DATAPULSE TECHNOLOGY LIMITED
ANNUAL REPORT 2014

Harnessing our Strengths

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mission

To stay as a leading total solutions provider of digital storage media by adding value to our customers using the latest technology with the highest level of reliability and quality at the most competitive prices.

corporate profile

From a modest start as a manufacturer of cassette-related products, Datapulse has grown to become a leading total solutions provider of digital storage products and services in the Asia Pacific region today.

Listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX Main Board), Datapulse is a one-stop centre delivering high quality, reliable and competitive solutions for digital storage products and services such as CDs, DVDs and Blu-Ray Discs. Providing a full spectrum of complementary services from pre-mastering to mastering, replication, printing, customised packaging and distribution, we pride ourselves on our state-of-the-art manufacturing equipment and rigorous production processes that ensure our deliverables meet and even surpass the most exacting standards and are manufactured with high level of security and accountability.

Besides providing optical media solutions, we also offer cards solutions which include cards printing in a variety of sizes and data formats, personalisation, kitting and customised packaging for the end products.

Our corporate strategy remains focused on innovation and constant reinvention to stay ahead as leader of the industry. To strengthen our position as a leading total solutions provider of digital storage products and services, we will continue to invest in new technology and human capital as well as expand our suites of solutions to keep pace with the demands of the evolving market place.

letter to shareholders

Dear shareholders

On behalf of the Board of Directors (the Board), I have the pleasure to present to you the annual report of Datapulse Technology Limited (the Company) and its subsidiaries (the Group) for the financial year ended 31 July 2014 (FY2014).

The operating environment of the Group's media storage products and services business was very challenging through FY2014. The Group faced multi-faceted challenges from falling demand for physical media due to increased use of other substitute modes of content distribution, intense competition from global players, increased volatility in demand and shrinking customer base while our latest Blu-Ray investment had yet to gain meaningful traction in cushioning the drop in sales of our existing products and services. In addition, the uncertain global economy had adversely affected corporations and consumers in their spending on products and services such as software and games.

Nevertheless, I am comforted that the Group remained profitable in FY2014 despite recording a 34.6% drop in revenue to $29.5 million and finished the financial year in good financial stead with net cash position of $14.7 million and minimal debts amounting to $0.6 million.

PERFORMANCE REVIEW

For FY2014, the Group registered 34.6% decrease in revenue from $45.1 million to $29.5 million. The decrease in revenue was mainly attributed to weaker demand for existing media storage products and services, in particular, DVD media storage products and services. In addition, sales from Blu-Ray media storage products and services remained slow.

Total operating expenses decreased by 17.6% from $36.0 million recorded in the last financial year 2013 (FY2013) to $29.7 million in FY2014. The decrease in cost of raw materials usage by 35.0% from $12.4 million to $8.1 million was attributed to lower sales. The reduction in staff costs by 11.9% from $11.3 million to $10.0 million and other operating expenses by 17.9% from $9.1 million to $7.4 million was attributed to lower level of business activities. Depreciation was higher by 31.5% from $3.2 million to $4.2 million due to depreciation recorded for Blu-Ray related plant and equipment during FY2014.

Income tax credit of $0.6 million was recorded by the Group for FY2014, which was related to the Company for adjustments made amounting to $0.5 million for overprovision of tax in respect of prior years and reversal of deferred tax liabilities of $0.2 million for temporary timing differences during FY2014. Although the Group made pre-tax profit of $0.2 million, no income tax expense was recorded for FY2014 as the Group had 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 plant and equipment. For FY2013, a modest income tax expense of $0.1 million was recorded by the Group despite registering $10.2 million in pre-tax profit due to various tax credits. Total tax credit of $1.8 million was recognized for FY2013, which was related to the Company for an adjustment of $0.9 million for overprovision of tax in respect of prior years, reversal of deferred tax liabilities of $0.3 million for temporary timing differences during FY2013 and the recognition of $0.6 million in tax benefits during the third quarter of FY2013 under the Productivity and Innovation Credit scheme announced in Singapore Budget 2013.

As a result of the above, the Group's profit decreased by 92.1% from $10.2 million to $0.8 million.

For FY2014 and FY2013, earnings per share of the Group were 0.14 cent and 1.72 cent, respectively. The Group's net asset value per share stood at 6.76 cents as at 31 July 2014 compared to 12.14 cents as at 31 July 2013, a decrease of 44.3% mainly due to the payment of dividends for FY2013 and cash distribution from capital reduction exercise on 28 January 2014, as further explained below.

The financial position of the Group remained healthy with a net cash position of $14.7 million as at 31 July 2014. The Group continued to generate positive operating cashflows amounting to $4.0 million during FY2014. Net cash position of the Group decreased

" I am comforted that the Group remained profitable in FY2014 despite recording a 34.6% drop in revenue to $29.5 million and finished the financial year in good financial stead with net cash position of $14.7 million and minimal debts amounting to $0.6 million. "

by $30.3 million from $45.0 million as at 31 July 2013 to $14.7 million as at 31 July 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.

PROPOSED DIVIDEND

Having reviewed the Group's cash position and its capital and business requirements, the Board is pleased to recommend a final one-tier tax exempt dividend of 0.22 cent per share for FY2014. This proposed dividend continues the Group's uninterrupted record of paying annual dividend since its listing in 1994.

The Group's dividend policy is to set aside at least 50% of the Group's profit for the payment of annual dividend, subject to capital and business requirements of the Group.

The proposed dividend of 0.22 cent per share for FY2014 represents a dividend payout of nearly 161.4% and provides a dividend yield of 1.5%, calculated based on the closing share price on 15 September 2014, the last trading day before the announcement of FY2014 results.

The proposed dividend is subject to the approval of the members at the Annual General Meeting to be held on 18 November 2014. If approved, the dividend will be paid on 2 December 2014.

CAPITAL REDUCTION

During the financial year, the Company carried out a capital reduction exercise (Capital Reduction) to return to shareholders of the Company (Shareholders) surplus capital of the Company in excess of its immediate requirements and to achieve a more efficient capital structure. The Capital Reduction involved a cash distribution by the Company to Shareholders of 3.5 cents per share (Cash Distribution).

The Board believed that the Group was able to maintain a sufficient capital base to support its existing operations and to pay its debts as and when they were due. The Group did not have significant bank borrowings. In addition, any sale of the investment property held by the Group's wholly owned subsidiary, One Global Inc, in Taiwan would provide the Group with additional funds and capital base for its operations.

The Capital Reduction was approved by Shareholders via an extraordinary general meeting held on 29 November 2013 and became effective from 10 January 2014. Accordingly, Cash Distribution amounting to $20.8 million was paid to Shareholders on 28 January 2014.

The Capital Reduction and Cash Distribution did not result in a cancellation of shares or a change in the number of shares held by the Shareholders. Each Shareholder would hold the same number of shares before and immediately after the Capital Reduction.

letter to shareholders continued

OUTLOOK

Demand for existing CD/DVD media storage products and services is expected to remain weak while sales from Blu-Ray media storage products and services would likely improve.

The Group will continue to focus on providing more value added services to its customers and controlling its operating costs. 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 strategies and operating processes, and deploy its resources to effectively keep tab with the changes in its operating environment.

A WORD OF THANKS

On behalf of the Board, I would like to take this opportunity to thank our management and staff for their hard work, contributions and loyalty over these years. I would also like to express our sincere appreciation to our customers, vendors, as well as government agencies for their valued support. To the shareholders, I thank them for the confidence they have in us. As for my fellow directors, I would like to thank them for their guidance and contributions through the years.

For all of us at Datapulse, we look forward to having everyone continuing the journey with us to contribute to the performance of the Group going forward.

NG CHEOW CHYE
DEPUTY CHAIRMAN / CHIEF EXECUTIVE OFFICER

intellectual property

Respect for Intellectual Property (IP) is the bedrock of innovation and enterprise. The protection of the IP of our portfolio of world-class customers is of paramount importance and we are fully committed to ensure that the trust and confidence placed upon us will not be compromised.

At Datapulse, our approach to IP protection is total, sophisticated and rigorous. From top management to ground staff, we actively promote a culture of respect for IP. We recognise that our customers have entrusted us with their most valuable assets and we honour this trust by firmly committing to active protection of their IP.

We exercise uncompromising security controls throughout the plant with 24 hours surveillance and monitoring. Stringent procedures and documentation ensure total accountability and traceability in our business processes.

Regular internal audits ensure that our total IP management systems are in place and in top form round the clock. Through these conscientious efforts, Datapulse steadily maintains a sterling track record and has established ourself as a reputable business partner.

financial highlights

	2010	2011	2012	2013	2014
Financial Performance	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue ***(note 1)***	54,601	71,093	55,919	45,074	29,481
Profit for the year	10,577	10,790	7,029	10,217	811
Profit attributable to owners of the Company	10,587	10,790	7,029	10,217	811
Earnings per share (cents)	1.78	1.81	1.18	1.72	0.14
Return on assets (%) ***(note 2)***	11.40	11.70	7.80	12.10	1.30
Return on equity (%) ***(note 2)***	14.00	14.20	9.40	14.00	1.40
Financial Position	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	90,841	94,220	86,955	82,360	47,083
Total liabilities	14,986	18,383	12,791	10,135	6,863
Total equity/shareholders' funds	75,855	75,837	74,164	72,225	40,220
Net current assets	49,583	52,308	54,266	51,525	15,475
Net asset value per share (cents)	12.75	12.75	12.47	12.14	6.76
Net tangible asset per share (cents)	13.25	13.21	12.87	12.45	7.03
Cash Flow	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash from operating activities	12,221	14,232	11,714	11,194	4,042
Net cash and bank balances ***(note 3)***	48,951	51,323	52,624	45,012	14,747
Net cash per share (cents)	8.23	8.63	8.85	7.57	2.48
Dividends					
Total dividend per share (cents)	1.80	1.80	2.00	2.00	0.22
Total dividend declared ($'000) ***(note 4)***	10,705	10,705	11,894	11,894	1,308
Dividend payout (%)	101.10	99.20	169.20	116.40	161.40
Dividend yield (%) ***(note 5)***	8.40	8.40	9.80	8.50	1.50
Share Price	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Highest	27.00	26.00	22.50	23.50	19.64
Lowest	20.00	20.00	18.20	17.98	14.30
Average	23.26	21.75	19.83	20.11	16.97
Weighted average number of shares (million)	595	595	595	595	595
Average market capitalisation ($'million) ***(note 6)***	138	129	118	120	101
Average shareholders' funds ($'million)	75	76	75	73	56
Market value added ($'million) ***(note 7)***	63	53	43	47	45

Note 1:
Figures comprised of revenue from continuing and discontinued operations for FY2012 and earlier.

Note 2:
Calculations of return on assets and return on equity are based on profit for the year divided by the average total assets and average total equity, respectively.

Note 3:
Calculation of net cash and bank balances is based on cash and bank balances less interest bearing borrowings.

Note 4:
Calculation of total dividend declared is based on the sum of interim, final and special dividends declared, multiplied by the number of shares on the date of announcement of the respective full year results.

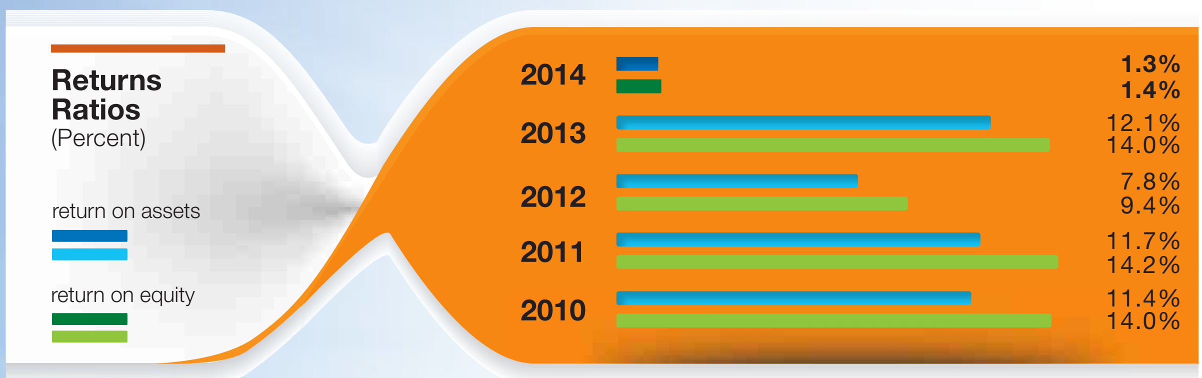
Note 5:
Calculation of dividend yield is based on total dividend per share divided by the closing share price on the date of announcement of the respective full year results.

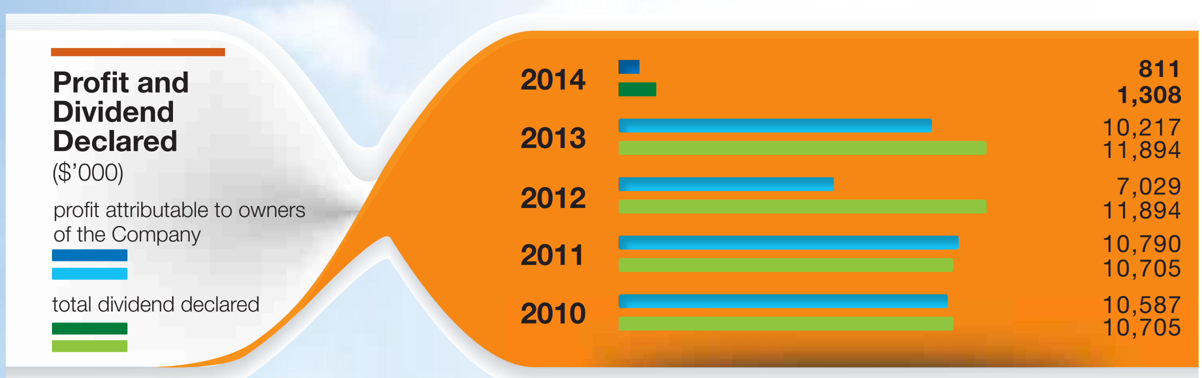
Note 6:
Calculation of average market capitalisation is based on weighted average number of shares multiplied by the average share price for the year.

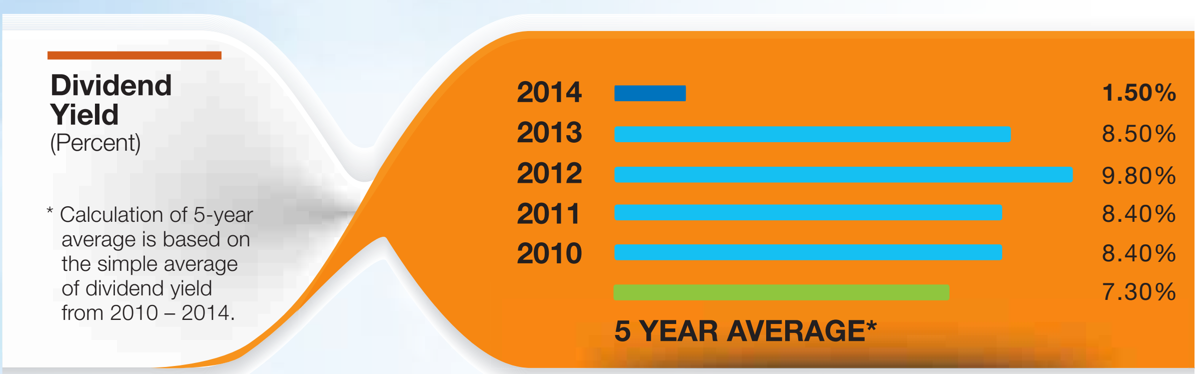
Note 7:
Calculation of market value added is based on the excess of the average market capitalisation over average shareholders' funds for the year.

financial highlights continued

financial highlights continued







board of directors

Hee Theng Fong
Acting Non-Executive Chairman and Independent Director

Ng Cheow Chye
Executive Deputy Chairman / Chief Executive Officer (CEO)

Ng Leok Cheng
Executive Director

Ng Bie Tjin @ Djuniarti Intan
Executive Director, Finance

Si Yok Fong @ Chin Yok Fong
Executive Director, Technical

Ng Cheow Leng
Executive Director, Human Resource and Administration

Hilary Quah Lam Seng
Independent Non-Executive Director

Guok Chin Huat Samuel
Independent Non-Executive Director

board of directors continued

Hee Theng Fong
Acting Non-Executive Chairman
and Independent Director

Mr Hee Theng Fong was appointed as Acting Chairman of the Board of Directors on 14 October 2013. He was appointed as a Director in January 1994 and was last re-elected in November 2013.

He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Hee is also a director of several companies, including YHI International Limited, NTUC Fairprice Co-operative Limited, Delong Holdings Ltd, Tye Soon Limited and First Resources Limited.

Mr Hee is a consultant of a law firm. He holds a Bachelor of Law (Hons) degree from the University of Singapore and a diploma on PRC Law from Suzhou University. He has been practising as an advocate and solicitor for more than thirty years. He is a fellow of the Chartered Institute of Arbitrators (UK) and Singapore Institute of Arbitrators. He is also on the panel of arbitrators of Singapore International Arbitration Centre (SIAC), Beijing Arbitration Commission (BAC), Huizhou Arbitration Commission, China International Economic and Trade Arbitration Commission (CIETAC) and Kuala Lumpur Regional Centre for Arbitration (KLRCA). He has been regularly invited to speak on directors' duties and corporate governance.

Ng Cheow Chye
Executive Deputy Chairman /
Chief Executive Officer (CEO)

Mr Ng Cheow Chye is one of the two founders of the Company and has been with the Group for thirty five years. He has extensive trading and manufacturing experience in the media storage industry since the early 1970s.

As the Deputy Chairman / CEO, he is responsible for the overall management of the Group and is instrumental in the setting and implementation of the Group's strategic plans and key operational initiatives as well as explores other investment and business opportunities. In striving to be a leading company in the media storage industry, he continues to ensure the Group employs the latest manufacturing technology to meet and exceed customers' expectations.

Mr Ng was appointed as a Director in January 1981 and was last re-elected in November 2011. He is due for re-election as a Director of the Company at the forthcoming annual general meeting (AGM) of the Company and has offered himself for re-election. He is a member of the Nominating and Remuneration Committees of the Company.

Apart from the present directorship of the Company, Mr Ng does not hold directorship in any other listed companies.

Ng Leok Cheng
Executive Director

Mr Ng Leok Cheng has been with the Group since August 1993 and had served as the Managing Director of the Company from September 2004 till July 2014. He was responsible for the overall management of the Group and the setting and implementation of the Group's strategic plans and key operational initiatives. He was also responsible for the marketing and new business development functions of the Company.

Prior to joining the Company, Mr Ng spent eight years in corporate banking where he specialised in the manufacturing and trading sectors of the small and medium enterprise market.

Mr Ng was appointed as a Director in January 1994 and was last re-elected in November 2011. He is due for re-election as a Director of the Company at the forthcoming AGM of the Company. However, as he has tendered his resignation as announced via SGXNET on 1 August 2014, he will not be seeking re-election and will cease to be a member of the Remuneration Committee of the Company after the AGM. Mr Ng is an independent non-executive director of listed companies, TT International Limited and Maxi-Cash Financial Services Corporation Ltd.

Mr Ng holds a Bachelor of Business Administration (Hons) from the National University of Singapore.

board of directors continued

Ng Bie Tjin @ Djuniarti Intan
Executive Director, Finance

Ms Ng Bie Tjin @ Djuniarti Intan has been with the Group for twenty two years and is responsible for the administration and implementation of the Group's corporate finance strategies and policies, corporate governance and internal control policies and procedures.

Ms Ng was appointed as a Director in January 1994 and was last re-elected in November 2012. She is a member of the Nominating Committee of the Company and is also an independent director of the listed company, Aspial Corporation Limited.

Ms Ng holds a Masters in Business Administration from the University of Southern California.

Si Yok Fong @ Chin Yok Fong
Executive Director, Technical

Mr Si Yok Fong joined the Group in 1981. He is responsible for the procurement, production, quality assurance and engineering functions of the Company. He also works closely with the Deputy Chairman / CEO to continuously streamline the Company's production processes in order to maximise the efficiency and usage of the Company's assets.

Mr Si was appointed as a Director in January 1994 and was last re-elected in November 2012.

Apart from the present directorship of the Company, Mr Si does not hold directorship in any other listed companies.

Mr Si holds a Masters in Engineering Business Management.

Ng Cheow Leng
Executive Director, Human Resource and Administration

Mr Ng Cheow Leng, the younger brother of the Deputy Chairman / CEO, is the Human Resource and Administration Director of the Company. He has been with the Group for twenty six years and is responsible for the formulation and implementation of the Company's human resource, administration and information technology policies.

Mr Ng was appointed as a Director in January 1994 and was last re-elected in November 2013.

Apart from the present directorship of the Company, Mr Ng does not hold directorship in any other listed companies.

Mr Ng holds a Bachelor of Arts from the Michigan State University.

board of directors continued

Hilary Quah Lam Seng
Independent Non-Executive Director

Mr Hilary Quah Lam Seng was appointed as a Director in October 1999 and was last re-elected in November 2011. He is due for re-election as a Director of the Company at the forthcoming AGM of the Company and has offered himself for re-election. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Quah comes with multiple industries experience; from high technologies to economic planning and development, from retail sales in transportation to retail banking services, operations and technologies, and banking services start-up to strategic consulting start-up.

Mr Quah holds a Bachelor of Science, Electrical and Electronics with computer option from the University of Wisconsin-Madison, USA, and practised semiconductor and circuit design in Japan and in the Silicon Valley for about five years. He left the high technology business to spend about five years at the Singapore Economic Development Board where he held various investment and development positions in Singapore and the United States.

Guok Chin Huat Samuel
Independent Non-Executive Director

Mr Guok Chin Huat Samuel was appointed as a Director in August 2012 and was last re-elected in November 2012. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Guok is currently the independent non-executive director of Bukit Sembawang Estates Limited, Global Palm Resources Holdings Limited and Redwood Group Limited. He is also an executive director of several private limited companies and has over twenty years of experience in investment banking, venture capital and private equity businesses.

Mr Guok holds a Bachelor of Science degree in Business Administration from Boston University with Majors in Finance and International Economics, Minor in Chemistry.

financial contents

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corporate governance report

The Board of Directors (the Board) of Datapulse Technology Limited (the Company) and its subsidiaries (the Group) is committed to maintaining a high standard of corporate governance.

Under the Singapore Exchange Securities Trading Limited listing manual (SGX Listing Manual), the Company is required to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2012 (Code). This report describes the Company's corporate governance policies and practices, including explanations for deviations from the Code.

BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Effective Board to lead and control the Company

The Board's primary role is to protect and enhance long-term shareholders' value. The directors will objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Group by providing entrepreneurial leadership, setting the overall corporate strategy and directions of the Group and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives. The Board also establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets, reviews management's performance, identifies the key stakeholder groups and recognises that their perceptions affect the Group's reputation, sets the Group's values and standards, ensures that obligations to shareholders and other stakeholders are understood and met, and considers sustainability issues as part of its strategic formulation.

The Board has established a number of committees to assist in the execution of the Board's responsibilities. These committees include the Nominating Committee (NC), Remuneration Committee (RC) and Audit Committee (AC), which function within clearly defined terms of references.

The Board has adopted internal guidelines governing matters that require approval by the Board, which includes material investment and divestment proposals, major corporate or financial restructuring, key operational initiatives, major fund raising exercises, announcements of periodic results, audited financial statements, proposals of dividends and authorisation of material interested person transactions. Other matters are delegated to the Board committees and the management.

The Board holds scheduled meetings at least four times a year. When circumstances require, ad-hoc meetings are arranged or exchanges of views are held outside the formal environment of Board meetings. Board meetings are conducted in Singapore. Teleconferencing and/or videoconferencing may be used when necessary.

corporate governance report continued

BOARD'S CONDUCT OF ITS AFFAIRS (Continued)

The attendance of the directors at meetings of the Board and Board committees during the financial year is presented below:

	Board meetings		AC meetings		NC meetings		RC meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Ng Khim Guan^	1	–	–	–	–	–	–	–
Hee Theng Fong	9	8	4	3	1	1	2	2
Ng Cheow Chye	9	9	–	–	1	1	2	2
Ng Leok Cheng	9	9	–	–	–	–	2	2
Ng Bie Tjin @ Djuniarti Intan	9	9	–	–	1	1	–	–
Si Yok Fong @ Chin Yok Fong	9	9	–	–	–	–	–	–
Ng Cheow Leng	9	9	–	–	–	–	–	–
Hilary Quah Lam Seng	9	9	4	4	1	1	2	2
Guok Chin Huat Samuel	9	9	4	4	1	1	2	2

^ Mr Ng Khim Guan stepped down as director on 12 September 2013.

To facilitate an effective and efficient discharge of duties and responsibilities, the directors are provided with extensive information on the Group's business activities, strategic directions and policies with regular and timely updates whenever there are any new developments. The non-executive directors are also welcomed to request for further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from the management. The executive directors will make the necessary arrangements for the explanations, briefings or informal discussions. In addition, the non-executive directors are invited from time to time to visit the Group's manufacturing facility to gain a better understanding of its businesses and operations.

To ensure that the directors keep pace with regulatory changes that will have an important bearing on the Company's or directors' obligations, the directors are updated on such changes in between or during Board meetings and/or on specially convened sessions by professionals. The company secretary informs the directors of upcoming conferences and seminars relevant to their roles as directors of the Company. The Company has established a budget for all directors to attend appropriate courses, conferences and seminars.

All newly appointed directors will be issued with formal letters of appointment setting out their duties and obligations.

Newly appointed directors are briefed by the management on the Group's business activities, strategic directions, business and governance practices and policies, and the regulatory environment in which it operates, as well as their statutory and other duties and responsibilities as directors. They will also be invited to visit the Group's manufacturing facility to gain a better understanding of its businesses and operations. When required, the Group will arrange for new directors to attend appropriate training and education programmes conducted by professionals.

corporate governance report continued

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

The Board, comprising eight members, consists of an acting non-executive Chairman, who is an independent director, an executive Deputy Chairman/Chief Executive Officer (CEO), four executive directors and two independent non-executive directors.

The independence of the independent non-executive directors is subject to the NC's review annually, based on the guidelines on criteria of independence stated in the Code. The Board is of the view that there exists a strong and independent element in the Board to enable an objective judgement on the corporate affairs of the Group by Board members taking into account the number of independent non-executive directors. The Board, through the NC, examines on an annual basis the level of independent element within the Board.

Mr Hee Theng Fong and Mr Hilary Quah Lam Seng have served on the Board for more than nine years from the date of their first appointment. The Board has subjected their independence to a particularly rigorous review. The Board is of the view that the independence of the independent directors must be based on the substance of their integrity and objectivity and not merely based on form; such as the number of years which they have served on the Board.

The Board, having considered the assessment made by the NC, determined that Mr Hee Theng Fong and Mr Hilary Quah Lam Seng have no relationship with the Company, its related corporations, substantial shareholders or its officers and are also independent of executive functions in the Company. In the discharge of their duties, they have exercised their independent business judgement in the best interest of the Company. Accordingly, the Board considers Mr Hee Theng Fong and Mr Hilary Quah Lam Seng to be independent despite having served on the Board for more than nine years.

The Board is of the opinion that its current size and mix is appropriate to facilitate effective decision making after considering the scope and nature of the operations of the Group, the requirement of the business, the need to avoid undue disruptions from changes to the composition of the Board and Board committees and the current mix of expertise and experience of its members, which as a group provides an appropriate balance and diversity of skills, experience, gender, knowledge and core competencies in areas such as accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The Board, through the NC, examines on an annual basis the size and the composition of the Board to evaluate whether the Board is effective in carrying out its duties.

The independent non-executive directors exercise no management functions in the Company or in any of its subsidiaries. Although all directors have equal responsibilities to the Group for its performance, the role of the independent non-executive directors are particularly important in ensuring that the strategies proposed or implemented by the executive directors, who are also the key management personnel, are fully discussed and rigorously examined or reviewed post implementation, and take into account the long term interests, not only of the shareholders of the Company, but also of the employees, customers and suppliers. When required, the independent non-executive directors will meet without the presence of the management to review any matters that may be raised privately.

Key information regarding the directors of the Company is set out in the section profile of directors on pages 9 to 12.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: Clear division of responsibilities between the leadership of the Board and the executives

There is a clear division of responsibilities between the Chairman and the Deputy Chairman/CEO. The responsibilities of the Chairman, who is assisted by the executive directors and the company secretary, amongst others, include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- guiding the Board in the setting of the Group's strategic business direction;
- guiding the Board in the evaluation of other investment and business opportunities;
- scheduling meetings of the Board to enable it to perform its duties responsibly;
- setting meeting agenda in consultation with the CEO and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- exercising control over completeness, quality and timeliness of the flow of information amongst the Board members and between the Board and the management;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and the management;
- facilitating the effective contribution of non-executive directors in particular; and
- promoting high standards of corporate governance.

For the Deputy Chairman/CEO, he is responsible for the overall management of the Group and is instrumental in the setting and implementation of the Group's strategic plans and key operational initiatives.

corporate governance report continued

ACCESS TO INFORMATION AND ACCOUNTABILITY

Principle 6: Board members to have complete, adequate and timely information

Principle 10: Accountability of the Board and management

To assist the Board in making informed decisions in its discharge of duties and responsibilities, all directors are provided with complete, adequate and timely information prior to Board meetings and have separate and independent access to the Group's senior executives. The CEO and executive directors also keep the non-executive directors informed, in between Board meetings, on the status of ongoing initiatives by the Group. Information on major developments and material transactions are also circulated to directors as and when they arise.

Where a decision has to be made before a Board meeting is convened, a directors' resolution is circulated in accordance with the Articles of Association of the Company and the directors are provided with all the necessary information that will allow them to make informed decisions. The executive directors will also ensure that the senior executives promptly answer any queries raised by the directors. Where the directors, either individually or as a group, require professional advice to discharge their duties, the fee relating to the independent professional advice is paid for by the Group.

All non-executive directors have access to all levels of senior executives in the Group and are encouraged to communicate with other employees to seek additional information if they so require. Whenever necessary, senior executives will be invited to attend Board meetings to answer queries and provide detailed insights into their areas of operations. The directors have been provided with the phone numbers and e-mail addresses of the Group's senior executives and company secretary to facilitate access.

The directors have separate and independent access to the company secretary. The company secretary attends all Board and Board committee meetings and is responsible for ensuring that Board procedures are followed. Together with the directors, they are responsible to ensure that the Company complies with all applicable rules and regulations. The appointment and removal of the company secretary will be a matter for the Board as a whole.

In the dissemination of any information such as the Group's performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators (if required), the Board aims to provide such information in a balanced and understandable manner, including ensuring compliance with relevant legislative and regulatory requirements. The management currently provides annual budget to the Board with quarterly updates and all directors are provided with management accounts on a monthly basis.

BOARD MEMBERSHIP AND PERFORMANCE

Principle 4: Formal and transparent process for appointment and re-appointment of directors

Principle 5: Formal annual assessment of the effectiveness of the Board and its Board Committees and contributions of each director

The NC, which meets at least once every financial year, comprises five members, three of whom including the chairman are independent non-executive members.

The composition of the NC is as follows:

Hee Theng Fong (Chairman), Acting Non-Executive Chairman and Independent Director
Hilary Quah Lam Seng, Independent Non-Executive Director
Guok Chin Huat Samuel, Independent Non-Executive Director
Ng Cheow Chye, Executive Deputy Chairman/CEO
Ng Bie Tjin @ Djuniarti Intan, Executive Director

The primary objectives of the NC are to make recommendations to the Board on all Board appointments and re-appointments as well as succession plans for the Board (in particular, for the Chairman and CEO), to review multiple board representations of directors, to formally assess the effectiveness of the Board, to review the size and mix of expertise and experience of the Board, to review the training and professional development programmes for the Board, and to determine the independence of directors and level of independent element within the Board.

For the appointment of any new director to the Board, the NC's search, selection and nomination process for the right candidate will include, amongst others, the use of search companies, personal contacts and recommendations, reviewing the range of expertise, skills and attributes of the existing Board members, the need for progressive renewal of the Board including the Chairman and CEO as well as the needs of the Board, taking into consideration the Group's future business directions and strategies, before any nomination is put forward to the Board for consideration. The NC will also ensure that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. For re-appointments, the NC takes into account the composition and progressive renewal of the Board and each director's competencies, commitment, contributions and performance (e.g. attendance, preparedness, participation and candour).

The Board has an established process to assess the effectiveness of the Board as a whole and its Board committees. In assessing the Board's effectiveness, the NC considers a number of factors, including the performance of the Board, overall attendance of Board members and contributions of Board members during meetings.

Once a year, the NC will perform a formal assessment on the effectiveness of the Board and Board committees as a whole in the form of a questionnaire with inputs from each Board member. The assessment criteria includes whether the Board is of the right size and mix, has adequate degree of independence, has the right mix of expertise, experience and skills, and has proper Board process and accountability.

corporate governance report continued

BOARD MEMBERSHIP AND PERFORMANCE (Continued)

The NC is of the view that assessment on the effectiveness of the Board and Board committees as a whole is adequate and assessing the contributions of individual directors to the effectiveness of the Board would not be meaningful given that the Board and its committees' functioning and performance are dependent on the combined efforts, expertise and experience of all directors and could not be attributed to any single director.

The Company's Articles of Association require that at each Annual General Meeting (AGM) at least one-third of the directors for the time being, or if their number is not a multiple of three, the number nearest to but not greater than one-third shall retire from office, provided all directors retire at least once every three years. There are three directors retiring at the forthcoming AGM, namely Mr Ng Cheow Chye, Mr Ng Leok Cheng and Mr Hilary Quah Lam Seng. The NC has recommended the re-elections of Mr Ng Cheow Chye and Mr Hilary Quah Lam Seng at the forthcoming AGM. Mr Ng Leok Cheng will retire at the forthcoming AGM as he has tendered his resignation. The Board has accepted the NC's recommendations and the two retiring directors have offered themselves for re-election. Mr Ng Cheow Chye and Mr Hilary Quah Lam Seng, who are members of the NC, have abstained from deliberation in respect of their own re-elections.

In the opinion of the NC, Mr Hee Theng Fong, Mr Hilary Quah Lam Seng and Mr Guok Chin Huat Samuel are considered independent. For those directors who hold multiple board representations in public listed companies, the NC has reviewed and the Board is of the opinion that such multiple board representations will not affect their ability to carry out their respective duties as directors of the Company. The Group's current policy stipulates that a director should not hold more than six board representations in public listed companies.

REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for fixing remuneration packages of directors

Principle 8: Remuneration of directors should be adequate but not excessive

Principle 9: Remuneration policy, level and mix of remuneration and procedure for setting remuneration

The RC, which meets at least once every financial year, comprises five members, of which two members are executive directors. The RC does not comprise entirely of non-executive directors as the participation of the executive directors helps provide meaningful feedback in the setting of the Group's overall compensation packages due to their in-depth understanding of the Group's human resource capital. The independence of the RC will not be compromised with the involvement of the executive directors as the majority of the RC members, including the chairman of the RC, are independent non-executive directors.

The composition of the RC is as follows:

Hilary Quah Lam Seng (Chairman), Independent Non-Executive Director
Hee Theng Fong, Acting Non-Executive Chairman and Independent Director
Guok Chin Huat Samuel, Independent Non-Executive Director
Ng Cheow Chye, Executive Deputy Chairman/CEO
Ng Leok Cheng, Executive Director

REMUNERATION MATTERS (Continued)

The primary objectives of the RC are to make recommendations to the Board on the Group's general framework of executive remuneration for the Board and key management personnel, to review and recommend to the Board on the adequacy and form of compensation of the directors and key management personnel of the Group to ensure that the compensation realistically commensurate with their responsibilities and performance of the individuals and the Group, and to review the fees for non-executive directors before submitting to the Board for approval.

The RC also undertakes the duties of overseeing the administration of the DT Share Option Scheme 1999 (Share Option Scheme) (and such other similar equity plans as may be implemented by the Company from time to time) upon the terms and conditions as defined in the Share Option Scheme. The Share Option Scheme was adopted on 30 October 1999 and had lapsed on 29 October 2009. As the Share Option Scheme had been discontinued, no further share options may be offered by the Company. The discontinuation of the Share Option Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void. Information on the Share Option Scheme is disclosed in the Directors' Report on pages 28 to 31.

The RC is of the opinion that the directors of the Company are not excessively compensated, taking into consideration their responsibilities, skills, expertise and contributions to the Group's performance. The service agreements of the executive directors do not contain any onerous compensation commitments on the part of the Company in the event of termination.

In view of the changing operating environment of the Group, the RC, with the approval of the Board, is in the midst of conducting a comprehensive review to update and to make any necessary changes to the service agreements and remuneration packages of the executive directors.

The Board has accepted the recommendation of the RC on a fixed fee for non-executive directors after taking into account the effort, time spent and responsibilities of each non-executive director. The fees for non-executive directors shall be subject to shareholders' approval at the forthcoming AGM.

While none of the members of the RC specialises in the area of executive compensation, all members of the RC are knowledgeable in the field of executive compensation through their industry experience. If any of the directors requires independent professional advice, such professionals would be hired at the Group's expense.

The Group adopts a remuneration policy comprising a fixed component and a variable component to align employees' interests with shareholders'. The fixed component is in the form of basic salary and the variable component is in the form of performance bonus that is linked to the performance of the Group and the individual.

corporate governance report continued

REMUNERATION MATTERS (Continued)

A breakdown showing the percentage mix of remuneration for each of the directors of the Company for the financial year 2014 is set out below:

Financial Year 2014

Name	Fixed component %	Variable component %	Contributions to Central Provident Fund %	Benefits in kind %	Fees %	Total %
Executive Directors						
$250,000 to below $500,000						
Ng Cheow Chye	67	20	1	12	–	100
Ng Leok Cheng	70	21	2	7	–	100
Si Yok Fong @ Chin Yok Fong	64	19	2	15	–	100
Ng Bie Tjin @ Djuniarti Intan	66	20	4	10	–	100
$100,000 to below $250,000						
Ng Cheow Leng	64	19	4	13	–	100
Non-Executive Directors						
$100,000 and below						
Hee Theng Fong	–	–	–	–	100	100
Hilary Quah Lam Seng	–	–	–	–	100	100
Guok Chin Huat Samuel	–	–	–	–	100	100

The remuneration of the directors includes a fixed component, a variable component, contributions to Central Provident Fund, benefits in kind and directors' fees, and is represented as key management personnel compensation in note 26 of the financial statements on page 82.

To maintain confidentiality for competitive reasons, the Company has not disclosed the exact remuneration figure of each individual director and the CEO.

The key management personnel of the Group comprise wholly of executive directors of the Company whose remuneration is disclosed above.

REMUNERATION MATTERS (Continued)

Except as disclosed below and among the directors of the Company, the Group does not have any other employees who are immediate family members (as defined in the SGX Listing Manual) of a director or CEO and whose remuneration exceeded $50,000 for the financial year ended 31 July 2014.

Name	Relationship	Total Remuneration
Ng Leck Keong	Brother of Mr Ng Leok Cheng	$50,000 to below $100,000

AUDIT COMMITTEE

Principle 12: Establishment of AC with written terms of reference

All members of the AC are independent non-executive directors and two of them including the chairman have recent and relevant accounting and/or related financial management expertise or experience. The members are as follows:

Guok Chin Huat Samuel (Chairman), Independent Non-Executive Director (appointed as AC chairman on 6 September 2013)
Hee Theng Fong, Acting Non-Executive Chairman and Independent Director
Hilary Quah Lam Seng, Independent Non-Executive Director

The AC performs the functions specified by Section 201B of the Singapore Companies Act, Chapter 50, the SGX Listing Manual and the Code, and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC also oversees the overall policy setting and administration of the Company's whistle blowing policy and procedures, which serves to provide the employees of the Company a formal channel to raise concerns in confidence about possible improprieties in matters of financial reporting and other matters directly to the AC.

In performing its functions, the AC meets periodically with the Company's external and internal auditors with the management to review accounting, auditing and financial reporting matters, as well as the Group's risk management and internal control systems covering financial, operational, compliance and information technology controls. In addition, the AC will meet with the Company's external and internal auditors without the presence of management at least once a year to discuss matters concerning the Group.

The duties of the AC, amongst others, include reviewing the following:

- internal and external auditors' audit plans and the scopes of examination;
- results of the audits and their effectiveness;
- independence and objectivity of the external auditors, taking into account the nature and extent of non-audit services performed by the external auditors;
- adequacy and effectiveness of the Group's risk management and internal control systems, including reporting to the Board at least annually the results of its review;

corporate governance report continued

AUDIT COMMITTEE (Continued)

- making recommendation to the Board on proposals to shareholders on the appointment, re-appointment and removal of external auditors;
- hiring, re-hiring, removal, evaluation and compensation of out-sourced internal auditors;
- periodic results announcements prior to their submission to the Board for approval;
- audited financial statements of the Group and the Company prior to their submission to the Board for approval;
- significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- all cases of whistle blowing, in particular, the adequacy and independence of investigation and resolution for those significant cases.

The AC has full access to management and senior executives, and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or senior executive to attend its meetings.

The AC may also examine, within its terms of reference, any matters pertaining to the Group's affairs and monitor the Group's compliance with legal, regulatory and contractual obligations.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements. The Company also has established a budget for all directors to attend appropriate courses, conferences and seminars.

For the financial year under review, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has also met with the external and internal auditors without the presence of management. The aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 July 2014 was $134,520, of which audit and non-audit fees amounted to $76,680 and $57,840, respectively. In appointing the audit firm, KPMG LLP, for the audit of financial year ended 31 July 2014, the AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the SGX Listing Manual. AC meetings are held after the end of every financial quarter before the official announcement of results.

Having reviewed KPMG LLP's performance, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as auditors for the financial year 2015 at the forthcoming AGM of the Company.

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

Principle 11: Sound system of risk management and internal controls

Principle 13: Setting up independent effective internal audit function

The Board is responsible for ensuring that the management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has established an Enterprise Risk Management (ERM) framework, which governs the risk management process within the Group. This ERM framework enables the identification, assessment, management and monitoring of key risks to the Group's businesses. The risk management process in place covers, inter alia, financial, operational, compliance and information technology risks faced by the Group. The key risks faced by the Group will be reviewed by the management and reported to the AC and the Board at least once a year.

The ERM framework is supported by a system of internal controls and these key internal controls, covering financial, operational, compliance and information technology, are subject to independent review by the internal and external auditors annually to assess its effectiveness, as well as its adequacy due to changes in processes and operating environment. Any control weakness identified, together with improvement recommendations, will be reported to the AC and be followed up by the management accordingly.

Based on the internal and external auditors' reports and management reviews, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management systems and internal controls are adequate and effective in addressing the financial, operational, compliance and information technology risks of the Group as at 31 July 2014.

The Board acknowledges that while it is responsible for the overall internal control framework, it also recognises that the system of internal controls established by the Group is designed to manage rather than eliminate the risks of failure as it strives to achieve its business objectives, and that any system of internal controls provides reasonable and not absolute assurance against poor judgement, human errors, material misstatement, losses, fraud or other irregularities.

In addition, the Board has received assurance from the Deputy Chairman/CEO and the Finance Director that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the Group's risk management and internal control systems are adequate and effective in addressing material risks, which cover financial, operational, compliance and information technology risks of the Group as at 31 July 2014.

The internal audit function is outsourced to external audit professionals from an international accounting firm and their hiring, rehiring, removal, evaluation and compensation are approved by the AC. These audit professionals report directly to the AC and provide a comprehensive analysis of the business processes and the risks related to each process. The audit professionals perform internal audit reviews and examinations in each financial year covering different business processes based on audit plans approved by the AC.

The AC is satisfied that the outsourced internal audit firm has adequate resources, has appropriate standing within the Group and is staffed with audit professionals with the relevant qualifications and experience.

The AC reviews the adequacy and effectiveness of the internal audit function annually. Having reviewed the outsourced internal audit firm's performance, its audit plans, scope of examination and results of audits, the AC is satisfied with the adequacy and effectiveness of the internal audit function.

corporate governance report continued

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholders' right

Principle 15: Fair communication with shareholders

Principle 16: Shareholder participation at general meetings

The Company treats all shareholders fairly and equitably by recognising, protecting and facilitating the exercise of shareholders' rights and continually review and update such governance arrangements. In addition, it is committed to regular, effective and fair communications with shareholders.

The Company strives to ensure that clear, useful and timely communication is made to the shareholders with regard to all material business matters affecting the Group so as to maintain a high level of transparency and does not practise selective disclosure. Where there are any investors' or analysts' briefings or meetings, material information will be excluded from such briefings or meetings, unless it has been publicly released either before or concurrently with such briefings or meetings. Communication is generally achieved through annual reports, press releases, SGXNET announcements, the Company's website: www.datapulse.com.sg and general meetings.

Voting in absentia by mail, facsimile or email is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authentication of the shareholders' identity.

During general meetings, separate resolutions for each distinct issue are tabled for shareholders' approval and detailed results showing the number of votes cast for and against each resolution, and the respective percentages, will be released via the SGXNET and the Company's website. The shareholders are also given ample time and opportunities to express their views and seek clarifications on the Group's affairs and a majority of the directors, including the Chairmen of the Board and the respective Board committees, together with the external auditors and relevant professionals, will be present to answer shareholders' questions. Outside general meetings, shareholders are also able to contact the Company officials through telephone and emails. Such contact details are provided in the Company's website.

The Company conducts poll voting for all resolutions tabled during general meetings. All shareholders are entitled to vote in accordance with established voting rules and procedures, which will be explained by scrutineers prior to the commencement of any voting.

Presently, the Company's Articles of Association allow shareholders to appoint up to two proxies to attend and vote at general meetings. In view of guideline 14.3 of the Code, the Company will consider amending its Articles of Association on the number of proxies which corporations providing nominee or custodial services can appoint.

corporate governance report continued

SECURITIES TRANSACTIONS

The Company observes the best practices on dealings in securities recommended in the SGX Listing Manual. It has issued a policy to its directors, senior executives and certain employees who are involved in the preparation of the financial statements (collectively, the Covered Persons), setting out the implications of insider trading and guidance on dealings in the securities of the Company. The policy emphasises that the law on insider trading is applicable at all times. The Covered Persons are prohibited to deal in the securities of the Company during the period commencing two weeks before the announcement of the Group's financial results for each of the first three quarters of its financial year and one month before the announcement of the Group's full year financial results, and ending on the date of announcement of the relevant results. They are also discouraged from dealing in the Company's shares on short-term considerations.

The Company will continue to keep itself updated with any changes to the SGX Listing Manual and may amend its policy from time to time to fit the latest best practices.

INTERESTED PERSON TRANSACTIONS

During the financial year, there were no interested person transactions of more than $100,000 (as defined under the SGX Listing Manual) entered into by the Group.

MATERIAL CONTRACTS

During the financial year, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any director or controlling shareholder.

directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 July 2014.

DIRECTORS

The directors in office at the date of this report are as follows:

Hee Theng Fong
Ng Cheow Chye
Ng Leok Cheng
Ng Bie Tjin @ Djuniarti Intan
Si Yok Fong @ Chin Yok Fong
Ng Cheow Leng
Hilary Quah Lam Seng
Guok Chin Huat Samuel

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or share options in the Company are as follows:

	Holdings in which the director is deemed to have interests		
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At 21/8/2014**
Ng Bie Tjin @ Djuniarti Intan			
Datapulse Technology Limited			
– ordinary shares each fully paid	105,144,400	105,144,400	105,144,400

	Holdings in the name of the director		
Name of director and corporation in which interests are held	**At beginning of the year**	**At end of the year**	**At 21/8/2014**
Ng Cheow Chye			
Datapulse Technology Limited			
– ordinary shares each fully paid	78,285,000	78,285,000	78,285,000
– DT Share Option Scheme 1999			
– options to subscribe for ordinary shares each at:			
– $0.237 exercisable between 20/10/2005 and 19/10/2014	1,170,000	1,170,000	1,170,000

DIRECTORS' INTERESTS (Continued)

Name of director and corporation in which interests are held	Holdings in the name of the director At beginning of the year	At end of the year	At 21/8/2014
Ng Leok Cheng			
Datapulse Technology Limited			
– ordinary shares each fully paid	1,000,000	1,000,000	1,000,000
– DT Share Option Scheme 1999			
– options to subscribe for ordinary shares each at:			
– $0.237 exercisable between 20/10/2005 and 19/10/2014	1,170,000	1,170,000	1,170,000
Ng Bie Tjin @ Djuniarti Intan			
Datapulse Technology Limited			
– DT Share Option Scheme 1999			
– options to subscribe for ordinary shares each at:			
– $0.237 exercisable between 20/10/2005 and 19/10/2014	1,170,000	1,170,000	1,170,000
Si Yok Fong @ Chin Yok Fong			
Datapulse Technology Limited			
– ordinary shares each fully paid	900,000	900,000	900,000
– DT Share Option Scheme 1999			
– options to subscribe for ordinary shares each at:			
– $0.237 exercisable between 20/10/2005 and 19/10/2014	1,170,000	1,170,000	1,170,000
Ng Cheow Leng			
Datapulse Technology Limited			
– DT Share Option Scheme 1999			
– options to subscribe for ordinary shares each at:			
– $0.237 exercisable between 20/10/2005 and 19/10/2014	1,170,000	1,170,000	1,170,000
Hee Theng Fong			
Datapulse Technology Limited			
– ordinary shares each fully paid	200,000	200,000	200,000
Hilary Quah Lam Seng			
Datapulse Technology Limited			
– ordinary shares each fully paid	200,000	200,000	200,000

directors' report continued

DIRECTORS' INTERESTS (Continued)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Except as disclosed under the Share options section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in note 26 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

SHARE OPTIONS

The DT Share Option Scheme 1999 (Share Option Scheme) is administered by the Remuneration Committee.

The Share Option Scheme was adopted on 30 October 1999 and had lapsed on 29 October 2009. As the Share Option Scheme had been discontinued, no further share options may be offered by the Company. The discontinuance of the Share Option Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

At the end of the financial year, details of the options granted under the Share Option Scheme on unissued ordinary shares of the Company, are as follows:

		Number of options					
Date of grant of options	**Exercise price per share**	**Options outstanding at 1/8/2013**	**Options exercised**	**Options cancelled/ lapsed**	**Options outstanding at 31/7/2014**	**Number of option holders at 31/7/2014**	**Exercise period**
19/10/2004	$0.237	8,174,000	–	(6,000)	8,168,000	87	20/10/2005 to 19/10/2014

The exercise price of the outstanding options was adjusted from $0.28 to $0.237 per share on 10 January 2014 following a capital reduction exercise undertaken by the Company during the financial year.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

SHARE OPTIONS (Continued)

Since the commencement of the Share Option Scheme, the options granted to and exercised by directors and controlling shareholders are as follows:

Name of director	Options granted for the financial year ended 31 July 2014	Aggregate options granted since commencement of Share Option Scheme to 31 July 2014	Aggregate options exercised/lapsed since commencement of Share Option Scheme to 31 July 2014	Aggregate options outstanding as at 31 July 2014
DT Share Option Scheme 1999				
Director who is a controlling shareholder of the Company:				
Ng Bie Tjin @ Djuniarti Intan*	–	6,340,000	(5,170,000)	1,170,000
Other directors of the Company:				
Ng Cheow Chye*	–	6,340,000	(5,170,000)	1,170,000
Ng Leok Cheng*	–	6,340,000	(5,170,000)	1,170,000
Si Yok Fong @ Chin Yok Fong*	–	6,340,000	(5,170,000)	1,170,000
Ng Cheow Leng*	–	6,340,000	(5,170,000)	1,170,000
Hee Theng Fong	–	1,130,000	(1,130,000)	–
Hilary Quah Lam Seng	–	1,130,000	(1,130,000)	–
Total	–	27,620,000	(22,940,000)	4,680,000

* These are the participants who have been granted 5% or more of the total number of options available under the Share Option Scheme since the commencement of the Share Option Scheme.

The requirements of Rule 852(1)(c) in the Singapore Exchange Securities Trading Limited listing manual (SGX Listing Manual) are not applicable to the Company.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

directors' report continued

AUDIT COMMITTEE

The members of the Audit Committee (AC) during the year and at the date of this report are:

Guok Chin Huat Samuel (appointed as Chairman on 6 September 2013)
Hee Theng Fong
Hilary Quah Lam Seng

The AC performs the functions specified by Section 201B of the Act, the SGX Listing Manual and the Code, and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC also oversees the overall policy setting and administration of the Company's whistle blowing policy and procedures, which serves to provide the employees of the Company a formal channel to raise concerns in confidence about possible improprieties in matters of financial reporting and other matters directly to the AC.

In performing its functions, the AC meets periodically with the Company's external and internal auditors with the management to review accounting, auditing and financial reporting matters, as well as the Group's risk management and internal control systems covering financial, operational, compliance and information technology controls. In addition, the AC will meet with the Company's external and internal auditors without the presence of management at least once a year to discuss matters concerning the Group.

The duties of the AC, amongst others, include reviewing the following:

- internal and external auditors' audit plans and the scopes of examination;
- results of the audits and their effectiveness;
- independence and objectivity of the external auditors, taking into account the nature and extent of non-audit services performed by the external auditors;
- adequacy and effectiveness of the Group's risk management and internal control systems, including reporting to the Board at least annually the results of its review;
- making recommendation to the Board on proposals to shareholders on the appointment, re-appointment and removal of external auditors;
- hiring, re-hiring, removal, evaluation and compensation of out-sourced internal auditors;
- periodic results announcements prior to their submission to the Board for approval;
- audited financial statements of the Group and the Company prior to their submission to the Board for approval;
- significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group;
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual); and
- all cases of whistle blowing, in particular, the adequacy and independence of investigation and resolution for those significant cases.

AUDIT COMMITTEE (Continued)

The AC has full access to management and senior executives, and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or senior executive to attend its meetings.

The AC may also examine, within its terms of reference, any matters pertaining to the Group's affairs and monitor the Group's compliance with legal, regulatory and contractual obligations.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements. The Company also has established a budget for all directors to attend appropriate courses, conferences and seminars.

For the financial year under review, the AC has conducted a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors. The AC has also met with the external and internal auditors without the presence of management. The aggregate amount of audit fees paid and payable by the Group to the external auditors for financial year ended 31 July 2014 was $134,520, of which audit and non-audit fees amounted to $76,680 and $57,840, respectively. In appointing the audit firm, KPMG LLP, for the audit of financial year ended 31 July 2014, the AC is satisfied that the Company has complied with the requirements of Rules 712 and 715 of the SGX Listing Manual. AC meetings are held after the end of every financial quarter before the official announcement of results.

Having reviewed KPMG LLP's performance, the AC has recommended to the Board that KPMG LLP be nominated for re-appointment as auditors for the financial year 2015 at the forthcoming AGM of the Company.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Ng Cheow Chye
Director

Ng Leok Cheng
Director

15 September 2014

statement by directors

In our opinion:

(a) the financial statements set out on pages 37 to 83 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Ng Cheow Chye
Director

Ng Leok Cheng
Director

15 September 2014

independent auditors' report

Members of the Company
Datapulse Technology Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Datapulse Technology Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 July 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 83.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

independent auditors' report continued

Members of the Company
Datapulse Technology Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

15 September 2014

statements of financial position

As at 31 July 2014

	Note	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Non-current assets					
Property, plant and equipment	4	20,383,809	16,405,795	20,383,809	16,405,795
Investment property	5	6,343,841	6,530,348	–	–
Subsidiaries	6	–	–	4	4
Amounts due from subsidiaries	7	–	–	5,940,730	5,940,730
Non-financial assets	8	215,700	215,700	215,700	215,700
Total non-current assets		26,943,350	23,151,843	26,540,243	22,562,229
Current assets					
Inventories	9	1,579,198	1,888,147	1,579,198	1,888,147
Trade and other receivables	10	3,175,508	11,601,348	3,175,548	11,603,642
Cash and bank balances	11	15,385,333	45,718,753	15,048,606	45,461,404
Total current assets		20,140,039	59,208,248	19,803,352	58,953,193
Total assets		47,083,389	82,360,091	46,343,595	81,515,422
Equity attributable to owners of the Company					
Share capital	12	25,746,782	46,562,122	25,746,782	46,562,122
Reserves	12	14,473,491	25,663,098	14,469,490	25,573,524
Total equity		40,220,273	72,225,220	40,216,272	72,135,646
Non-current liabilities					
Loans and borrowings	13	582,400	650,134	–	–
Deferred tax liabilities	14	1,616,000	1,801,060	1,616,000	1,800,000
Total non-current liabilities		2,198,400	2,451,194	1,616,000	1,800,000
Current liabilities					
Loans and borrowings	13	55,467	56,533	–	–
Trade and other payables	15	3,790,865	6,205,594	3,692,939	6,158,226
Current tax payable		818,384	1,421,550	818,384	1,421,550
Total current liabilities		4,664,716	7,683,677	4,511,323	7,579,776
Total liabilities		6,863,116	10,134,871	6,127,323	9,379,776
Total equity and liabilities		47,083,389	82,360,091	46,343,595	81,515,422

The accompanying notes form an integral part of these financial statements.

consolidated statement of comprehensive income

Year ended 31 July 2014

	Note	Group 2014 $	Group 2013 $
Revenue	18	29,480,558	45,074,328
Other income		401,752	1,214,790
		29,882,310	46,289,118
Changes in inventories and raw materials usage		(8,091,720)	(12,442,901)
Staff costs		(9,981,572)	(11,336,841)
Depreciation		(4,177,593)	(3,175,532)
Other operating expenses		(7,447,067)	(9,069,221)
Finance costs		(16,397)	(17,671)
Profit before tax		167,961	10,246,952
Tax credit/(expense)	20	642,598	(30,134)
Profit for the year	19	810,559	10,216,818
Other comprehensive income			
Items that are or maybe reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to financial statements of a foreign subsidiary		(114,050)	127,927
Net change in fair value of available-for-sale financial assets		–	281,485
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, upon sale		–	(685,636)
Other comprehensive income for the year		(114,050)	(276,224)
Total comprehensive income for the year		696,509	9,940,594
Profit attributable to:			
Owners of the Company		810,559	10,216,818
Profit for the year		810,559	10,216,818
Total comprehensive income attributable to:			
Owners of the Company		696,509	9,940,594
Total comprehensive income for the year		696,509	9,940,594
Earnings per share			
Basic and diluted earnings per share (cents)	21	0.14	1.72

The accompanying notes form an integral part of these financial statements.

consolidated statement of changes in equity

Year ended 31 July 2014

Group	Note	Share capital $	Legal reserve $	Foreign currency translation reserve $	Fair value reserve $	Share option reserve $	Retained earnings $	Total equity $
At 1 August 2012		46,562,122	–	(350,776)	404,151	412,613	27,136,213	74,164,323
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	10,216,818	10,216,818
Other comprehensive income								
Foreign currency translation differences relating to financial statements of a foreign subsidiary		–	–	127,927	–	–	–	127,927
Net change in fair value of available-for-sale financial assets		–	–	–	281,485	–	–	281,485
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, upon sale		–	–	–	(685,636)	–	–	(685,636)
Total other comprehensive income		–	–	127,927	(404,151)	–	–	(276,224)
Total comprehensive income for the year		–	–	127,927	(404,151)	–	10,216,818	9,940,594
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Final and special one-tier tax exempt dividends paid of 2 cents per share for FY2012	12	–	–	–	–	–	(11,894,480)	(11,894,480)
Return of unclaimed dividends		–	–	–	–	–	14,783	14,783
Transfer to retained earnings for value of share options cancelled		–	–	–	–	(1,409)	1,409	–
Total contributions by and distributions to owners		–	–	–	–	(1,409)	(11,878,288)	(11,879,697)
Total transactions with owners		–	–	–	–	(1,409)	(11,878,288)	(11,879,697)
At 31 July 2013		46,562,122	–	(222,849)	–	411,204	25,474,743	72,225,220

The accompanying notes form an integral part of these financial statements.

consolidated statement of changes in equity continued

Year ended 31 July 2014

Group	Note	Share capital $	Legal reserve $	Foreign currency translation reserve $	Fair value reserve $	Share option reserve $	Retained earnings $	Total equity $
At 1 August 2013		46,562,122	–	(222,849)	–	411,204	25,474,743	72,225,220
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	810,559	810,559
Other comprehensive income								
Foreign currency translation differences relating to financial statements of a foreign subsidiary		–	–	(114,050)	–	–	–	(114,050)
Total other comprehensive income		–	–	(114,050)	–	–	–	(114,050)
Total comprehensive income for the year		–	–	(114,050)	–	–	810,559	696,509
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		(20,815,340)	–	–	–	–	–	(20,815,340)
Final and special one-tier tax exempt dividends paid of 2 cents per share for FY2013	12	–	–	–	–	–	(11,894,480)	(11,894,480)
Return of unclaimed dividends		–	–	–	–	–	8,364	8,364
Transfer to legal reserve		–	8,599	–	–	–	(8,599)	–
Transfer to retained earnings for value of share options cancelled		–	–	–	–	(302)	302	–
Total contributions by and distributions to owners		(20,815,340)	8,599	–	–	(302)	(11,894,413)	(32,701,456)
Total transactions with owners		(20,815,340)	8,599	–	–	(302)	(11,894,413)	(32,701,456)
At 31 July 2014		25,746,782	8,599	(336,899)	–	410,902	14,390,889	40,220,273

The accompanying notes form an integral part of these financial statements.

consolidated statement of cash flows

Year ended 31 July 2014

	Note	Group 2014 $	Group 2013 $
Cash flows from operating activities			
Profit for the year		810,559	10,216,818
Adjustments for:			
Depreciation		4,177,593	3,175,532
Dividend income from financial assets		–	(94,268)
Finance costs		16,397	17,671
Gain on sale of property, plant and equipment		(140,202)	(6,829)
Impairment losses recognised on trade receivables		2,783	–
Tax (credit)/expense		(642,598)	30,134
Interest income		(219,781)	(395,979)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, upon sale		–	(685,636)
Net change in fair value of derivative financial assets recognised in profit or loss		–	3,860
Property, plant and equipment written off		120	59,479
		4,004,871	12,320,782
Changes in working capital:			
Inventories		308,949	169,082
Trade and other receivables		2,267,891	1,334,449
Trade and other payables		(2,394,175)	(1,363,704)
Cash generated from operations		4,187,536	12,460,609
Tax paid, net		(145,795)	(1,266,741)
Net cash from operating activities		4,041,741	11,193,868
Cash flows from investing activities			
Advance payments for purchase of property, plant and equipment		–	(6,187,568)
Dividends received from financial assets		–	73,972
Fixed deposits with maturity of more than three months		12,633,640	1,077,176
Interest received		205,368	395,979
Proceeds from sale of financial assets		–	2,132,466
Proceeds from sale of property, plant and equipment		151,050	6,829
Purchase of property, plant and equipment		(1,915,107)	(3,287,720)
Net cash from/(used in) investing activities		11,074,951	(5,788,866)
Cash flows from financing activities			
Cash distribution from capital reduction paid		(20,815,340)	–
Dividends paid		(11,894,480)	(11,894,480)
Interest paid		(16,397)	(17,671)
Repayment of bank loan		(55,733)	(55,933)
Return of unclaimed dividends		8,364	14,783
Net cash used in financing activities		(32,773,586)	(11,953,301)
Net decrease in cash and cash equivalents		(17,656,894)	(6,548,299)
Cash and cash equivalents at 1 August		30,981,324	37,556,329
Effect of exchange rate changes on balances held in foreign currency		(42,886)	(26,706)
Cash and cash equivalents at 31 July	11	13,281,544	30,981,324

Non-cash transaction

Included in the purchase of property, plant and equipment is balance payable of $126,061 for the purchase of plant and equipment and is recognised in trade and other payables.

The accompanying notes form an integral part of these financial statements.

notes to the financial statements

Year ended 31 July 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 September 2014.

1. DOMICILE AND ACTIVITIES

Datapulse Technology Limited (the Company) is a company incorporated in Singapore. The address of the Company's registered office is 15A Tai Seng Drive, Datapulse Industrial Building, Singapore 535225.

The financial statements of the Company as at and for the year ended 31 July 2014 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The principal activities of the Company are those relating to the manufacture and sale of media storage products used in content distribution including compact discs, digital versatile discs and blu-ray discs. The principal activities of its subsidiaries are relating to investment holding.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note 27 to the financial statements.

2. BASIS OF PREPARATION (Continued)

2.5 Change in accounting policies

With effect from 1 August 2013, the Group adopted the new and revised FRS and interpretation to FRS (INT FRS) that are mandatory for financial year beginning on or after 1 August 2013.

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 August 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 16.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses the change in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for under the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

notes to the financial statements continued

Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

notes to the financial statements continued
Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and bank balances.

Cash and bank balances

Cash and bank balances comprise cash balances and bank deposits. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash balances and fixed deposits with maturity of up to three months, that are subject to insignificant risks of changes in their fair value, and are used by the Group in the management of its short term commitments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.8(i)), and foreign currency differences on available-for-sale equity instruments (see note 3.2(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in the fair value reserve is transferred to profit or loss.

Available-for-sale financial assets comprise equity securities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Financial instruments (Continued)

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or have expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and loans and borrowings.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased and cancelled immediately, the amount of consideration paid, including directly attributable costs, is presented as a deduction from the retained earnings or capital at the option of the Company.

When share capital recognised as equity is repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Where such shares are subsequently reissued or sold, the consideration received is recognised as a change in equity. No gain or loss is recognised in profit or loss.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts which are not held for trading and not designated in a qualifying hedge relationship are recognised initially at fair value, and directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and changes therein are recognised immediately in profit or loss.

notes to the financial statements continued

Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Property, plant and equipment (Continued)

(iii) Depreciation (Continued)

The estimated useful lives for the current and comparative years are as follows:

Leasehold property	50 years
Plant and equipment	3 to 10 years
Office equipment	3 to 10 years
Furniture and fittings	5 to 10 years
Motor vehicles	5 years
Renovation	5 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of 50 years. Freehold land is not depreciated.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Depreciation methods, useful life and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment properties are subject to renovation or improvements at regular intervals. The costs of major renovation and improvements are capitalised as addition and carrying amounts of the replaced components are derecognised in the profit or loss. The costs of maintenance, repairs and minor improvement are recognised in the profit or loss as incurred.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes materials, direct labour and an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

notes to the financial statements continued

Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Non-financial assets

Transferable club memberships are measured at cost less impairment losses.

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that may have been incurred. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Available-for-sale equity securities

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

notes to the financial statements continued

Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The share option programme allows the Group's employees to acquire shares of the Company. The grant date fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees become unconditionally entitled to the options. At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimate in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised. When the options are exercised, the fair value of such options is transferred from the share option reserve to share capital. When the vested options lapse or are cancelled, the fair value of such options is transferred from the share option reserve to retained earnings.

3.10 Revenue

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, excluding goods and services taxes and other taxes, and net of returns and trade discounts. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the contract of sale.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Revenue (Continued)

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividends

Dividend income is recognised in profit or loss as other income when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(iv) Interest income

Interest income is recognised in profit or loss as other income as it accrues on a time-apportioned basis.

3.11 Government grants

Cash grants received from the government that compensate the Group for expenses incurred are recognised in profit or loss when the grants are received or become receivable.

3.12 Lease payments

Payments made under operating leases are recognised on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Leased assets under operating leases are not recognised in the Group's statements of financial position.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.13 Finance costs

Finance costs comprise interest expense on financial liabilities. Finance costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors of the Company and its subsidiaries are considered as key management personnel of the Group.

notes to the financial statements continued

Year ended 31 July 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

3.18 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 August 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

notes to the financial statements continued

Year ended 31 July 2014

4. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Leasehold property $	Plant and equipment $	Office equipment $	Furniture and fittings $	Motor vehicles $	Renovation $	Total $
Cost							
At 1 August 2012	14,744,225	51,482,968	1,166,587	2,666,598	1,754,778	1,118,727	72,933,883
Additions	–	3,151,888	64,883	1,300	57,574	12,075	3,287,720
Disposals/write-offs	–	(1,321,334)	(21,579)	–	–	–	(1,342,913)
At 31 July 2013	14,744,225	53,313,522	1,209,891	2,667,898	1,812,352	1,130,802	74,878,690
Additions*	–	8,005,184	89,698	–	–	7,793	8,102,675
Disposals/write-offs	–	(3,239,272)	(37,390)	–	(122,934)	–	(3,399,596)
At 31 July 2014	14,744,225	58,079,434	1,262,199	2,667,898	1,689,418	1,138,595	79,581,769
Accumulated depreciation							
At 1 August 2012	5,038,259	46,104,987	1,008,473	2,540,560	953,382	998,885	56,644,546
Depreciation charge for the year	294,885	2,386,945	62,545	57,754	280,455	29,199	3,111,783
Disposals/write-offs	–	(1,261,855)	(21,579)	–	–	–	(1,283,434)
At 31 July 2013	5,333,144	47,230,077	1,049,439	2,598,314	1,233,837	1,028,084	58,472,895
Depreciation charge for the year	294,885	3,404,673	77,531	35,374	270,018	31,211	4,113,692
Disposals/write-offs	–	(3,239,272)	(35,670)	–	(113,685)	–	(3,388,627)
At 31 July 2014	5,628,029	47,395,478	1,091,300	2,633,688	1,390,170	1,059,295	59,197,960
Carrying amounts							
At 1 August 2012	9,705,966	5,377,981	158,114	126,038	801,396	119,842	16,289,337
At 31 July 2013	9,411,081	6,083,445	160,452	69,584	578,515	102,718	16,405,795
At 31 July 2014	9,116,196	10,683,956	170,899	34,210	299,248	79,300	20,383,809

* The additions amount includes advance payments of $6,187,568 paid as at 31 July 2013, which were reclassified from trade and other receivables to property, plant and equipment upon receipts of the plant and equipment.

5. INVESTMENT PROPERTY

	Group $
Cost	
At 1 August 2012	7,237,597
Translation differences on consolidation	132,937
At 31 July 2013	7,370,534
Translation differences on consolidation	(139,067)
At 31 July 2014	7,231,467
Accumulated depreciation	
At 1 August 2012	782,725
Depreciation for the year	63,749
Translation differences on consolidation	(6,288)
At 31 July 2013	840,186
Depreciation for the year	63,901
Translation differences on consolidation	(16,461)
At 31 July 2014	887,626
Carrying amounts	
At 1 August 2012	6,454,872
At 31 July 2013	6,530,348
At 31 July 2014	6,343,841

Investment property relates to freehold land and property in Taiwan which comprises several commercial units that are leased to third parties for a period of 2 to 3 years starting from 1 June 2014. No contingent rents are charged. See note 24 for further information.

The investment property has an estimated valuation of $15,809,713 (2013: $14,203,216) based on market values determined by China Real Estate Appraiser Firm, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Security

At 31 July 2014, investment property of the Group with carrying amounts of $6,343,841 (2013: $6,530,348) is pledged as security to secure bank loans (see note 13).

notes to the financial statements continued

Year ended 31 July 2014

6. SUBSIDIARIES

	Note	Company 2014 $	Company 2013 $
Equity investments at cost		4	4
Reclassification of amount due from a subsidiary that was forgiven	7	1,608,308	1,608,308
Impairment losses		(1,608,308)	(1,608,308)
		4	4

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2014 %	Effective equity interest held by the Group 2013 %
Datapulse Investment Pte. Ltd. [1]	Singapore	100	100
Alchymie Investment Pte. Ltd. [1] and its subsidiary:	Singapore	100	100
– One Global Inc. [2]	Taiwan	100	100

[1] Audited by KPMG LLP Singapore

[2] Audited by other member firm of KPMG International

7. AMOUNTS DUE FROM SUBSIDIARIES

The amounts due from subsidiaries are non-trade in nature, unsecured and interest free. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, part of the entity's net investment in the subsidiaries, they are stated at cost.

In 2012, an amount due from subsidiary relating to an investment in Datapulse Technology (Taiwan) Inc. amounting to $1,608,308 was forgiven by the Company and reclassified as part of the Company's investment in the subsidiary (see note 6).

Apart from the above, there is no allowance for impairment losses arising from the amounts due from subsidiaries.

notes to the financial statements continued
Year ended 31 July 2014

8. NON-FINANCIAL ASSETS

	Group and Company	
	2014	2013
	$	$
Transferable club memberships	215,700	215,700

9. INVENTORIES

	Group and Company	
	2014	2013
	$	$
Raw materials	1,473,772	1,572,068
Work in progress	31,587	117,124
Finished goods	73,839	198,955
	1,579,198	1,888,147

In 2014, raw materials, work in progress and changes in finished goods recognised as cost of sales amounted to $8,091,720 (2013: $12,442,901).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Trade receivables	2,750,831	4,462,731	2,750,831	4,462,731
Impairment losses	(2,840)	–	(2,840)	–
Trade receivables (net)	2,747,991	4,462,731	2,747,991	4,462,731
Amount due from a subsidiary (non-trade)	–	–	3,770	3,770
Deposits	4,097	9,000	2,820	9,000
Advance billings	72,915	514,784	72,915	514,784
Other receivables	37,374	89,223	36,913	88,904
Loans and receivables	2,862,377	5,075,738	2,864,409	5,079,189
Prepayments	313,131	338,042	311,139	336,885
Advance payments for plant and equipment	–	6,187,568	–	6,187,568
	3,175,508	11,601,348	3,175,548	11,603,642

The non-trade amount due from a subsidiary is unsecured, interest free and repayable on demand. There is no allowance for impairment losses arising from the non-trade amount due from a subsidiary.

The Group and the Company's exposure to credit and currency risks are disclosed in note 16.

notes to the financial statements continued

Year ended 31 July 2014

11. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Fixed deposits	11,782,219	35,973,289	11,447,644	35,718,484
Cash at bank and in hand	3,603,114	9,745,464	3,600,962	9,742,920
Cash and bank balances in the statements of financial position	15,385,333	45,718,753	15,048,606	45,461,404
Fixed deposits with maturity of more than three months	(2,103,789)	(14,737,429)		
Cash and cash equivalents in the consolidated statement of cash flows	13,281,544	30,981,324		

12. CAPITAL AND RESERVES

Share capital

	Number of shares	
	2014	2013
Company		
At 1 August and 31 July	594,724,000	594,724,000

All shares rank equally with regard to the Company's residual assets. All issued shares are fully paid, with no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

During the financial year, a cash distribution of 3.5 cents per share was paid to the shareholders on 28 January 2014 arising from a capital reduction exercise. This capital reduction and cash distribution had no impact on the number of shares held by shareholders.

Reserves

	Group		Company	
	2014	2013	2014	2013
	$	$	$	$
Legal reserve	8,599	–	–	–
Foreign currency translation reserve	(336,899)	(222,849)	–	–
Share option reserve	410,902	411,204	410,902	411,204
Retained earnings	14,390,889	25,474,743	14,058,588	25,162,320
	14,473,491	25,663,098	14,469,490	25,573,524

12. CAPITAL AND RESERVES (Continued)

Legal reserve

The legal reserve of the Group represents 10% of the net profit of a subsidiary which is appropriated as required under the legislation of its country of incorporation. Appropriation will cease only when the legal reserve is equivalent to the amount of authorised share capital in the subsidiary. The reserve may be used to offset the subsidiary's accumulated deficit but cannot be distributed as cash dividends; however, 50% of the reserve may be converted to share capital when it reaches an amount equal to one-half of the issued share capital upon approval by the subsidiary's shareholder. If the subsidiary has no earnings in any year but the reserve is in excess of 50% of the amount of issued share capital, the excess can be used to distribute cash dividends.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary whose functional currency is different from that of the Company.

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the options are exercised, the fair value of such options is transferred from the share option reserve to share capital. When the vested options lapse or are cancelled, the fair value of such options is transferred from the share option reserve to retained earnings.

Dividends

The following dividends were declared and paid by the Group and Company:

For the year ended 31 July

	Group and Company	
	2014	2013
	$	$
Paid by the Company to owners of the Company		
Final one-tier tax exempt dividend of 1 cent (2013: 1 cent) per ordinary share	5,947,240	5,947,240
Special one-tier tax exempt dividend of 1 cent (2013: 1 cent) per ordinary share	5,947,240	5,947,240
	11,894,480	11,894,480

notes to the financial statements continued

Year ended 31 July 2014

12. CAPITAL AND RESERVES (Continued)

Dividends (Continued)

After the respective reporting dates, the following dividends were proposed by the directors. These dividends have not been provided for as at the reporting date:

	Group and Company	
	2014	2013
	$	$
Final one-tier tax exempt dividend of 0.22 cent per ordinary share (2013: 1 cent)	1,308,393	5,947,240
Special one-tier tax exempt dividend of nil cent per ordinary share (2013: 1 cent)	–	5,947,240
	1,308,393	11,894,480

13. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see note 16.

	Group	
	2014	2013
	$	$
Non-current liabilities		
Secured bank loan	582,400	650,134
Current liabilities		
Secured bank loan	55,467	56,533
	637,867	706,667

13. LOANS AND BORROWINGS (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Effective interest rate %	Year of maturity	Face value $	Carrying amount $
2014					
Secured bank loan	New Taiwan Dollar	See note (a)	2026	637,867	637,867
2013					
Secured bank loan	New Taiwan Dollar	See note (a)	2026	706,667	706,667

(a) The applicable interest rate for the loan is calculated based on one-year time savings deposits rate of Mega International Commercial Bank plus 1.3%.

The secured bank loan of the Group is secured over an investment property with carrying amount of $6,343,841 (2013: $6,530,348) (see note 5).

14. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2014 $	2013 $	2014 $	2013 $
Group				
Property, plant and equipment	–	–	(1,616,000)	(1,800,000)
Other items	–	–	(2,288)	(20,353)
Valuation allowance	(12,022)	–	–	–
Tax value of losses carried forward	14,310	19,293	–	–
Deferred tax assets/(liabilities)	2,288	19,293	(1,618,288)	(1,820,353)
Set-off of tax	(2,288)	(19,293)	2,288	19,293
Net deferred tax liabilities	–	–	(1,616,000)	(1,801,060)
Company				
Property, plant and equipment	–	–	(1,616,000)	(1,800,000)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

notes to the financial statements continued

Year ended 31 July 2014

14. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Movements in temporary differences during the year

	At 1 August 2012 $	Recognised in profit or loss (note 20) $	Exchange Differences $	At 31 July 2013 $	Recognised in profit or loss (note 20) $	Exchange differences $	At 31 July 2014 $
Group							
Property, plant and equipment	(2,370,000)	570,000	–	(1,800,000)	184,000	–	(1,616,000)
Tax value of losses carried forward	20,376	(1,508)	425	19,293	(4,662)	(321)	14,310
Valuation allowances	(20,376)	20,573	(197)	–	(12,138)	116	(12,022)
Other items	–	(20,113)	(240)	(20,353)	17,850	215	(2,288)
	(2,370,000)	568,952	(12)	(1,801,060)	185,050	10	(1,616,000)
Company							
Property, plant and equipment	(2,370,000)	570,000	–	(1,800,000)	184,000	–	(1,616,000)

15. TRADE AND OTHER PAYABLES

	Group 2014 $	Group 2013 $	Company 2014 $	Company 2013 $
Trade payables	912,953	1,077,610	912,953	1,077,610
Accrued operating expenses	2,660,437	4,535,636	2,645,863	4,521,541
Other payables	217,475	592,348	134,123	559,075
	3,790,865	6,205,594	3,692,939	6,158,226

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 16.

16. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Risk management policy

Credit risk is the potential financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's respective maximum exposure to credit risk. The Group and the Company do not hold any collateral in respect of their financial assets.

The Group has established credit limits for customers and monitors their balances. Cash and fixed deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties that are of high quality.

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that may have been incurred.

The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The Group does not require collateral in respect of trade and other receivables.

notes to the financial statements continued

Year ended 31 July 2014

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Group Carrying amount 2014 $	Group Carrying amount 2013 $	Company Carrying amount 2014 $	Company Carrying amount 2013 $
Loans and receivables	10	2,862,377	5,075,738	2,864,409	5,079,189
Cash and bank balances	11	15,385,333	45,718,753	15,048,606	45,461,404
Recognised financial assets		18,247,710	50,794,491	17,913,015	50,540,593

As at the reporting date, the Group and Company's top five customers account for $1,917,230 (2013: $3,261,790) of loans and receivables' carrying amounts.

Impairment losses

The ageing of loans and receivables at the reporting date was:

	Gross 2014 $	Impairment 2014 $	Gross 2013 $	Impairment 2013 $
Group				
Not past due	1,974,084	–	4,113,976	–
Past due 0 – 30 days	657,768	–	580,858	–
Past due 31 – 60 days	228,269	–	366,167	–
Past due 61 – 90 days	2,256	–	14,737	–
Past due greater than 90 days	2,840	(2,840)	–	–
	2,865,217	(2,840)	5,075,738	–
Company				
Not past due	1,976,116	–	4,117,427	–
Past due 0 – 30 days	657,768	–	580,858	–
Past due 31 – 60 days	228,269	–	366,167	–
Past due 61 – 90 days	2,256	–	14,737	–
Past due greater than 90 days	2,840	(2,840)	–	–
	2,867,249	(2,840)	5,079,189	–

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

Credit risk (Continued)

Impairment losses (Continued)

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

	Group and Company	
	2014	2013
	$	$
At 1 August	–	–
Impairment losses recognised	2,783	–
Exchange differences	57	–
At 31 July	2,840	–

The Group and the Company believe that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analyses of customer credit risk, including underlying customers' credit ratings, when available.

As at 31 July 2014, $2,840 (2013: Nil) of the Group and Company's trade receivables are considered impaired. The Group and Company do not hold any collateral over these impaired balances. Based on historic default rates and the specific facts and circumstances surrounding each debtor, the Group believes that no further impairment allowance is necessary in respect of the other trade receivables, including those which are past due, as they relate to customers with good credit and payment record with the Group.

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of loans and receivables not past due or past due.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk on an ongoing basis and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

notes to the financial statements continued

Year ended 31 July 2014

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

Liquidity risk (Continued)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $	More than 5 years $
31 July 2014					
Non-derivative financial liabilities					
Secured bank loan	637,867	(728,472)	(70,400)	(268,176)	(389,896)
Trade and other payables	3,790,865	(3,790,865)	(3,790,865)	–	–
	4,428,732	(4,519,337)	(3,861,265)	(268,176)	(389,896)
31 July 2013					
Non-derivative financial liabilities					
Secured bank loan	706,667	(815,602)	(73,122)	(278,805)	(463,675)
Trade and other payables	6,205,594	(6,205,594)	(6,205,594)	–	–
	6,912,261	(7,021,196)	(6,278,716)	(278,805)	(463,675)
Company					
31 July 2014					
Non-derivative financial liabilities					
Trade and other payables	3,692,939	(3,692,939)	(3,692,939)	–	–
31 July 2013					
Non-derivative financial liabilities					
Trade and other payables	6,158,226	(6,158,226)	(6,158,226)	–	–

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

Market risk (Continued)

Currency risk

Risk management policy

The Group is exposed to currency risk on sales, purchases and cash holdings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies in which these transactions primarily are denominated are the United States dollar (USD) and Australian dollar (AUD).

There is no formal hedging policy with respect to foreign exchange exposures. Exposures to currency risk are monitored on an ongoing basis and the Group endeavours to keep the net exposures at an acceptable level, by buying or selling foreign currencies at forward rates when necessary to address short term imbalances. Interest on borrowing is denominated in the currency of the borrowing.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2014		2013	
	USD $'000	AUD $'000	USD $'000	AUD $'000
Group and Company				
Trade and other receivables	1,997	159	3,747	6
Cash and bank balances	3,643	1,025	1,715	1,605
Trade and other payables	(1,250)	–	(2,583)	–
Net exposure	4,390	1,184	2,879	1,611

Sensitivity analysis – foreign currency risk

A reasonably possible strengthening/(weakening) of the above currencies, as indicated below, against the Singapore dollar at 31 July would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2013.

	Profit or loss	
	2014 $'000	2013 $'000
Group and Company		
USD (10% strengthening)	439	288
AUD (10% strengthening)	118	161

A 10% weakening of above currencies against the Singapore dollar would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

notes to the financial statements continued

Year ended 31 July 2014

16. FINANCIAL INSTRUMENTS (Continued)

Financial risk management (Continued)

Market risk (Continued)

Interest rate risk

Risk management policy

The Group's exposure to changes in interest rates relates primarily to fixed deposits and a secured bank loan. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Fixed rate instrument				
Fixed deposits	11,782,219	35,973,289	11,447,644	35,718,484
Variable rate instrument				
Secured bank loan	(637,867)	(706,667)	–	–

Fair value sensitivity analysis for fixed rate instrument

The Group does not account for the fixed rate financial asset at fair value through profit or loss due to the short period to maturity. Therefore a change in interest rates at the reporting date would not affect profit or loss. Interest rates are repriced upon maturity/rollover of the fixed deposits, at intervals of one, three or six months.

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss	
	100 bp increase $'000	**100 bp decrease $'000**
Group		
31 July 2014		
Variable rate instrument	(6)	6
31 July 2013		
Variable rate instrument	(7)	7

16. FINANCIAL INSTRUMENTS (Continued)

Capital management

In managing the capital of the Group, the Board aims to maintain a capital structure which balances the need to maximise the rate of return on capital and at the same time safeguard the Group's ability to continue as a going concern in the long term, maintain investors, creditors and market confidence, and sustain future development of the business.

The Group defines capital as share capital and reserves.

The Group manages the level of capital in proportion to risk and future business development requirements while balancing the need to maximise the return on capital. The Group does not stipulate the desired level of capital. It monitors and manages its capital structure on an ongoing basis and makes adjustments to it in the light of changes in economic conditions, risk characteristics of the underlying assets and performance of the Group.

As part of the capital management process, the Group may adjust its level of dividends, issue new shares and/or return capital to shareholders, where appropriate. The Board takes into consideration the cash position and business and capital requirements of the Group when determining the level of dividends to pay shareholders. From time to time, the Company may also purchase its own shares from the market or off-market; the timing of these purchases depends on market conditions and prices.

There was no change to the Group's approach to capital management during the year.

The Company and its subsidiary are not subject to any externally imposed capital requirement except for the legal reserve of a subsidiary of the Group as disclosed in note 12. This externally imposed capital requirement has been complied with by the subsidiary for the financial year ended 31 July 2014 and 31 July 2013.

notes to the financial statements continued

Year ended 31 July 2014

16. FINANCIAL INSTRUMENTS (Continued)

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Loans and receivables $	Other financial liabilities within scope of FRS 39 $	Total carrying amount $	Fair value $
Group					
31 July 2014					
Loans and receivables	10	2,862,377	–	2,862,377	2,862,377
Cash and bank balances	11	15,385,333	–	15,385,333	15,385,333
		18,247,710	–	18,247,710	18,247,710
Loans and borrowings	13	–	637,867	637,867	632,678
Trade and other payables	15	–	3,790,865	3,790,865	3,790,865
		–	4,428,732	4,428,732	4,423,543
31 July 2013					
Loans and receivables	10	5,075,738	–	5,075,738	5,075,738
Cash and bank balances	11	45,718,753	–	45,718,753	45,718,753
		50,794,491	–	50,794,491	50,794,491
Loans and borrowings	13	–	706,667	706,667	701,003
Trade and other payables	15	–	6,205,594	6,205,594	6,205,594
		–	6,912,261	6,912,261	6,906,597
Company					
31 July 2014					
Loans and receivables	10	2,864,409	–	2,864,409	2,864,409
Cash and bank balances	11	15,048,606	–	15,048,606	15,048,606
		17,913,015	–	17,913,015	17,913,015
Trade and other payables	15	–	3,692,939	3,692,939	3,692,939
31 July 2013					
Loans and receivables	10	5,079,189	–	5,079,189	5,079,189
Cash and bank balances	11	45,461,404	–	45,461,404	45,461,404
		50,540,593	–	50,540,593	50,540,593
Trade and other payables	15	–	6,158,226	6,158,226	6,158,226

16. FINANCIAL INSTRUMENTS (Continued)

Accounting classifications and fair values (Continued)

Fair value hierarchy

The table below analyses fair value measurement for assets and liabilities, by levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: unobservable inputs for the asset or liability.

*Assets and liabilities not carried at fair values but for which fair values are disclosed **

	Level 1 $	Level 2 $	Level 3 $	Total $
Group				
31 July 2014				
Investment property	–	–	6,343,841	6,343,841
Loans and borrowings	–	637,867	–	637,867

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 23.

For the financial year ended 31 July 2014, there were no transfers of financial assets between Levels 1, 2 or 3.

notes to the financial statements continued

Year ended 31 July 2014

17. EQUITY COMPENSATION BENEFITS

The DT Share Option Scheme 1999 (Share Option Scheme) of the Company is administered by the Company's Remuneration Committee comprising five directors, Mr Hilary Quah Lam Seng, Mr Hee Theng Fong, Mr Guok Chin Huat Samuel, Mr Ng Cheow Chye and Mr Ng Leok Cheng.

The Share Option Scheme was adopted on 30 October 1999 and had lapsed on 29 October 2009. As the Share Option Scheme had been discontinued, no further share options may be offered by the Company. The discontinuance of the Share Option Scheme however does not affect share options which have been granted and accepted. Such outstanding share options remain exercisable until they lapse and become null and void.

The exercise price of the options is determined as the average closing price of the Company's shares on the Singapore Exchange Securities Trading Limited on the three market days immediately preceding the date of grant of such options.

Options vest twelve months after the grant date. Options granted to employees expire nine years after the vesting date unless they lapse or are cancelled prior to that date. For options granted to non-executive directors, they expire four years after the vesting date.

At the end of the financial year, details of the options granted under the Share Option Scheme on unissued ordinary shares of the Company are as follows:

		Number of share options									
Date of grant of options	Exercise price	Options outstanding at 1/8/2013	Options granted	Options exercised	Options cancelled/ lapsed	Options outstanding at 31/7/2014	Options exercisable at 1/8/2013	Options exercisable at 31/7/2014	Proceeds on exercise of options during the year credited to share capital	Weighted average market price of shares at exercise date(s) of option	Exercise period
19/10/2004	$0.237	8,174,000	–	–	(6,000)	8,168,000	8,174,000	8,168,000	–	–	20/10/2005 to 19/10/2014

The exercise price of the outstanding options was adjusted from $0.28 to $0.237 per share on 10 January 2014 following a capital reduction exercise undertaken by the Company during the financial year.

No options were exercised in 2014.

18. REVENUE

Revenue comprises the net invoiced value of goods supplied to customers and rental income.

19. PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2014	**2013**
	$	**$**
Audit fees paid to external auditors	76,680	76,676
Non-audit fees paid to:		
– external auditors	57,840	25,338
– other auditors	12,800	18,000
Contributions to defined contribution plans, included in staff costs	673,283	619,346
Dividend income from financial assets	–	(94,268)
Exchange gain	(9,879)	(57,824)
Gain on sale of property, plant and equipment	(140,202)	(6,829)
Government grants, included in staff costs	(160,171)	(107,298)
Impairment losses recognised on trade receivables	2,783	–
Interest income from:		
– banks	(219,601)	(395,949)
– others	(180)	(30)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, upon sale	–	(685,636)
Net change in fair value of derivative financial assets recognised in profit or loss	–	3,860
Operating lease expense	333,783	314,980

notes to the financial statements continued

Year ended 31 July 2014

20. TAX EXPENSE

	Note	Group 2014 $	Group 2013 $
Tax recognised in profit or loss			
Current tax expense			
Current year		72	1,221,550
Adjustment for prior years		(457,620)	(622,464)
		(457,548)	599,086
Deferred tax expense			
Origination and reversal of temporary differences		(185,050)	(334,840)
Adjustment for prior years		–	(234,112)
		(185,050)	(568,952)
Total tax (credit)/expense		(642,598)	30,134
Reconciliation of effective tax rate			
Profit before tax		167,961	10,246,952
Tax using the Singapore tax rate at 17% (2013: 17%)		28,553	1,741,982
Non-deductible expenses		37,709	56,573
Tax incentives		(229,952)	(846,433)
Over provided in prior years		(457,620)	(856,576)
Others		(21,288)	(65,412)
		(642,598)	30,134

Tax incentives mainly relate to the Productivity and Innovative Credit (PIC) scheme with respect to the acquisition and leasing of PIC information technology and automation equipment and the acquisition and in-licensing of intellectual property rights for the qualifying period from Years of Assessment 2013 to 2015, as well as the grant of investment allowance during the financial year for its investment in blu-ray equipments.

21. EARNINGS PER SHARE

The calculation of basic and dilutive earnings per share at 31 July 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2014 $	2013 $
Profit attributable to ordinary shareholders	810,559	10,216,818

Weighted average number of ordinary shares

	Group Number of shares	
	2014	2013
Issued shares at beginning and end of the year	594,724,000	594,724,000

As at the reporting date, options to purchase 8,168,000 (2013: 8,174,000) ordinary shares at price of $0.237 (2013: $0.28) per share were outstanding and were not included in the computation of diluted earnings per share because these options were anti-dilutive.

22. OPERATING SEGMENTS

The Group has two reportable segments, namely Singapore and Taiwan, which are the Group's strategic business units operating in different geographical areas. These are managed separately because they require different operating and marketing strategies, given that they operate in and serve customers in different geographical areas. For each of these, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis.

Information regarding the results, assets and liabilities of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

The accounting policies of the reportable segments are the same as described in note 3.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables below.

notes to the financial statements continued

Year ended 31 July 2014

22. OPERATING SEGMENTS (Continued)

Information about reportable segments

	Singapore		Taiwan		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
External revenue	29,271,171	44,882,435	209,387	191,893	29,480,558	45,074,328
Inter segment revenue	–	–	–	–	–	–
Total revenue for reporting segments	29,271,171	44,882,435	209,387	191,893	29,480,558	45,074,328
Interest income	217,269	394,837	2,512	1,142	219,781	395,979
Finance costs	–	–	(16,397)	(17,671)	(16,397)	(17,671)
Depreciation	(4,113,692)	(3,111,783)	(63,901)	(63,749)	(4,177,593)	(3,175,532)
Reportable segment profit before tax	140,462	10,237,995	(77,644)	127,244	62,818	10,365,239
Tax credit/(expense)	641,620	(29,086)	978	(1,048)	642,598	(30,134)
Other material non-cash items:						
Net change in fair value of available-for-sale financial assets reclassified to profit or loss, upon sale	–	685,636	–	–	–	685,636
Segment assets	46,343,595	81,515,422	6,684,294	6,789,169	53,027,889	88,304,591
Capital expenditure	8,102,675	3,287,720	–	–	8,102,675	3,287,720
Segment liabilities	6,127,323	9,379,776	739,562	758,863	6,866,885	10,138,639

22. OPERATING SEGMENTS (Continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2014 $	2013 $
Revenue		
Total revenue for reporting segments	29,480,558	45,074,328
Elimination of inter-segment revenue	–	–
Consolidated revenue	29,480,558	45,074,328
Profit or loss		
Total profit or loss for reportable segments	62,818	10,365,239
Consolidation adjustments	105,143	(118,287)
Consolidated profit before tax	167,961	10,246,952
Assets		
Total assets for reportable segments	53,027,889	88,304,591
Consolidation adjustments	(5,944,500)	(5,944,500)
Consolidated total assets	47,083,389	82,360,091
Liabilities		
Total liabilities for reportable segments	6,866,885	10,138,639
Consolidation adjustments	(3,769)	(3,768)
Consolidated total liabilities	6,863,116	10,134,871

There are no reconciling items in relation to other material items.

Products and services

For the Singapore operation, it is in the business of media storage products and services. For the Taiwan operation, it is in the business of leasing out commercial space. Accordingly, information on revenue from external customers is as disclosed above.

notes to the financial statements continued

Year ended 31 July 2014

22. OPERATING SEGMENTS (Continued)

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets.

	2014 $	2013 $
Revenue		
Singapore	14,437,145	24,954,414
Taiwan	435,592	592,010
Other Asia Pacific	10,685,628	16,207,088
Others	3,922,193	3,320,816
	29,480,558	45,074,328
Non-current assets*		
Singapore	20,599,509	16,621,495
Taiwan	6,343,841	6,530,348
	26,943,350	23,151,843

* Non-current assets presented consists of property, plant and equipment, investment property and transferable club memberships.

Major customers

Revenue from three of the Group's major customers represents approximately 45% (2013: 61%) of the Group's total revenue.

23. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property. The fair value is based on market values (i.e., market comparison approach), being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Such valuation is based on the price per Ping for the buildings derived from observable market data from an active and transparent market.

In the absence of a price per Ping for similar buildings with comparable lease terms in an active market, the valuations are prepared by considering the estimated rental value of the property (i.e. the income approach). A capitalisation rate is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents. As a check, a comparison is made against relevant market transactions.

23. DETERMINATION OF FAIR VALUES (Continued)

Non-derivative financial liabilities (non-current)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For secured bank loan, the market rate of interest is determined by reference to similar loan agreements. At the reporting date, the market interest rate adopted to measure the non-current bank loan at amortised cost is 2.42% (2013: 2.42%). The fair value of non-derivative financial liabilities is determined to be not materially different from their carrying amounts.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

24. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2014	**2013**
	$	**$**
Within one year	5,902	–

The Group leases a small premise as office under operating lease. The lease is for a period of 1 year with no option to renew the lease after that date.

During the year, an amount of $2,285 was recognised as an expense in profit or loss in respect of the operating lease (2013: Nil). There was no contingent rent recognised as an expense during the year.

Leases as lessor

The Group leases out its investment property (see note 5). The future minimum lease receivables under these non-cancellable leases are as follows:

	Group	
	2014	**2013**
	$	**$**
Within one year	344,137	194,182
Between one and five years	631,259	–
	975,396	194,182

During the year, rental income and direct operating expenses amounting to $209,387 (2013: $191,893) and $42,219 (2013: $45,435), respectively, were recognised in profit or loss by the Group.

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Year ended 31 July 2014

25. CAPITAL COMMITMENTS

	Group and Company	
	2014	2013
	$	$
Authorised but not contracted for	3,000,000	5,000,000

In addition, the leasehold building which is owned by the Company is built on land subject to a 30-year cancellable lease, commencing from 16 August 1993, and the Company has satisfied the minimum investment criteria set by the lessor for an additional 30-year lease. The annual land rent payable under the lease agreement is $349,697 (2013: $331,498). The land rental is subject to review every year, with a maximum increase in rent not exceeding 5.5% of the annual rent for the preceding year.

In 2013, the Group entered into several contracts to purchase new plant and equipment for $7,483,000, of which advance payments of $6,188,000 had been paid as at 31 July 2013. These contracts were fulfilled in 2014.

26. RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

No options were granted to the directors of the Company during the year (2013: Nil) as the Share Option Scheme had lapsed on 29 October 2009. 5,850,000 (2013: 5,850,000) options granted to the directors of the Company were outstanding at the end of the year.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Compensation paid/payable to key management personnel comprise:

	Group	
	2014	2013
	$	$
Short-term employee benefits	1,664,456	2,764,719
Post-employment benefits	49,300	44,279
	1,713,756	2,808,998

notes to the financial statements continued

Year ended 31 July 2014

27. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of property, plant and equipment and investment property

Property, plant and equipment and investment property are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment and investment property to be within 3 to 50 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and future depreciation charges could also be revised.

Income tax

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Measurement of recoverable amounts of loans and receivables

The Group maintains an allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible loans and receivables. The level of this allowance is based on the evaluation of collectability and aging analysis of loans and receivables and on the estimation of the management. A considerable amount of estimation is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers in the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment losses may be recorded.

28. SUBSEQUENT EVENT

Subsequent to the reporting date, the directors proposed a final one-tier tax exempt dividend of 0.22 cent per share amounting to $1,308,393 in respect of the financial year ended 31 July 2014.

shareholding statistics

As at 7 October 2014

Number of shares in issue	:	594,724,000
Class of shares	:	Ordinary shares
Number of shareholders	:	10,443
Voting rights	:	On a poll: 1 vote for each ordinary share

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	9	0.08	2,155	0.00
1,000 – 10,000	5,872	56.23	30,068,644	5.05
10,001 – 1,000,000	4,530	43.38	262,191,596	44.09
1,000,001 and Above	32	0.31	302,461,605	50.86
	10,443	100.00	594,724,000	100.00

Treasury shares

Number of treasury shares held	:	Nil
% of treasury shares held against total number of issued shares (excluding treasury shares)	:	–

Substantial shareholders

	Direct Interest		Deemed Interest	
Name	Number of shares	%	Number of shares	%
Uniseraya Holdings Pte Ltd(1)	71,200,000	11.97	30,000,000	5.05
Ng Cheow Chye	78,285,000	13.16	–	–
Ng Khim Guan(2)	500,000	0.08	101,200,000	17.02
Kwek Li Chien(2)	–	–	101,200,000	17.02
Ng Bie Tjin @ Djuniarti Intan(3)	–	–	105,144,400	17.68
Ng Han Meng(4)	250,000	0.04	104,734,000	17.61

Notes:

(1) Uniseraya Holdings Pte Ltd's deemed interest arises from the 30,000,000 shares held by Singapore Nominees Pte Ltd as its nominee.

(2) Mr Ng Khim Guan and Ms Kwek Li Chien's deemed interests arise from the 101,200,000 shares in which Uniseraya Holdings Pte Ltd has an interest.

(3) Ms Ng Bie Tjin @ Djuniarti Intan's deemed interest arises from the 3,944,400 shares held by United Overseas Bank Nominees (Private) Limited and the 101,200,000 shares in which Uniseraya Holdings Pte Ltd has an interest.

(4) Mr Ng Han Meng's deemed interest arises from the 3,534,000 shares held by Phillip Securities Pte Ltd, DBS Nominees Pte Ltd and CIMB Securities (Singapore) Pte Ltd and the 101,200,000 shares in which Uniseraya Holdings Pte Ltd has an interest.

shareholding statistics

As at 7 October 2014

Top Twenty Shareholders

No.	Name	No. of Shares Held	%
1	NG CHEOW CHYE	78,285,000	13.16
2	UNISERAYA HOLDINGS PTE LTD	71,200,000	11.97
3	SINGAPORE NOMINEES PTE LTD	30,060,000	5.05
4	HUANG SHUHUI CHERYL	23,113,000	3.89
5	DBS NOMINEES PTE LTD	13,447,605	2.26
6	DBS VICKERS SECURITIES (S) PTE LTD	13,201,600	2.22
7	UNITED OVERSEAS BANK NOMINEES PTE LTD	12,181,400	2.05
8	PEH KWEE YONG	8,860,000	1.49
9	PHILLIP SECURITIES PTE LTD	6,032,000	1.01
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,177,000	0.87
11	LIM SIOW SUN NEE LAU YUEN LING	3,305,000	0.56
12	UOB KAY HIAN PTE LTD	3,109,000	0.52
13	TEO KEE BOCK	2,530,000	0.43
14	LAI WENG KAY	2,443,000	0.41
15	POH KHENG MUI (FU QINGMEI)	2,234,000	0.38
16	MAYBANK KIM ENG SECURITIES PTE LTD	2,226,000	0.37
17	LIEW CHIAP KONG	2,000,000	0.34
18	OCBC SECURITIES PRIVATE LTD	1,964,000	0.33
19	JUSUF	1,955,000	0.33
20	SIM KOK HAI	1,853,000	0.31
		285,176,605	47.95

Shareholdings in the hands of public

The percentage of shareholdings in the hands of the public is approximately 64%. Hence, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited which states that an issuer must ensure that at least 10% of its listed securities is at all times held by the public.

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the thirty-fourth annual general meeting of Datapulse Technology Limited (the "**Company**") will be held at Furama Riverfront, Venus 1, Level 3, 405 Havelock Road, Singapore 169633 on Tuesday, 18 November 2014 at 2.00 p.m. for the following purposes:–

Ordinary Business

1 To receive and adopt the audited accounts for the financial year ended 31 July 2014 together with the directors' and auditors' reports thereon. **(Resolution 1)**

2 To declare a final one-tier tax exempt dividend of 0.22 cent per share for the financial year ended 31 July 2014. **(Resolution 2)**

3 To approve the payment of directors' fees of S$150,000 for the financial year ended 31 July 2014. (2013: S$250,000) **(Resolution 3)**

4 To re-elect the following directors who retire by rotation pursuant to Article 100 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:–

(A) Mr Ng Cheow Chye **(Resolution 4)**

Note: Mr Ng Cheow Chye will upon re-election as a director of the Company, remain as a member of the nominating and remuneration committees. Key information on Mr Ng is set out on page 10 of this annual report.

(B) Mr Hilary Quah Lam Seng **(Resolution 5)**

Note: Mr Hilary Quah Lam Seng will upon re-election as a director of the Company, remain as the chairman of the remuneration committee, a member of the audit and nominating committees, and be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Limited ("**SGX-ST**"). Key information on Mr Quah is set out on page 12 of this annual report.

5 To note the retirement of Mr Ng Leok Cheng pursuant to Article 100 of the Company's Articles of Association. Mr Ng will also cease to be a member of the remuneration committee.

6 To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration. **(Resolution 6)**

Special Business

7 To consider and, if thought fit, to pass with or without any modifications, the following resolution as ordinary resolution:–

"That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, authority be and is hereby given to the directors of the Company to:–

(A) (I) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

notice of annual general meeting continued

(II) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors of the Company while this resolution was in force,

provided that:–

(I) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (II) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (II) below);

(II) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (I) above, the total number of issued shares (excluding treasury shares) of the Company shall be based on the total number of issued shares (excluding treasury shares) of the Company as at the time of the passing of this resolution, after adjusting for:–

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting as at the time of the passing of this resolution, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(III) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association for the time being of the Company; and

notice of annual general meeting continued

(IV) the authority conferred on the directors of the Company pursuant to this resolution may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:–

(a) the date on which the next annual general meeting of the Company is held or required by law to be held;

(b) in the case of shares issued in pursuance of the Instruments, made or granted pursuant to this resolution, until the issuance of such shares in accordance with the terms of the Instruments; or

(c) the date on which the authority conferred in this resolution is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting."

[see Explanatory Note] **(Resolution 7)**

AND to transact any other business which may be properly transacted at an annual general meeting.

By Order of the Board

Ng Cheow Chye
Deputy Chairman/CEO

Singapore
31 October 2014

notice of annual general meeting continued

Explanatory Note:

Resolution 7 proposed in item 7 above, if passed, will empower the directors of the Company from the date of this general meeting until the next annual general meeting or the date by which the next annual general meeting is required by law to be held or when revoked by the Company in general meeting, whichever is earlier, to issue shares and make or grant Instruments convertible into shares up to an amount not exceeding 50% of the total number of issued shares (excluding treasury shares) of the Company at the time of passing this Resolution, provided that the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders pursuant to this resolution shall not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company. The percentage of issued shares is based on the Company's total number of issued shares (excluding treasury shares) of the Company at the time the proposed Resolution 7 is passed after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time the proposed Resolution 7 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

(i) A member of the Company entitled to attend and vote at this general meeting may appoint not more than two proxies to attend and vote on his behalf.

(ii) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies. A proxy need not be a member of the Company.

(iii) If the member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of an officer or attorney duly authorised.

(iv) The instrument appointing a proxy must be lodged at the Company's Share Registrar Office, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902, not less than 48 hours before the time appointed for holding this general meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

notice of book closure and dividend payment dates

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 25 November 2014 for the purpose of determining the members' entitlement to the final one-tier tax exempt dividend of 0.22 cent per share for the financial year ended 31 July 2014.

Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 24 November 2014 will be registered before members' entitlement to the dividend is determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 24 November 2014 will be entitled to the dividend.

Payment of the dividend, if approved by members at the Company's 34th annual general meeting, will be made on 2 December 2014.

By Order of the Board

Ng Bie Tjin @ Djuniarti Intan
Finance Director

Singapore
15 September 2014

DATAPULSE TECHNOLOGY LIMITED

(Incorporated In The Republic Of Singapore)
Company Registration No. 198002677D

IMPORTANT:

1. For investors who have used their CPF monies to buy Datapulse Technology Limited shares, this Annual Report is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the annual general meeting as OBSERVERS have to submit their requests through their respective agent banks so that their agent banks may register with the company secretary of Datapulse Technology Limited.

PROXY FORM
THIRTY-FOURTH ANNUAL GENERAL MEETING

I/We ______________________________ (Name) NRIC/Passport number ____________________

of ____ (Address)
being a member/members of **DATAPULSE TECHNOLOGY LIMITED** hereby appoint

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		Number of Shares	%
Address			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf via poll at the thirty-fourth annual general meeting of the Company to be held at Furama Riverfront, Venus 1, Level 3, 405 Havelock Road, Singapore 169633 on Tuesday, 18 November 2014 at 2.00 p.m. and at any adjournment thereof.

(Please indicate with an “X” in the space provided below whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of annual general meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the annual general meeting.)

NOTE: The Chairman of the annual general meeting will be exercising his right under Article 68 of the Articles of Association of the Company to demand a poll in respect of the resolutions to be put to the vote of members at the annual general meeting and at any adjournment thereof. Accordingly, the resolutions at the annual general meeting will be voted on by way of a poll.

No.	Ordinary Resolutions	For	Against
1	To receive and adopt the audited accounts and directors’ and auditors’ reports		
2	To declare a final one-tier tax exempt dividend		
3	To approve the payment of directors’ fees		
4	To re-elect Mr Ng Cheow Chye as director		
5	To re-elect Mr Hilary Quah Lam Seng as director		
6	To re-appoint KPMG LLP as auditors and authorise the directors to fix their remuneration		
7	To authorise directors to allot and issue shares		

Dated this ______________ day of November 2014

Total number of Shares Held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the Company's Share Registrar Office, M & C Services Private Limited at 112 Robinson Road #05-01, Singapore 068902, not less than 48 hours before the time appointed for the holding of the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting.

9. The submission of an instrument or form appointing a proxy by a member does not preclude him from attending and voting in person at the meeting if he so wishes.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

corporate information

BOARD OF DIRECTORS
Hee Theng Fong
Ng Cheow Chye
Ng Leok Cheng
Ng Bie Tjin @ Djuniarti Intan
Si Yok Fong @ Chin Yok Fong
Ng Cheow Leng
Hilary Quah Lam Seng
Guok Chin Huat Samuel

AUDIT COMMITTEE
Guok Chin Huat Samuel, Chairman
Hee Theng Fong, Member
Hilary Quah Lam Seng, Member

NOMINATING COMMITTEE
Hee Theng Fong, Chairman
Hilary Quah Lam Seng, Member
Guok Chin Huat Samuel, Member
Ng Cheow Chye, Member
Ng Bie Tjin @ Djuniarti Intan, Member

REMUNERATION COMMITTEE
Hilary Quah Lam Seng, Chairman
Hee Theng Fong, Member
Guok Chin Huat Samuel, Member
Ng Cheow Chye, Member
Ng Leok Cheng, Member

COMPANY SECRETARY
Lim Jit Siew

REGISTERED OFFICE
Company Registration No. 198002677D
15A Tai Seng Drive
Datapulse Industrial Building
Singapore 535225
Tel: (65) 6382 7989
Fax: (65) 6382 8070
Email: dtpulse@datapulse.com.sg
Website: www.datapulse.com.sg

SHARE REGISTRAR
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

AUDITORS
KPMG LLP
Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Engagement Partner: Ling Su Min
(Since FY2010)

PRINCIPAL BANKERS
Australia and New Zealand
Banking Group Limited
Malayan Banking Berhad
Oversea-Chinese Banking
Corporation Limited
United Overseas Bank Limited

DATAPULSE TECHNOLOGY LIMITED

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