy with a net cash position of \$14.5 million as at 30 April 2014. The Group continued to generate positive operating cashflows amounting to \$0.5 million and \$3.4 million during 3Q FY2014 and 9M FY2014, respectively. Net cash position of the Group decreased by \$30.6 million from \$45.0 million as at 31 July 2013 to \$14.5 million as at 30 April 2014 mainly due to the payments of the final one-tier tax exempt dividend of 1.0 cent per share and special one-tier tax exempt dividend of 1.0 cent per share for FY2013, in total amounting to \$11.9 million, on 12 December 2013, and cash distribution of 3.5 cents per share from capital reduction exercise amounting to \$20.8 million on 28 January 2014.

Despite depreciation charge of \$3.3 million recorded for the period, property, plant and equipment rose by 27.7% from \$16.4 million to \$20.9 million due mainly to additions of Blu-Ray equipments during 9M FY2014.

The decrease in inventories was attributed to the consumption of inventories during 9M FY2014.

Trade and other receivables decreased by 68.9% from \$11.6 million to \$3.6 million due mainly to reclassification of advance payments made for the purchase of property, plant and equipment, which were mainly attributed to Blu-Ray equipments, amounting to \$6.2 million as at 31 July 2013 to property, plant and equipment as at 30 April 2014 upon receipts of the above equipments. If these advance payments of \$6.2 million were excluded, trade and other receivables would have decreased by a lesser extent of 33.5% from \$5.4 million to \$3.6 million due to lower revenue of \$6.6 million recorded during 3Q FY2014 compared to revenue of \$7.3 million registered during 4Q FY2013. Accordingly, trade and other payables decreased by 40.5% from \$6.2 million to \$3.7 million at the back of lower level of business activities compared to 4Q FY2013.

The decrease in share capital of \$20.8 million was attributed to the payment of cash distribution of 3.5 cents per share from capital reduction exercise on 28 January 2014. This capital reduction exercise had no impact on the number of shares held by shareholders.

The decrease in reserves of \$11.3 million despite continued profitability of \$0.7 million during 9M FY2014 was attributed to the payment of final one-tier tax exempt dividend of 1.0 cent per share and special one-tier tax exempt dividend of 1.0 cent per share for FY2013, in total amounting to \$11.9 million, on 12 December 2013.

The bank loan taken was attributed to a Taiwan subsidiary, One Global Inc.

Current tax payable was lower due to payments made during 9M FY2014.

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

In the Second Quarter Financial Statements and Dividend Announcement released on 5 March 2014, it was stated in paragraph 10, "As demand for existing CD/DVD media storage products and services is expected to fall while take-up for Blu Ray media storage products and services remains slow, barring unforeseen circumstances, the Group will incur operating losses for the rest of FY2014."

There was no variance to the prospect statement that was previously disclosed to the shareholders as the Group reported both operating and post tax loss of \$0.1 million for 3Q FY2014.

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.

Demand for existing CD/DVD media storage products and services is expected to remain slow while sales from Blu Ray media storage products and services appear to be picking up slowly. The Group will continue to focus on providing more value added services to its customers and controlling its operating costs.

The Group is expected to incur operating losses in 4Q FY2014.

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 or recommended for the quarter ended 30 April 2014.

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). (Not required for announcement on full year results)

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

17. A breakdown of sales.

Not applicable.

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year	Previous Full Year
	\$'000	\$'000
Ordinary – Interim (Paid)	-	-
Ordinary – Final	-	-
Preference	-	-
Total	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year

BY ORDER OF THE BOARD

Djuniarti Intan Ng
Finance Director

28 May 2014