



DATAPULSE TECHNOLOGY

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 Profit or Loss

GROUP	Three Months Ended 30.04.17	Three Months Ended 30.04.16 (Restated)	Change %	Nine Months Ended 30.04.17	Nine Months Ended 30.04.16 (Restated)	Change %
	\$'000	\$'000		\$'000	\$'000	
<u>Continuing operations</u>						
Revenue	2,349	3,568	(34.2)	10,849	20,726	(47.7)
Other income	139	132	5.3	353	368	(4.1)
	<u>2,488</u>	<u>3,700</u>	(32.8)	<u>11,202</u>	<u>21,094</u>	(46.9)
Changes in inventories and raw materials usage	(755)	(1,096)	(31.1)	(2,847)	(5,522)	(48.4)
Depreciation	(686)	(771)	(11.0)	(2,098)	(2,392)	(12.3)
Staff costs	(1,646)	(1,915)	(14.0)	(5,499)	(6,876)	(20.0)
Other operating expenses	(692)	(1,189)	(41.8)	(2,110)	(4,304)	(51.0)
Total operating expenses	<u>(3,779)</u>	<u>(4,971)</u>	(24.0)	<u>(12,554)</u>	<u>(19,094)</u>	(34.3)
Results from operating activities	(1,291)	(1,271)	1.6	(1,352)	2,000	NM
Share of profit of associate	-	10	NM	-	6	NM
(Loss) / profit before tax	(1,291)	(1,261)	2.4	(1,352)	2,006	NM
Income tax expense	-	-	-	-	-	-
(Loss) / profit from continuing operations	(1,291)	(1,261)	2.4	(1,352)	2,006	NM
<u>Discontinued Operations**</u>						
Profit from discontinued operations (net of tax)	85	13	NM	5,634	39	NM
(Loss) / profit for the period attributable to owners of the Company	(1,206)	(1,248)	(3.4)	4,282	2,045	109.4

** 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)

<u>Consolidated Statement of Comprehensive income</u>	Three Months Ended 30.04.17	Three Months Ended 30.04.16	Change	Nine Months Ended 30.04.17	Nine Months Ended 30.04.16	Change
GROUP	\$'000	\$'000	%	\$'000	\$'000	%
(Loss) / profit for the period	(1,206)	(1,248)	(3.4)	4,282	2,045	109.4
<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	-	(4)	NM	-	(8)	NM
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	-	-	-	299	-	NM
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal	(20)	-	NM	(20)	-	NM
Share of foreign currency translation differences of associate	-	32	NM	-	28	NM
Other comprehensive income attributable to owners of the Company	(20)	28	NM	279	20	NM
Other comprehensive income for the period	(20)	28	NM	279	20	NM
Total comprehensive income for the period attributable to owners of the Company	(1,226)	(1,220)	0.5	4,561	2,065	120.9

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:

Gain on disposal of a foreign subsidiary
 Gain on disposal of associate
 Interest income
 Sundry income

	Three Months Ended 30.04.17			Three Months Ended 30.04.16			
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Change
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
	-	85	85	-	-	-	NM
	32	-	32	-	-	-	NM
	102	-	102	111	-	111	(8.1)
	5	-	5	21	-	21	(76.2)
	139	85	224	132	-	132	69.7
Other operating expenses include the following items:							
Exchange loss	66	-	66	338	-	338	(80.5)
Finance costs	-	-	-	-	36	36	NM
Bad debt recovered	-	-	-	(1)	-	(1)	NM

Notes

Other income:

Gain on disposal of a foreign subsidiary
 Gain on disposal of associate
 Interest income
 Sundry income

	Nine Months Ended 30.04.17			Nine Months Ended 30.04.16			
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Change
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%
	-	5,634	5,634	-	-	-	NM
	32	-	32	-	-	-	NM
	305	-	305	336	-	336	(9.2)
	16	-	16	32	-	32	(50.0)
	353	5,634	5,987	368	-	368	NM
Other operating expenses include the following items:							
Exchange (gain) / loss	(323)	-	(323)	170	-	170	NM
Finance costs	-	-	-	-	115	115	NM
Bad debt recovered	(1)	-	(1)	(2)	-	(2)	(50.0)

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		
	30.04.17 \$'000	31.07.16 \$'000	Change %	30.04.17 \$'000	31.07.16 \$'000	Change %
Non-current assets						
Property, plant and equipment	11,952	14,034	(14.8)	11,952	14,034	(14.8)
Subsidiaries	-	-	-	- #	2,903	NM
Associate	-	2,889	NM	-	-	-
	11,952	16,923	(29.4)	11,952	16,937	(29.4)
Current assets						
Inventories	853	1,050	(18.8)	853	1,050	(18.8)
Trade and other receivables	1,336	1,314	1.7	1,336	1,298	2.9
Cash and bank balances	39,853	31,874	25.0	39,841	31,468	26.6
Assets held for sale ⁽¹⁾	-	6,527	NM	-	-	-
	42,042	40,765	3.1	42,030	33,816	24.3
Total assets	53,994	57,688	(6.4)	53,982	50,753	6.4
Equity attributable to owners of the Company						
Share capital	32,992	32,992	-	32,992	32,992	-
Reserves	18,180	14,269	27.4	12,066	14,096	(14.4)
Total equity	51,172	47,261	8.3	45,058	47,088	(4.3)
Non-current liabilities						
Deferred tax liabilities	1,079	1,079	-	1,079	1,079	-
	1,079	1,079	-	1,079	1,079	-
Current liabilities						
Trade and other payables	1,743	3,005	(42.0)	1,743	2,584	(32.5)
Amount due to subsidiary	-	-	-	6,102	-	NM
Current tax payable	-	2	NM	-	2	NM
Liabilities held for sale ⁽¹⁾	-	6,341	NM	-	-	-
	1,743	9,348	(81.4)	7,845	2,586	203.4
Total liabilities	2,822	10,427	(72.9)	8,924	3,665	143.5
Total equity and liabilities	53,994	57,688	(6.4)	53,982	50,753	6.4

Notes:

Amount less than \$50

⁽¹⁾ The assets and liabilities of the Taiwan subsidiary, OGI, were classified as "Assets held for sale" and "Liabilities held for sale" respectively as at 31 July 2016.

NM: Not meaningful.

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

Amount repayable in one year or less, or on demand

As at 30.04.17		As at 31.07.16	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	6,226	-

Amount repayable after one year

As at 30.04.17		As at 31.07.16	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

At 31 July 2016, the liabilities held for sale included bank loan of \$6.2 million. The bank loan was secured by a charge over freehold property with net book value of \$5.5 million held by the Group's Taiwan subsidiary, OGI and corporate guarantee provided by the Company.

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

GROUP	Three Months Ended 30.04.17 \$'000	Three Months Ended 30.04.16 \$'000	Nine Months Ended 30.04.17 \$'000	Nine Months Ended 30.04.16 \$'000
<u>Operating activities</u>				
(Loss) / profit for the period	(1,206)	(1,248)	4,282	2,045
Adjustments for:				
Bad debt recovered	-	(1)	(1)	(2)
Depreciation	686	787	2,098	2,441
Finance costs	-	37	-	116
Gain on disposal of associate	(32)	-	(32)	-
Gain on disposal of a foreign subsidiary	(85)	-	(5,634)	-
Income tax expense	-	3	-	8
Interest income	(102)	(111)	(305)	(336)
Share of loss of associate	-	(10)	-	(6)
Operating (loss) / profit before working capital changes	(739)	(543)	408	4,266
Changes in working capital:				
Inventories	(72)	160	197	217
Trade and other receivables	136	(149)	(6)	(107)
Trade and other payables	167	124	(868)	(340)
Cash (used in) / generated from operations	(508)	(408)	(269)	4,036
Income tax paid, net	-	-	(2)	(2)
Net cash (used in) / from operating activities	(508)	(408)	(271)	4,034
<u>Investing activities</u>				
Proceeds from disposal of discontinued operations, net of cash disposed of	78	-	5,508 @	-
Net proceeds from disposal of associate	26	-	26	-
Fixed deposits with maturity of more than three months	(6,872)	6,386	(8,971)	-
Interest received	104	79	289	313
Repayment of shareholders' loan by associate	2,875	-	2,875	-
Shareholders' loan to associate	-	(20)	-	(2,875)
Purchase of plant and equipment	(3)	(71)	(16)	(101)
Net cash (used in) / from investing activities	(3,792)	6,374	(289)	(2,663)
<u>Financing activities</u>				
Dividends paid	-	-	(657)	(1,320)
Interest paid	-	(37)	-	(116)
Repurchase of own shares	-	(183)	-	(183)
Return of unclaimed dividends	7	-	7	5
Net cash from / (used in) financing activities	7	(220)	(650)	(1,614)
Net (decrease) / increase in cash and cash equivalents	(4,293)	5,746	(1,210)	(243)
Cash and cash equivalents at beginning of period	35,181	26,032	32,080 *	31,975
Effect of exchange rate changes on balances held in foreign currency	(6)	(50)	12	(4)
Cash and cash equivalents at end of period	30,882	31,728	30,882	31,728
Note				
Cash and bank balances at end of period comprise the following:				
Fixed deposits with maturity of more than three months	8,971	-	8,971	-
Cash and cash equivalents	30,882	31,728	30,882	31,728
Cash and cash equivalents at end of period in the statement of financial position	39,853	31,728	39,853	31,728

@Total proceeds received from sale of OGI amounted to \$6,120,000, of which \$406,000 was received in the previous financial year and recorded as deposit received for sale of disposal group. Cash of OGI disposed was \$206,000.

* Including 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	Reserve for own shares	Legal reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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>	-	-	-	-	5,488	5,488
<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	5,488	5,787
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Final 1-tier tax-exempt dividend paid of 0.30 cents per share for FY2016	-	-	-	-	(657)	(657)
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)	-	(640)	(657)
Total transactions with owners	-	-	(17)	-	(640)	(657)
At 31 January 2017	32,992	(183)	-	20	19,562	52,391
At 1 February 2017	32,992	(183)	-	20	19,562	52,391
Total comprehensive income for the period						
<i>Loss for the period</i>	-	-	-	-	(1,206)	(1,206)
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal	-	-	-	(20)	-	(20)
<i>Total other comprehensive income</i>	-	-	-	(20)	-	(20)
Total comprehensive income for the period	-	-	-	(20)	(1,206)	(1,226)
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Return of unclaimed dividends	-	-	-	-	7	7
<i>Total contributions by and distributions to owners</i>	-	-	-	-	7	7
Total transactions with owners	-	-	-	-	7	7
At 30 April 2017	32,992	(183)	-	-	18,363	51,172

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	Reserve for own shares	Legal reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP						
At 1 August 2015	32,992	-	9	(295)	15,132	47,838
Total comprehensive income for the period						
<i>Profit for the period</i>	-	-	-	-	3,293	3,293
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	-	(4)	-	(4)
Share of foreign currency translation differences of associate	-	-	-	(4)	-	(4)
<i>Total other comprehensive income</i>	-	-	-	(8)	-	(8)
Total comprehensive income for the period	-	-	-	(8)	3,293	3,285
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Final 1-tier tax-exempt dividend paid of 0.20 cents per share for FY2015	-	-	-	-	(1,320)	(1,320)
Return of unclaimed dividends	-	-	-	-	5	5
<i>Total contributions by and distributions to owners</i>	-	-	-	-	(1,315)	(1,315)
Total transactions with owners	-	-	-	-	(1,315)	(1,315)
At 31 January 2016	32,992	-	9	(303)	17,110	49,808
At 1 February 2016	32,992	-	9	(303)	17,110	49,808
Total comprehensive income for the period						
<i>Loss for the period</i>	-	-	-	-	(1,248)	(1,248)
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	-	(4)	-	(4)
Share of foreign currency translation differences of associate	-	-	-	32	-	32
<i>Total other comprehensive income</i>	-	-	-	28	-	28
Total comprehensive income for the period	-	-	-	28	(1,248)	(1,220)
Transactions with owners, recorded directly in equity						
<u>Contributions by and distributions to owners</u>						
Own shares acquired	-	(183)	-	-	-	(183)
<i>Total contributions by and distributions to owners</i>	-	(183)	-	-	-	(183)
Total transactions with owners	-	(183)	-	-	-	(183)
At 30 April 2016	32,992	(183)	9	(275)	15,862	48,405

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>Loss for the period</i>	-	-	(57)	(57)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(57)	(57)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Final 1-tier tax-exempt dividend paid of 0.30 cents per share for FY2016	-	-	(657)	(657)
<i>Total contributions by and distributions to owners</i>	-	-	(657)	(657)
Total transactions with owners	-	-	(657)	(657)
At 31 January 2017	32,992	(183)	13,565	46,374
At 1 February 2017	32,992	(183)	13,565	46,374
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(1,323)	(1,323)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(1,323)	(1,323)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Return of unclaimed dividends	-	-	7	7
<i>Total contributions by and distributions to owners</i>	-	-	7	7
Total transactions with owners	-	-	7	7
At 30 April 2017	32,992	(183)	12,249	45,058

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 2015

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 dividend paid of 0.20 cents per share for FY2015

Return of unclaimed dividends

Total contributions by and distributions to owners

Total transactions with owners

At 31 January 2016

At 1 February 2016

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

Own shares acquired

Total contributions by and distributions to owners

Total transactions with owners

At 30 April 2016

	Share capital \$'000	Reserve for own shares \$'000	Retained earnings \$'000	Total equity \$'000
At 1 August 2015	32,992	-	14,733	47,725
Total comprehensive income for the period				
Profit for the period	-	-	3,271	3,271
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	3,271	3,271
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Final 1-tier tax-exempt dividend paid of 0.20 cents per share for FY2015	-	-	(1,320)	(1,320)
Return of unclaimed dividends	-	-	5	5
<i>Total contributions by and distributions to owners</i>	-	-	(1,315)	(1,315)
Total transactions with owners	-	-	(1,315)	(1,315)
At 31 January 2016	32,992	-	16,689	49,681
At 1 February 2016	32,992	-	16,689	49,681
Total comprehensive income for the period				
<i>Loss for the period</i>	-	-	(1,271)	(1,271)
<i>Total other comprehensive income</i>	-	-	-	-
Total comprehensive income for the period	-	-	(1,271)	(1,271)
Transactions with owners, recorded directly in equity				
<u>Contributions by and distributions to owners</u>				
Own shares acquired	-	(183)	-	(183)
<i>Total contributions by and distributions to owners</i>	-	(183)	-	(183)
Total transactions with owners	-	(183)	-	(183)
At 30 April 2016	32,992	(183)	15,418	48,227

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 2017, there was no change to the share capital of the Company.

As at 30 April 2017, the Company held 829,600 treasury shares (30 April 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 30.04.17	As at 31.07.16
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 2016.

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 2016. 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						GROUP					
	Three Months ended 30.04.2017			Three Months ended 30.04.2016			Nine Months ended 30.04.2017			Nine Months ended 30.04.2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(Loss) / Profit attributable to owners of the Company (\$'000)	(1,291)	85	(1,206)	(1,261)	13	(1,248)	(1,352)	5,634	4,282	2,006	39	2,045
Weighted average no. of shares used in computation of basic earning per shares (in million)	219.07	219.07	219.07	219.55	219.55	219.55	219.07	219.07	219.07	219.79	219.79	219.79
(Loss) / Earnings per share												
(a) Based on the weighted average number of shares in issue (cents)	(0.59)	0.04	(0.55)	(0.58)	0.01	(0.57)	(0.62)	2.57	1.95	0.91	0.02	0.93
(b) On a fully diluted basis (cents)	(0.59)	0.04	(0.55)	(0.58)	0.01	(0.57)	(0.62)	2.57	1.95	0.91	0.02	0.93

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 30.04.17	As at 31.07.16	As at 30.04.17	As at 31.07.16
Net Asset Value per ordinary share based on issued share capital at the end of the period (cents)	23.36	21.57	20.57	21.49

Note: The Net Asset Value per ordinary share is calculated based on 219.07 million (31 July 2016: 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 30.04.17 ("3Q FY2017")

For 3Q FY2017, the Group registered a 34.2% drop in revenue as compared to the three months ended 30.04.16 ("3Q FY2016") from \$3.6 million to \$2.3 million. The decrease in revenue was a result of weaker demand for media storage products and services during the quarter.

Total operating expenses decreased by 24.0% from \$5.0 million in 3Q FY2016 to \$3.8 million in 3Q FY2017. The decrease in cost of raw materials usage of 31.1% was a result of the lower revenue during 3Q FY2017. Depreciation was lower as more assets were fully depreciated and there were minimal property, plant and equipment investments. The reduction in staff costs by 14.0% from \$1.9 million to \$1.6 million and other operating expenses by 41.8% from \$1.2 million to \$0.7 million were mainly attributed to lower business activities, cost management measures undertaken by the management of the Group, and lower exchange loss during the period.

Profit from discontinued operations of \$85,000 in 3Q FY2017 was due to receipt of balance consideration and finalization of costs relating to disposal of OGI.

As a result of the above, the Group's net loss decreased by 3.4% from \$1.25 million in 3Q FY2016 to \$1.21 million in 3Q FY2017.

Nine Months ended 30.04.17 ("9M FY2017")

For 9M FY2017, the Group registered a 47.7% drop in revenue as compared to the nine months ended 30.04.16 ("9M FY2016") from \$20.7 million to \$10.8 million. The decrease in revenue was a result of weaker demand for media storage products and services during the period.

Total operating expenses decreased by 34.3% from \$19.1 million in 9M FY2016 to \$12.6 million in 9M FY2017. The decrease in cost of raw materials usage of 48.4% was in tandem with the lower revenue during 9M FY2017. Depreciation was lower as more assets were fully depreciated and there were minimal property, plant and equipment investments. The reduction in staff costs by 20.0% from \$6.9 million to \$5.5 million and other operating expenses by 51.0% from \$4.3 million to \$2.1 million were mainly attributed to lower business activities, cost management measures undertaken by the management of the Group, and exchange gain recognised during the period.

Profit from discontinued operations was due to recognition of gain on disposal of subsidiary of \$5.6 million upon completion of the disposal of OGI during the period.

As a result of the above, the Group's profit increased by 109.4% from \$2.0 million in 9M FY2016 to \$4.3 million in 9M FY2017.

Financial Position and Cash Flow

The Group's financial position remained strong with a net cash position of \$39.9 million as at 30 April 2017, equivalent to 18.2 cents per share.

For 3Q FY2017, the Group recorded a negative cash flow of \$0.5 million which was mainly attributable to the operating loss for the period. For 9M FY2017, the negative cash flow from operating activities of \$0.3 million was mainly due to the decrease in trade and other payables for the period.

On 7 July 2016, the Group entered into a share sale and purchase agreement to dispose of its entire shareholding in OGI for a consideration of TWD 144.5 million (equivalent to \$6.1 million). The assets and liabilities of OGI had also been reclassified to assets held for sale and liabilities held for sale in the Group's statement of financial position as at 31 July 2016. The disposal was completed on 19 August 2016 and the Group received proceeds from discontinued operations, net of cash disposed amounting to \$5.9 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)

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

Associate at the Group level of \$2.9 million as at 31 July 2016 comprised mainly a long term shareholders' loan extended to a 20% owned associate, Goldprime Realty Pte Ltd ("Goldprime"), for a property development project in Australia. On 2 December 2016, the Group entered into a share sale and purchase agreement to dispose of its 20% interest in Goldprime for a consideration of \$35,000. The disposal was completed on 17 February 2017 and the shareholders' loan was repaid during the quarter.

Inventories as at 30 April 2017 were \$0.9 million compared to \$1.1 million as at 31 July 2016, a decrease of 18.8%.

Trade and other payables were lower by 42.0% from \$3.0 million to \$1.7 million mainly due to payments of accrued operating expenses during 9M FY2017.

Reserves as at 30 April 2017 were higher by \$3.9 million due mainly to 9M FY2017's profit of \$4.3 million, which was offset by the payment of final one-tier tax exempt dividend of \$0.7 million on 09 December 2016.

Use of proceeds raised from private placement

A portion of the proceeds raised from the issuance of shares to Lian Beng Group Ltd in FY2015, amounting to approximately \$2.9 million had been extended to the Group's associate, Goldprime, by way of a long term interest-free shareholders' loan for use on a property development project in Australia. With the completion of the disposal of Goldprime in February 2017, this loan has been repaid during the quarter.

The Company will continue to make periodic announcements on the utilization of the placement proceeds 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 outlook for the Singapore manufacturing sector remains weak due to uncertainties surrounding the global economy. Operating environment in the media storage industry continues to be challenging due to weak market demand for media storage products and services.

The Group will continue to focus on increasing its revenue base through an expansion of its customer base and providing more value added services to its customers and managing its operating costs by improving yield and production efficiencies. It will also be keeping a close tab on the technological and business developments within the media storage industry and explore other investment and business opportunities.

At the same time, the Group will actively re-define its business strategies, and continue to explore measures to optimize utilisation of its resources efficiently.

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 30 April 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. There were no IPTs more than \$100,000 for the period under review.

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

08 June 2017