DATAPULSE TECHNOLOGY LIMITED

STRENGTH & STABILITY

2017 ANNUAL REPORT

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.

CONTENTS

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 Mainboard of the Singapore Exchange Securities Trading Limited, 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 digital storage solutions, we also offer cards products and services 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 2017 ("FY2017").

The Group's media storage products and services business continued to face a challenging operating environment in FY2017. The weak global economy had adversely affected the ability and willingness of corporations and consumers to spend on products and services such as software and games. In addition, the increased use of other substitute modes of content distribution, intense competition from global players over shrinking customer base and increased volatility in demand present multi-faceted challenges for the Group while our investments in Blu-Ray technology has yet to gain meaningful traction in cushioning the decline in sales of our CD and DVD products and services.

PERFORMANCE REVIEW

For FY2017, the Group registered a 45.6% decrease in revenue as compared to financial year ended 31 July 2016 ("FY2016") from $23.3 million to $12.7 million. The decrease in revenue was due to weaker demand for media storage products and services during the year.

Total operating expenses decreased by 29.5% from $23.4 million in FY2016 to $16.5 million in FY2017. The decrease in cost of raw materials usage of 45.7% corresponded with the lower revenue recognised in FY2017. Depreciation was lower as more assets were fully depreciated and there were minimal property, plant and equipment investments. The reduction in staff costs by 17.4% from $8.9 million to $7.4 million and other operating expenses by 41.3% from $5.1 million to $3.0 million were mainly attributed to lower business activities, cost management measures undertaken by the management of the Group, and exchange gain recognised during the year.

Income tax credit of $0.7 million recorded by the Group for FY2017 was mainly a result of the Company's reduction in deferred tax liabilities during FY2017. For FY2016, income tax credit of $0.5 million recorded by the Group was a result of the Company's reversal of over provision of $0.3 million in respect of prior years' income taxes and reduction in deferred tax liabilities of $0.2 million.

Profit from discontinued operations was due to recognition of gain on disposal of subsidiary of $5.6 million upon completion of the disposal of One Global Inc ("OGI") during the year.

LETTER TO SHAREHOLDERS

As a result of the above, the Group's profit increased by 234.7% from $0.9 million in FY2016 to $3.0 million in FY2017.

The Group's financial position remained strong with cash balances of $39.5 million as at 31 July 2017. This was equivalent to 18.04 cents of net cash per share.

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

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

On 26 July 2017, the Company granted an option to purchase (the "Option") to an independent third party purchaser (the "Purchaser") for the sale of its leasehold property at Tai Seng Drive (the "Tai Seng Property") at a consideration of $53.5 million. The Option has been exercised and the sale of the Tai Seng Property is expected to be completed by end 2017. Accordingly, the Tai Seng Property has been reclassified to assets held for sale as at 31 July 2017. The reclassification of property, plant and equipment amounting to $8.3 million to assets held for sale, depreciation charge for the year of $2.8 million, and impairment loss recognised on the Company's plant and machinery of $0.2 million, contributed to the decrease in property, plant and equipment for the year.

Earnings per share were 1.38 cent for FY2017 and 0.41 cent for FY2016. The Group's net asset value per share stood at 22.79 cents as at 31 July 2017 compared to 21.57 cents as at 31 July 2016.

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 0.50 cents per share for FY2017. This proposed dividend continues the Group's uninterrupted record of paying annual dividend since its listing in 1994.

LETTER TO SHAREHOLDERS

The proposed dividend of 0.50 cents per share for FY2017 represents a dividend payout of nearly 36.2% and provides a dividend yield of 1.7%, calculated based on the closing share price on 21 September 2017, the date of announcement of the FY2017 results.

The proposed dividend is subject to the approval of the members at the Annual General Meeting ("AGM") to be held on 9 November 2017. If approved, the dividend will be paid on 1 December 2017.

OUTLOOK

On 26 July 2017, the Group granted the Option to the Purchaser for the sale of the Tai Seng Property at a consideration of $53.5 million. The Option has been exercised and the sale of the Tai Seng Property is expected to be completed by end 2017.

In its announcements dated 7 August 2017 and 4 September 2017, the Group announced that it had been granted an option to purchase an industrial property located in Toa Payoh (the "Toa Payoh Property") for a consideration of $10.5 million. Upon completion of the sale of the Tai Seng Property, the Group will relocate its office and manufacturing facilities to the Toa Payoh Property.

The operating environment in the media storage industry remains increasingly challenging due to weak market demand for media storage products and services. The Group will continue to focus on providing more value added services to its customers and managing its operating costs by improving yield and production efficiencies. It will also be keeping a close tab on the technological and business developments within the media storage industry and explore other investment and business opportunities.

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

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. I would also like to thank my fellow directors for their guidance and contributions through the years.

For all of us at Datapulse, we look forward to having all stakeholders continue 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

	2013	2014	2015	2016	2017
FINANCIAL PERFORMANCE	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue ***(note 1)***	45,074	29,481	25,798	23,309	12,678
Profit for the year	10,217	811	1,634	905	3,029
Profit attributable to owners of the Company	10,217	811	1,634	905	3,029
Earnings per share (cents) ***(note 2)***	5.15	0.41	0.81	0.41	1.38
Return on assets (%) ***(note 3)***	12.10	1.30	3.10	1.60	5.50
Return on equity (%) ***(note 3)***	14.00	1.40	3.70	1.90	6.20
FINANCIAL POSITION	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total assets	82,360	47,083	58,867	57,688	52,669
Total liabilities	10,135	6,863	11,030	10,427	2,750
Total equity/shareholders' funds	72,225	40,220	47,837	47,261	49,919
Net current assets	51,525	15,475	45,458	31,417	47,557
Net asset value per share (cents) ***(note 2)***	36.43	20.29	21.75	21.57	22.79
Net tangible asset per share (cents) ***(note 2)***	37.34	21.10	22.33	22.07	22.96
CASH FLOW	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash from operating activities	11,194	4,042	4,742	3,891	(737)
Net cash and bank balances ***(note 4)***	45,012	14,747	25,566	25,854	39,522
Net cash per share (cents) ***(note 2)***	22.71	7.44	11.63	11.80	18.04
DIVIDENDS					
Total dividend per share (cents) ***(note 2)***	6.00	0.66	0.60	0.30	0.50
Total dividend declared ($'000) ***(note 5)***	11,894	1,308	1,319	657	1,095
Dividend payout (%)	116.40	161.40	80.70	72.60	36.20
Dividend yield (%) ***(note 6)***	8.50	1.50	2.30	1.30	1.70
SHARE PRICE	**Cents**	**Cents**	**Cents**	**Cents**	**Cents**
Highest ***(note 2)***	70.50	58.92	47.70	30.60	28.00
Lowest ***(note 2)***	53.94	42.90	26.40	19.90	19.80
Average ***(note 2)***	60.33	50.91	37.08	24.69	22.29
Weighted average number of shares (million) ***(note 2)***	198	198	201	220	219
Average market capitalisation ($'million) ***(note 7)***	120	101	75	54	49
Average shareholders' funds ($'million)	73	56	44	48	49
Market value added ($'million) ***(note 8)***	47	45	31	6	–

Note 1:
Figures comprised of revenue from continuing and discontinued operations for FY2016.

Note 2:
For comparison purposes, prior year figures for FY2013 to FY2015 were adjusted due to the share consolidation of every three (3) ordinary shares into one (1) ordinary share in the capital of the Company in FY2016, fractional entitlements to be disregarded. Treasury shares are excluded.

Note 3:
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 4:
Calculation of net cash and bank balances is based on cash and bank balances less interest bearing borrowings.

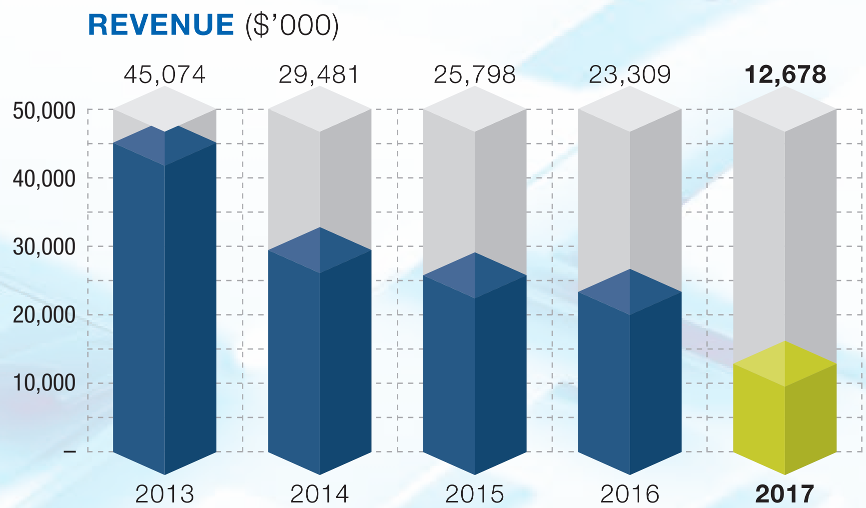
Note 5:
Calculation of total dividend declared is based on the sum of interim, final and special dividends declared, multiply by the number of shares (excluding treasury shares) on the date of announcement of the respective full year results.

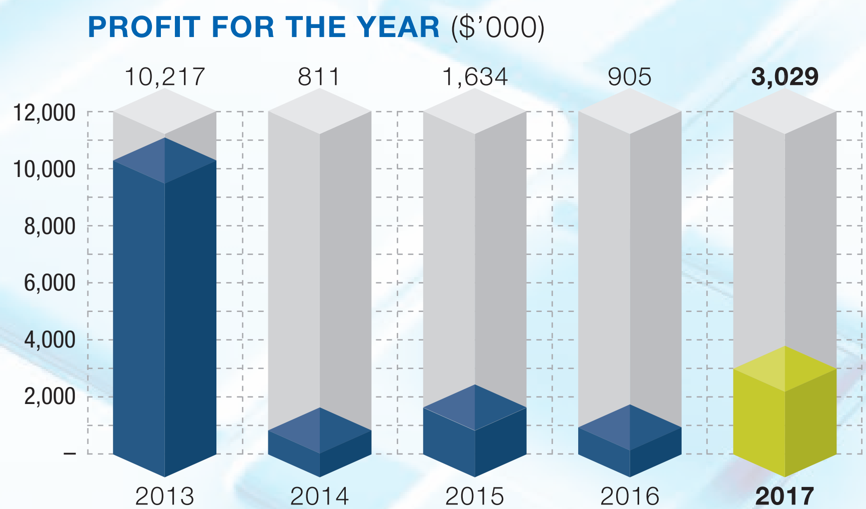
Note 6:
Calculation of dividend yield is based on total dividend per share divided by the closing share price on the date of announcement of the respective full year results.

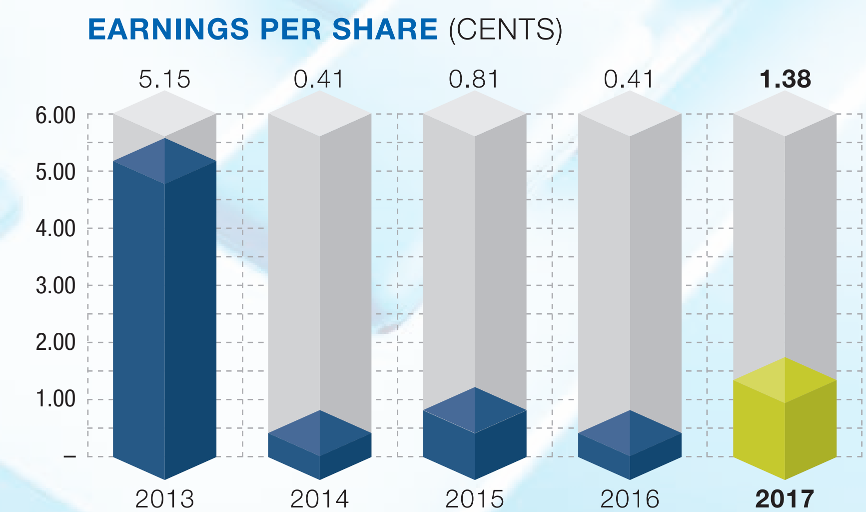
Note 7:
Calculation of average market capitalisation is based on weighted average number of shares multiplied by the average share price for the year.

Note 8:
Calculation of market value added is based on the excess of the average market capitalisation over average shareholders' funds for the year.

FINANCIAL HIGHLIGHTS

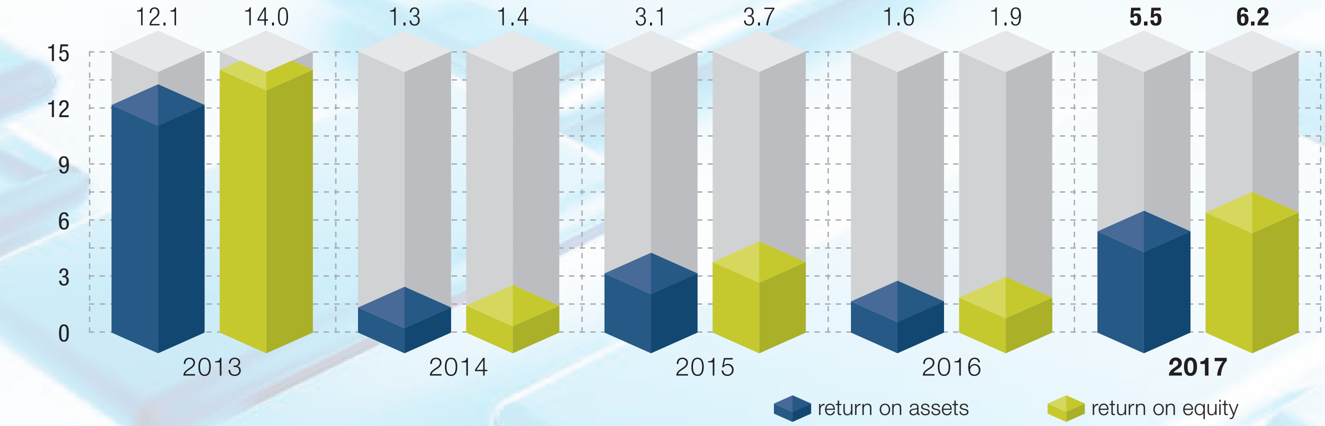




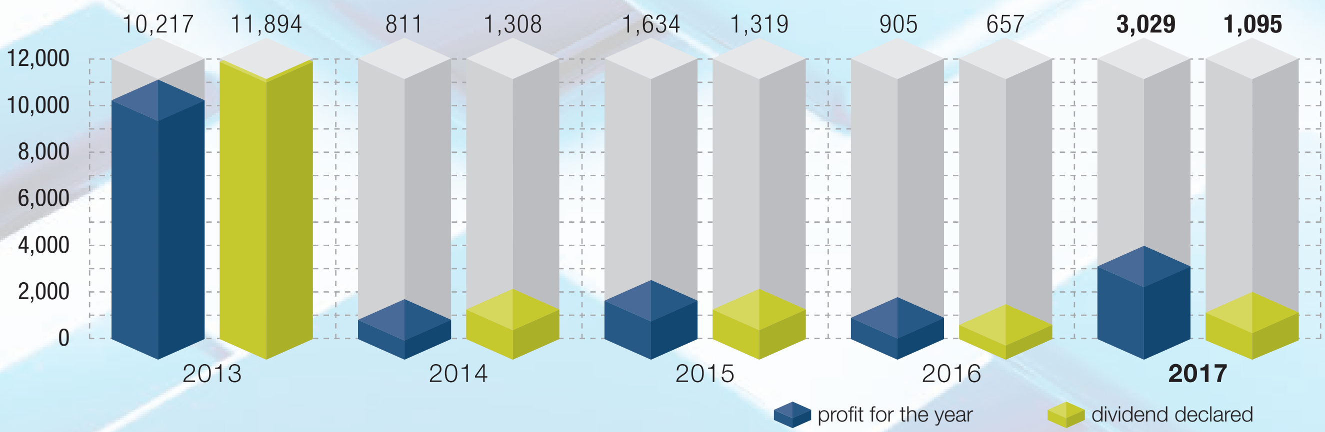


FINANCIAL HIGHLIGHTS

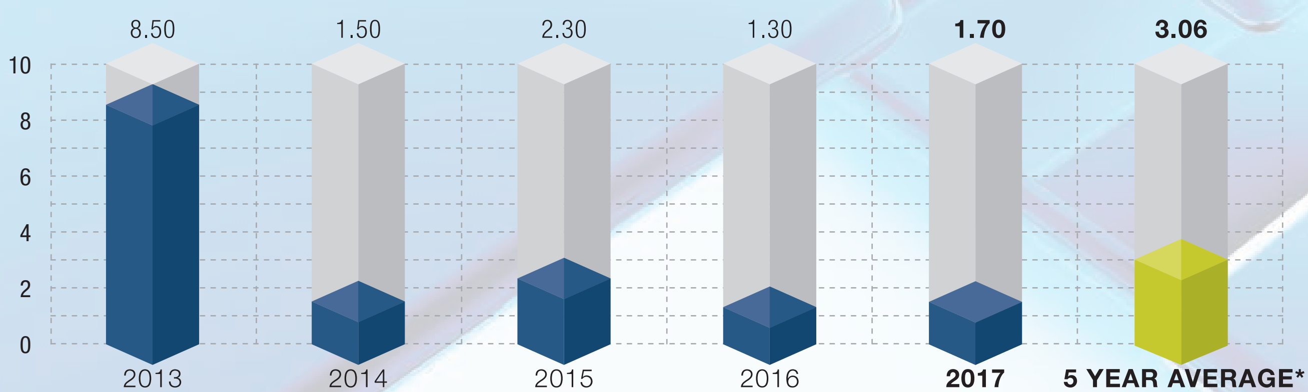
RETURNS RATIOS (%)



PROFIT AND DIVIDEND DECLARED ($'000)



DIVIDEND YIELD (%)



* calculation of 5-year average is based on the simple average of dividend yield from 2013-2017

BOARD OF DIRECTORS

HEE THENG FONG

Non-Executive Chairman and Independent Director

Mr Hee Theng Fong was appointed as Chairman of the Board of Directors on 4 June 2015. He was appointed as a Director in January 1994 and was last re-elected in November 2016.

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

Mr Hee is also a director of several listed companies, including Straco Corporation Limited, First Resources Limited and China Jinjiang Environment Holding Company Limited.

He is a senior lawyer with more than 30 years of experience in litigation practice and arbitration practice.

NG CHEOW CHYE

Executive Deputy Chairman/CEO

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

As the Executive Deputy Chairman/CEO, he is responsible for the overall management of the Group and is instrumental in setting and implementing the Group's strategic plans and key operational initiatives as well as exploring 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 2014. 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 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.

BOARD OF DIRECTORS

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 Executive 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 2015.

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 Executive Deputy Chairman/CEO, is the Human Resource and Administration Director of the Company. He has been with the Group for twenty nine 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 2016.

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.

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 2014. 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 from the University of Wisconsin-Madison and practiced 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.

BOARD OF DIRECTORS

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 2015. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Guok is currently an independent non-executive director of Global Palm Resources Holdings Limited, Redwood Group Limited and Asiatravel.com Holdings Ltd. He is also an executive director of several private limited companies and has over thirty 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.

KEY MANAGEMENT

LEE KAM SENG

Chief Financial Officer

Mr Lee Kam Seng was appointed Chief Financial Officer of the Company on 1 December 2015 and Company Secretary on 3 December 2015. He is responsible for the administration and implementation of the Group's financial management, corporate secretarial, corporate governance and internal control policies and procedures.

Mr Lee has more than 35 years of experience in the construction, real estate and trading industries, both in private and public listed companies.

Mr Lee is a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants (U.K.).

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

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 (the "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 reference.

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.

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
Hee Theng Fong	4	4	4	4	1	1	1	1
Ng Cheow Chye	4	4	–	–	1	1	1	1
Si Yok Fong @ Chin Yok Fong	4	4	–	–	–	–	–	–
Ng Cheow Leng	4	3	–	–	–	–	–	–
Hilary Quah Lam Seng	4	4	4	4	1	1	1	1
Guok Chin Huat Samuel	4	4	4	4	1	1	1	1

CORPORATE GOVERNANCE REPORT

BOARD'S CONDUCT OF ITS AFFAIRS (CONTINUED)

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.

BOARD COMPOSITION AND GUIDANCE

Principle 2: Strong and independent element on the Board

The Board, comprising six members, consists of a non-executive Chairman, who is an independent director, an Executive Deputy Chairman/Chief Executive Officer ("CEO"), two 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.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE (CONTINUED)

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 11.

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 Executive 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;

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CONTINUED)

- 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.

The Executive Deputy Chairman/CEO 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.

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 Constitution 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.

CORPORATE GOVERNANCE REPORT

ACCESS TO INFORMATION AND ACCOUNTABILITY (CONTINUED)

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 quarterly 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 four members, three of whom including the chairman are independent non-executive members.

The composition of the NC is as follows:

Hee Theng Fong (Chairman), 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

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.

CORPORATE GOVERNANCE REPORT

BOARD MEMBERSHIP AND PERFORMANCE (CONTINUED)

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.

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 Constitution 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 two directors retiring at the forthcoming AGM, namely Mr Ng Cheow Chye 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. 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-election.

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.

CORPORATE GOVERNANCE REPORT

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 four members, of which one member is an executive director. The RC does not comprise entirely of non-executive directors as the participation of the executive director helps provide meaningful feedback in the setting of the Group's overall compensation packages due to his 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 director 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, Non-Executive Chairman and Independent Director
Guok Chin Huat Samuel, Independent Non-Executive Director
Ng Cheow Chye, Executive Deputy Chairman/CEO

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 is of the opinion that the directors and the key management personnel 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.

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 that of the 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

REMUNERATION MATTERS (CONTINUED)

The Company has three executive directors, who together with the Group's Chief Financial Officer comprise the key management personnel of the Group.

A breakdown showing the percentage mix of remuneration for each of the directors and key management personnel of the Company for the financial year 2017 is set out below:

Financial Year 2017

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	70	19	2	9	–	100
Si Yok Fong @ Chin Yok Fong	66	20	3	11	–	100
Below $250,000						
Ng Cheow Leng	66	19	7	8	–	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
Key Executive Officer						
Below $250,000						
Lee Kam Seng	82	14	4	–	–	100

The remuneration of the directors and key executive officer includes a fixed component, a variable component, contributions to Central Provident Fund, benefits in kind and directors' fees, and is disclosed as key management personnel compensation in note 25 of the financial statements on page 84.

The Company had not disclosed the exact remuneration paid to each individual director and the CEO due to the sensitive and confidential nature of such remuneration matters and to ensure the Company's competitive advantage in the retention of such personnel.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (CONTINUED)

Except as disclosed below and Mr Ng Cheow Chye and Mr Ng Cheow Leng who are brothers, 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 2017.

Name	Relationship	Total Remuneration
Huang Jin Rui, Clement	Son of Mr Ng Cheow Chye	$50,001 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
Hee Theng Fong, 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;

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (CONTINUED)

- 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.

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.

The AC has discussed the key audit matter with management and the external auditors. The AC concurs with the findings and conclusions included in the auditor's report with respect to the key audit matter. For more information on the key audit matter, please refer to pages 30 to 31.

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 2017 was $98,000, of which audit and non-audit fees amounted to $80,000 and $18,000, respectively. In appointing the audit firm, KPMG LLP, for the audit of financial year ended 31 July 2017, 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 2018 at the forthcoming AGM of the Company.

CORPORATE GOVERNANCE REPORT

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 2017.

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 Executive Deputy Chairman/CEO and the Chief Financial Officer 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 2017.

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.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT (CONTINUED)

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.

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 prior to the commencement of any voting.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND RESPONSIBILITIES (CONTINUED)

Shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Under the multiple proxies regime introduced pursuant to the Companies (Amendment) Act 2014, "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund ("CPF") Board, are allowed to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at shareholders' meetings.

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' STATEMENT

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 2017.

In our opinion:

(a) the financial statements set out on pages 35 to 84 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2017 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Companies Act, Chapter 50 (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.

DIRECTORS

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

Hee Theng Fong
Ng Cheow Chye
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 Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children less than 18 years of age) in shares or share options in the Company are as follows:

	Holdings in the name of the director			
	At beginning of the year	At end of the year	At 21/8/2017	At 21/8/2016
Name of director and corporation in which interests are held				
Ng Cheow Chye				
Datapulse Technology Limited				
– ordinary shares each fully paid	26,095,000	48,947,366	48,947,366	48,947,366

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS (CONTINUED)

	Holdings in the name of the director			
	At beginning of the year	At end of the year	At 21/8/2017	At 21/8/2016
Name of director and corporation in which interests are held				
Si Yok Fong @ Chin Yok Fong				
Datapulse Technology Limited				
– ordinary shares each fully paid	283,333	283,333	283,333	283,333
Hee Theng Fong				
Datapulse Technology Limited				
– ordinary shares each fully paid	66,666	66,666	66,666	66,666
Hilary Quah Lam Seng				
Datapulse Technology Limited				
– ordinary shares each fully paid	66,666	66,666	66,666	66,666

Except as disclosed in this statement, 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 in this statement, 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.

SHARE OPTIONS

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.

AUDIT COMMITTEE

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

Guok Chin Huat Samuel
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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONTINUED)

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.

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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE (CONTINUED)

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.

The AC has discussed the key audit matter with management and the external auditors. The AC concurs with the findings and conclusions included in the auditor's report with respect to the key audit matter. For more information on the key audit matter, please refer to pages 30 to 31.

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 2017 was $98,000, of which audit and non-audit fees amounted to $80,000 and $18,000, respectively. In appointing the audit firm, KPMG LLP, for the audit of financial year ended 31 July 2017, 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 2018 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

Si Yok Fong @ Chin Yok Fong
Director

21 September 2017

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
DATAPULSE TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Datapulse Technology Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 July 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 35 to 84.

In our opinion, the accompanying 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 Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of property, plant and equipment

(Refer to Note 4 to the financial statements)

Risk

The Group has recorded a decline in sale of goods since FY2012 as a result of downturn in demand for media storage products, which indicates potential impairment of the Group's property, plant and equipment.

As at 31 July 2017, the Group has property, plant and equipment with a carrying amount of $2.7 million comprising mainly plant and machinery of $2.6 million. Property, plant and equipment represents 100% of the non-current assets as at 31 July 2017.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
DATAPULSE TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Impairment assessment of property, plant and equipment (Continued)

Risk (Continued)

Property, plant and equipment are allocated to different cash-generating units ("CGUs"). Management assesses if there are any impairment indicators for these CGUs. Where there are impairment indicators, the property, plant and equipment will be tested for impairment by estimating the recoverable amounts of the respective CGUs. Management applies the value in use ("discounted cash flow") method to determine the recoverable amounts of the CGUs.

The determination of recoverable amounts of these CGUs by the Group involves significant judgements in estimating key assumptions like forecast revenue, long-term growth rate, profit margins and discount rates.

Our response

We evaluated management's determination of CGUs, comprising mainly digital versatile disc ("DVD"), blu-ray disc ("BRD") and compact disc based on our knowledge of the business of the Group. We evaluated management's determination on whether there are impairment indicators for each of the CGUs.

Management has determined that there are impairment indicators for DVD and BRD CGUs, and recognised impairment loss based on the recoverable amount of each CGU. We assessed the key assumptions used in estimating the recoverable amounts of these two CGUs. This included a comparison of forecast growth rate and gross profit margin with historical performance, future business plans and external market data. We evaluated other key inputs such as discount rate used in the calculations by comparing against the weighted average cost of capital for the Company and comparable companies. We also performed sensitivity analysis around the key drivers of the recoverable amounts for the two CGUs, in particular, revenue growth and discount rate.

We considered the adequacy of disclosures in the financial statements in describing the inherent degree of subjectivity and key assumptions applied in deriving the recoverable amount.

Our findings

The Group has a reasonable basis to determine the CGUs for property, plant and equipment.

The assumptions and resulting estimations by management to derive the recoverable amounts of the DVD and BRD CGUs were generally in tandem with future business plans and external market data, and within range of reasonable expectations. The related disclosures in the financial statements are also found to be to be appropriate.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
DATAPULSE TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Other information

Management is responsible for the other information. Other information is defined as all information in the annual report other than the financial statements and our auditors' report. We have obtained all other information prior to the date of this auditors' report except for the Statistics of Shareholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Statistics of Shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
DATAPULSE TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
DATAPULSE TECHNOLOGY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 September 2017

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2017

	Note	Group 2017 $	Group 2016 $	Company 2017 $	Company 2016 $
Non-current assets					
Property, plant and equipment	4	**2,731,667**	14,033,693	**2,731,667**	14,033,693
Investment property	5	**–**	–	**–**	–
Subsidiaries	6	**–**	–	**4**	2,903,145
Associate	7	**–**	2,889,347	**–**	–
Total non-current assets		**2,731,667**	16,923,040	**2,731,671**	16,936,838
Current assets					
Inventories	8	**784,160**	1,050,325	**784,160**	1,050,325
Trade and other receivables	9	**1,322,155**	1,313,265	**1,322,155**	1,298,041
Cash and bank balances	10	**39,521,617**	31,874,197	**39,510,056**	31,468,087
Assets held for sale	11	**8,309,732**	6,527,121	**8,309,732**	–
Total current assets		**49,937,664**	40,764,908	**49,926,103**	33,816,453
Total assets		**52,669,331**	57,687,948	**52,657,774**	50,753,291
Equity attributable to owners of the Company					
Share capital	12	**32,991,936**	32,991,936	**32,991,936**	32,991,936
Reserves	12	**16,926,929**	14,268,813	**10,813,457**	14,096,394
Total equity		**49,918,865**	47,260,749	**43,805,393**	47,088,330
Non-current liabilities					
Deferred tax liabilities	13	**370,000**	1,078,800	**370,000**	1,078,800
Current liabilities					
Trade and other payables	14	**2,380,466**	3,005,107	**8,482,381**	2,583,778
Liabilities held for sale	11	**–**	6,340,909	**–**	–
Current tax payable		**–**	2,383	**–**	2,383
Total current liabilities		**2,380,466**	9,348,399	**8,482,381**	2,586,161
Total liabilities		**2,750,466**	10,427,199	**8,852,381**	3,664,961
Total equity and liabilities		**52,669,331**	57,687,948	**52,657,774**	50,753,291

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 JULY 2017

	Note	Group 2017 $	Group 2016 $
Continuing operations			
Revenue	16	**12,678,345**	23,308,972
Other income		**515,071**	478,983
		13,193,416	23,787,955
Changes in inventories and raw materials usage		**(3,414,776)**	(6,288,744)
Staff costs		**(7,351,217)**	(8,901,283)
Depreciation of property, plant and equipment	4	**(2,766,265)**	(3,145,170)
Other operating expenses		**(2,974,915)**	(5,064,434)
Results from operating activities		**(3,313,757)**	388,324
Share of loss of associate		**–**	(6,238)
(Loss)/Profit before tax	17	**(3,313,757)**	382,086
Tax credit	18	**708,800**	473,080
(Loss)/Profit from continuing operations		**(2,604,957)**	855,166
Discontinued operations			
Profit from discontinued operations (net of tax)	19	**5,634,035**	49,831
Profit for the year		**3,029,078**	904,997
Profit attributable to:			
Owners of the Company		**3,029,078**	904,997
Profit for the year		**3,029,078**	904,997
Earnings per share			
Basic and diluted earnings per share (cents)	20	**1.38**	0.41
Earnings per share – continuing operations			
Basic and diluted earnings per share (cents)	20	**(1.19)**	0.39

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 JULY 2017

	Note	Group 2017 $	Group 2016 $
Profit for the year		**3,029,078**	904,997
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to financial statements of a foreign subsidiary		**–**	(4,272)
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal		**299,356**	–
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal		**(20,317)**	–
Share of foreign currency translation differences of an associate		**–**	20,317
Other comprehensive income for the year		**279,039**	16,045
Total comprehensive income for the year		**3,308,117**	921,042
Total comprehensive income attributable to:			
Owners of the Company		**3,308,117**	921,042
Total comprehensive income for the year		**3,308,117**	921,042

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 JULY 2017

Group	Note	Share capital $	Reserve for own shares $	Legal reserve $	Foreign currency translation reserve $	Retained earnings $	Total equity $
At 1 August 2015		32,991,936	–	8,599	(295,084)	15,131,724	47,837,175
Total comprehensive income for the year							
Profit for the year		–	–	–	–	904,997	904,997
Other comprehensive income							
Foreign currency translation differences relating to financial statements of a foreign subsidiary		–	–	–	(4,272)	–	(4,272)
Share of foreign currency translation differences of an associate		–	–	–	20,317	–	20,317
Total other comprehensive income		–	–	–	16,045	–	16,045
Total comprehensive income for the year		–	–	–	16,045	904,997	921,042
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Own shares acquired	12	–	(183,371)	–	–	–	(183,371)
Final one-tier tax exempt dividends paid of 0.20 cents per share for FY2015	12	–	–	–	–	(1,319,448)	(1,319,448)
Transfer to legal reserve		–	–	8,549	–	(8,549)	–
Return of unclaimed dividends		–	–	–	–	5,351	5,351
Total contributions by and distributions to owners		–	(183,371)	8,549	–	(1,322,646)	(1,497,468)
Total transactions with owners		–	(183,371)	8,549	–	(1,322,646)	(1,497,468)
At 31 July 2016		32,991,936	(183,371)	17,148	(279,039)	14,714,075	47,260,749

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 JULY 2017

Group	Note	Share capital $	Reserve for own shares $	Legal reserve $	Foreign currency translation reserve $	Retained earnings $	Total equity $
At 1 August 2016		32,991,936	(183,371)	17,148	(279,039)	14,714,075	47,260,749
Total comprehensive income for the year							
Profit for the year		–	–	–	–	3,029,078	3,029,078
Other comprehensive income							
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal		–	–	–	299,356	–	299,356
Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal		–	–	–	(20,317)	–	(20,317)
Total other comprehensive income		–	–	–	279,039	–	279,039
Total comprehensive income for the year		–	–	–	279,039	3,029,078	3,308,117
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Final one-tier tax exempt dividends paid of 0.30 cents per share for FY2016	12	–	–	–	–	(657,235)	(657,235)
Reserves relating to discontinued operations of a foreign subsidiary transferred to retained earnings, upon disposal		–	–	(17,148)	–	17,148	–
Return of unclaimed dividends		–	–	–	–	7,234	7,234
Total contributions by and distributions to owners		–	–	(17,148)	–	(632,853)	(650,001)
Total transactions with owners		–	–	(17,148)	–	(632,853)	(650,001)
At 31 July 2017		**32,991,936**	**(183,371)**	**–**	**–**	**17,110,300**	**49,918,865**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 JULY 2017

	Note	Group 2017 $	Group 2016 $
Cash flows from operating activities			
Profit for the year		**3,029,078**	904,997
Adjustments for:			
Depreciation		**2,766,265**	3,204,450
Finance costs		**–**	149,596
Bad debt recovered		**(811)**	(1,754)
Gain on sale of property, plant and equipment		**(13,523)**	–
Impairment loss recognised on property, plant and equipment		**191,782**	–
Tax credit		**(708,800)**	(454,651)
Interest income		**(415,621)**	(441,889)
Gain on disposal of a foreign subsidiary		**(5,634,035)**	–
Gain on disposal of associate		**(31,913)**	–
Share of loss of associate		**–**	6,238
		(817,578)	3,366,987
Changes in working capital:			
Inventories		**266,165**	219,143
Trade and other receivables		**38,793**	670,340
Trade and other payables		**(222,155)**	(362,066)
Cash (used in)/generated from operations		**(734,775)**	3,894,404
Tax paid, net		**(2,383)**	(3,562)
Net cash (used in)/from operating activities		**(737,158)**	3,890,842
Cash flows from investing activities			
Deposit received for sale of disposal group		**–**	406,106
Proceeds from disposal of discontinued operations, net of cash disposed of	19	**5,507,813**	–
Investment in associate		**–**	(20)
Shareholders' loan to associate		**–**	(2,875,248)
Repayment of shareholders' loan by associate		**2,875,248**	–
Proceeds from disposal of associate, net of transaction costs	7	**25,695**	–
Interest received		**368,096**	442,366
Proceeds from sale of property, plant and equipment		**63,500**	–
Purchase of property, plant and equipment		**(15,730)**	(101,219)
Net cash from/(used in) investing activities		**8,824,622**	(2,128,015)
Cash flows from financing activities			
Dividends paid		**(657,235)**	(1,319,448)
Interest paid		**–**	(149,596)
Repurchase of own shares		**–**	(183,371)
Return of unclaimed dividends		**7,234**	5,351
Net cash used in financing activities		**(650,001)**	(1,647,064)
Net increase in cash and cash equivalents		**7,437,463**	115,763
Cash and cash equivalents at 1 August		**32,079,881**	31,974,718
Effect of exchange rate changes on balances held in foreign currency		**4,273**	(10,600)
Cash and cash equivalents at 31 July		**39,521,617**	32,079,881
Cash and cash equivalents of a subsidiary reclassified as assets held-for-sale	11	**–**	(205,684)
Cash and cash equivalents at 31 July in the statement of financial position	10	**39,521,617**	31,874,197

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 21 September 2017.

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 2017 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”) as issued by the Singapore Accounting Standards Council.

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 4 – impairment test: key assumptions underlying recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES

The Group adopted new or revised financial reporting standards and interpretations which became effective during the year. The initial adoption of these standards and interpretations did not have a material impact on the financial statements.

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.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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.

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.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iv) Investment in associate

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associate is accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) 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.

(vi) Accounting for subsidiaries and associate

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

(i) Foreign currency transactions (Continued)

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.

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(i) Non-derivative financial assets (Continued)

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 loans and receivables category.

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 (excluding prepayments) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity.

Incremental 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.

Derivative financial instruments 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property, plant and equipment (Continued)

(i) Recognition and measurement (Continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3.7 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

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.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

(ii) Non-financial assets (Continued)

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.

3.8 Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Assets once classified as held for sale or distribution are not amortised or depreciated.

NOTES TO THE FINANCIAL STATEMENTS

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.

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.

(ii) Rental income

Rental income from investment property is recognised in profit or loss as revenue 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) Interest income

Interest income is recognised in profit or loss as other income as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and an executive officer of the Company and its subsidiaries are considered as key management personnel of the Group.

3.15 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is 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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Tax (Continued)

- temporary differences related to investments in subsidiaries and associates 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.

3.16 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Discontinued operations (Continued)

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.17 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.

3.18 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.

3.19 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 August 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group in future financial periods, the Group has assessed the transition options and the potential impact on its financial statements. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 New standards and interpretations not adopted (Continued)

Applicable to 2019 financial statements

Summary of the requirements	Potential impact on the financial statements
FRS 115 Revenue from Contracts with Customers	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services.* FRS 115 is effective for annual periods beginning on or after 1 August 2018, with early adoption permitted.	During the year, the Group performed its initial assessment of the impact on the Group's financial statements. Based on its initial assessment, the Group does not expect the new standard to have a material impact on the Group's financial statements. **Transition** – The Group plans to adopt the standard when it becomes effective in financial year 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 New standards and interpretations not adopted (Continued)

Applicable to 2019 financial statements (Continued)

Summary of the requirements	Potential impact on the financial statements
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. FRS 109 is effective for annual periods beginning on or after 1 August 2018, with early adoption permitted.	During the year, the Group completed its initial assessment of the impact on the Company's financial statements. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. **Impairment** – On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance. **Transition** – The Group plans to adopt the standard when it becomes effective in financial year 2019.

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year beginning on 1 August 2018 onwards.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 New standards and interpretations not adopted (Continued)

Applicable to 2020 financial statements

Summary of the requirements	Potential impact on the financial statements
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The Group has non-cancellable operating lease agreements in which the Company is a lessee. The Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard.
FRS 116 substantially carries forward the lessor accounting requirements in FRS 117 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 117 operating lease and finance lease accounting models respectively.	The Group plans to adopt the standard when it becomes effective in financial year 2020.
FRS 116 replaces existing leases guidance including FRS 117 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.	
FRS 116 is effective for annual periods beginning on or after 1 August 2019, with early adoption permitted if FRS 115 is also applied.	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

4. PROPERTY, PLANT AND EQUIPMENT

Group and Company	Note	Leasehold property $	Plant and equipment $	Office equipment $	Furniture and fittings $	Motor vehicles $	Renovation $	Total $
Cost								
At 1 August 2015		14,744,225	47,591,577	1,157,650	2,667,898	1,043,218	1,260,738	68,465,306
Additions		–	65,545	22,841	1,180	–	11,653	101,219
Disposals/write-offs		–	(10,960,957)	–	–	–	–	(10,960,957)
At 31 July 2016		14,744,225	36,696,165	1,180,491	2,669,078	1,043,218	1,272,391	57,605,568
Additions		–	13,800	1,930	–	–	–	15,730
Disposals/write-offs		–	(751,598)	–	–	(339,200)	–	(1,090,798)
Reclassification to assets held-for-sale	11	(14,744,225)	–	–	–	–	(1,272,391)	(16,016,616)
At 31 July 2017		**–**	**35,958,367**	**1,182,421**	**2,669,078**	**704,018**	**–**	**40,513,884**
Accumulated depreciation and impairment loss								
At 1 August 2015		5,922,914	39,756,355	1,035,943	2,648,369	922,697	1,101,384	51,387,662
Depreciation charge for the year		294,885	2,696,672	65,245	11,303	18,030	59,035	3,145,170
Disposals/write-offs		–	(10,960,957)	–	–	–	–	(10,960,957)
At 31 July 2016		6,217,799	31,492,070	1,101,188	2,659,672	940,727	1,160,419	43,571,875
Depreciation charge for the year		294,885	2,391,568	30,158	4,358	11,515	33,781	2,766,265
Impairment loss		–	191,782	–	–	–	–	191,782
Disposals/write-offs		–	(751,598)	–	–	(289,223)	–	(1,040,821)
Reclassification to assets held-for-sale	11	(6,512,684)	–	–	–	–	(1,194,200)	(7,706,884)
At 31 July 2017		**–**	**33,323,822**	**1,131,346**	**2,664,030**	**663,019**	**–**	**37,782,217**
Carrying amounts								
At 1 August 2015		8,821,311	7,835,222	121,707	19,529	120,521	159,354	17,077,644
At 31 July 2016		8,526,426	5,204,095	79,303	9,406	102,491	111,972	14,033,693
At 31 July 2017		**–**	**2,634,545**	**51,075**	**5,048**	**40,999**	**–**	**2,731,667**

Impairment loss

During the year, as a result of continuous decline in sale of goods, the Group and Company estimated the recoverable amount of each CGU to determine the impairment loss to be recognised.

The recoverable amount of the CGUs is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering one to two years. The discount rate applied is the weighted average cost of capital of the Company and comparable companies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment loss (Continued)

As at 31 July 2017, the recoverable amount of the digital versatile disc ("DVD") is Nil (2016: $273,696), and accordingly, the Group and Company recognised an impairment loss of $191,782 (2016: Nil) to fully impair the plant and equipment relating to DVD CGU.

The key assumptions used in the estimation of the recoverable amount are set out below.

	Discount rate	
	2017	**2016**
	%	**%**
CGU		
DVD	**7.3**	6.7

5. INVESTMENT PROPERTY

	Group
	$
Cost	
At 1 August 2015	7,561,577
Translation differences on consolidation	(215,727)
Reclassification to assets held-for-sale	(7,345,850)
At 31 July 2016 and 31 July 2017	–
Accumulated depreciation	
At 1 August 2015	994,327
Depreciation for the year	59,280
Translation differences on consolidation	(28,743)
Reclassification to assets held-for-sale	(1,024,864)
At 31 July 2016 and 31 July 2017	–
Carrying amounts	
At 1 August 2015	6,567,250
At 31 July 2016 and 31 July 2017	–

Investment property pertained to a freehold property in Taiwan which comprised several commercial units leased to third parties for a period of 2 to 3 years.

In the previous year, the investment property was reclassified to assets held for sale (see note 11 for details).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

6. SUBSIDIARIES

	Company 2017 $	Company 2016 $
Equity investments at cost	**4**	4
Amounts due from subsidiaries	**–**	2,903,141
	4	2,903,145

The amounts due from subsidiaries were non-trade in nature, unsecured and interest-free. The settlement of the amounts was neither planned nor likely to occur in the foreseeable future. As these amounts were, in substance, part of the entity's net investment in the subsidiaries, they were stated at cost. There was no allowance for impairment losses arising from the amounts due from subsidiaries.

During the year, the subsidiaries completed the disposal of a foreign subsidiary and an associate and the amounts due from subsidiaries were fully repaid.

Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest held by the Group 2017 %	Effective equity interest held by the Group 2016 %
Datapulse Investment Pte. Ltd.(1)	Singapore	**100**	100
Datapulse Pte. Ltd. (formerly known as Alchymie Investment Pte. Ltd.)(1) and its subsidiary:	Singapore	**100**	100
– One Global Inc.(2)	Taiwan	**–**	100

(1) Audited by KPMG LLP Singapore

(2) Audited by other member firm of KPMG International

7. ASSOCIATE

	Group 2017 $	Group 2016 $
Cost of investment	**–**	20
Share of reserves	**–**	14,079
Shareholders' loan to associate	**–**	2,875,248
	–	2,889,347

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

7. ASSOCIATE (CONTINUED)

The shareholders' loan to associate was non-trade in nature, unsecured and interest free. The settlement of the shareholders' loan to associate was neither planned nor likely to occur in the foreseeable future. As this amount was, in substance, a part of the entity's net investment in the associate, it was stated at cost. There was no allowance for impairment losses arising from the shareholders' loan to associate.

On 2 December 2016, the Group entered into a share sale and purchase agreement to dispose of its 20% interest in the associate for a consideration of $35,000. The disposal was completed on 17 February 2017, and the shareholders' loan was fully repaid during the year.

An associate is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits. The Group's associate was immaterial to the Group based on the above criteria.

Effect of disposal on the financial position of the Group

	Group 2017 $
Consideration received, satisfied in cash	**35,000**
Transaction costs incurred on disposal of associate	**(9,305)**
Net cash proceeds from disposal of associate	**25,695**
Less: Carrying amount of associate	**(14,099)**
Add: Foreign currency translation differences relating to financial statements of an associate reclassified to profit or loss, upon disposal	**20,317**
Gain on disposal of associate recognised in profit or loss	**31,913**

The following below summaries the financial information of the immaterial associate that was accounted for using the equity method.

Immaterial associate

	Group 2017 $	Group 2016 $
Group's share of:		
– Loss from continuing operations	**–**	(6,238)
– Other comprehensive income	**–**	20,317
– Total comprehensive income	**–**	14,079
Proportionate interest in associate's commitments	**–**	572,418

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

8. INVENTORIES

	Group and Company	
	2017	2016
	$	$
Raw materials	**729,945**	999,357
Work in progress	**15,680**	2,629
Finished goods	**38,535**	48,339
	784,160	1,050,325

Raw materials, work in progress and changes in finished goods recognised as cost of sales amounted to $3,414,776 (2016: $6,288,744).

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade receivables	**1,028,005**	978,932	**1,028,005**	978,932
Amount due from a subsidiary (non-trade)	**–**	–	**–**	2,575
Deposits	**1,370**	1,570	**1,370**	1,570
Other receivables	**90,571**	65,852	**90,571**	48,053
	1,119,946	1,046,354	**1,119,946**	1,031,130
Prepayments	**202,209**	266,911	**202,209**	266,911
	1,322,155	1,313,265	**1,322,155**	1,298,041

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

The Group and the Company's exposure to credit and currency risks related to trade and other receivables are disclosed in note 15.

10. CASH AND BANK BALANCES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Fixed deposits	**33,624,772**	23,636,082	**33,624,772**	23,636,082
Cash at bank and in hand	**5,896,845**	8,238,115	**5,885,284**	7,832,005
	39,521,617	31,874,197	**39,510,056**	31,468,087

The weighted average effective interest rate per annum relating to fixed deposits for the Group and Company is 1.2% (2016: 1.5%). Interest rates reprice upon maturity or rollover of the fixed deposits, at intervals of one to three months.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

11. ASSETS AND LIABILITIES HELD FOR SALE

On 7 July 2016, the Group, through its wholly-owned subsidiary, Datapulse Pte. Ltd. (formerly known as Alchymie Investment Pte Ltd), entered into a share sale and purchase agreement with an independent third party, GSiMedia Corp Inc (the "Purchaser") to dispose 100% of its equity interest in One Global Inc ("OGI") to the Purchaser. Accordingly, this subsidiary was presented as a disposal group held for sale as at 31 July 2016. No impairment loss had been made and no accumulative income or expenses were included in OCI in relation to the disposal group. The disposal was completed on 19 August 2016.

On 26 July 2017, the Company granted an option to purchase (the "Option") to an independent third party purchaser (the "Purchaser of the Tai Seng Property") for the sale of its leasehold property (the "Tai Seng Property") at a consideration of $53,500,000. An option fee at 1% of the consideration amounting to $535,000 was paid to the Company. The sale of the Tai Seng Property is expected to be completed within the next 12 months. Accordingly, the leasehold property and the renovations made on the leasehold property have been presented as assets held for sale as at 31 July 2017.

Assets and liabilities held for sale

At 31 July, the assets and liabilities held for sale comprised the following assets and liabilities:

	Group and Company 2017 $	Group 2016 $
Property, plant and equipment	**8,309,732**	–
Investment property	**–**	6,320,986
Trade and other receivables	**–**	451
Cash and cash equivalents	**–**	205,684
Assets held for sale	**8,309,732**	6,527,121
Loans and borrowings	**–**	6,226,150
Trade and other payables	**–**	97,796
Current tax payable	**–**	16,963
Liabilities held for sale	**–**	6,340,909

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

12. SHARE CAPITAL AND RESERVES

Share capital

	Number of shares	
	2017	**2016**
Company		
At 1 August	**219,904,444**	659,724,000
Share consolidation	**–**	(439,819,556)
At 31 July	**219,904,444**	219,904,444

All shares (excluding treasury shares) rank equally with regards to the Company's residual assets. All issued shares are fully paid, with no par value.

The holders of ordinary shares (excluding treasury 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.

Use of proceeds from private placement

On 11 June 2015, through a private placement exercise, the Company allotted and issued 65,000,000 new ordinary shares to Lian Beng Group Ltd at an issue price of $0.11235 per share. Total proceeds of $7,302,750 were raised, of which $57,596 was utilised for expenses incurred for the issue of the new ordinary shares. The net proceeds of $7,245,154 are intended to be used for property related businesses.

In the previous year, a portion of the proceeds, amounting to $2,875,248 was extended as an interest-free shareholders' loan to the Group's associate (see note 7). The funds are to be used for a property development project in Australia. Pursuant to disposal of the associate on 17 February 2017, the shareholders' loan was fully repaid during the year.

Share consolidation

On 1 December 2015, the Company completed the share consolidation of every three ordinary shares into one ordinary share in the capital of the Company, with fractional entitlements to be disregarded. Upon completion of the share consolidation, fractional shares aggregating to 3,556 shares were disregarded and cancelled.

Reserves

	Group		Company	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Legal reserve	**–**	17,148	**–**	–
Foreign currency translation reserve	**–**	(279,039)	**–**	–
Reserve for own shares	**(183,371)**	(183,371)	**(183,371)**	(183,371)
Retained earnings	**17,110,300**	14,714,075	**10,996,828**	14,279,765
	16,926,929	14,268,813	**10,813,457**	14,096,394

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

12. SHARE CAPITAL AND RESERVES (CONTINUED)

Reserves (Continued)

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares acquired and held by the Group. As at 31 July 2017, the Group held 829,600 (2016: 829,600) of the Company's shares.

Legal reserve

The legal reserve of the Group represented 10% of the net profit of a subsidiary which was 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 and a foreign associate whose functional currency is different from that of the Company.

All the foreign currency translation differences were reclassified to profit or loss upon disposal of the foreign subsidiary and associate during the year.

Dividends

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

For the year ended 31 July

	Group and Company	
	2017	**2016**
	$	**$**
Paid by the Company to owners of the Company		
Final one-tier tax exempt dividend of 0.30 cents (2016: 0.20 cents) per ordinary share	**657,235**	1,319,448

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

12. SHARE CAPITAL AND RESERVES (CONTINUED)

Dividends (Continued)

Subsequent to the reporting date, the following dividends were proposed by directors of the Company. These dividends have not been provided for as at the reporting date:

	Group and Company	
	2017	2016
	$	$
Final one-tier tax exempt dividend of 0.50 cents per ordinary share (2016: 0.30 cents)	**1,095,374**	657,225

13. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2017	2016	2017	2016
	$	$	$	$
Group and Company				
Property, plant and equipment	**–**	–	**(628,000)**	(1,078,800)
Tax loss carry forward	**258,000**	–	**–**	–
Deferred tax assets/(liabilities)	**258,000**	–	**(628,000)**	(1,078,800)
Offset of deferred tax assets and deferred tax liabilities	**(258,000)**	–	**258,000**	–
Net deferred tax liabilities	**–**	–	**(370,000)**	–

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 tax assets relate to the same tax authority.

Movements in temporary differences during the year

	At 1 August 2015	Recognised in profit or loss (note 18)	At 31 July 2016	Recognised in profit or loss (note 18)	At 31 July 2017
	$	$	$	$	$
Group and Company					
Property, plant and equipment	(1,266,000)	187,200	(1,078,800)	450,800	**(628,000)**
Tax loss carry forward	–	–	–	258,000	**258,000**
	(1,266,000)	187,200	(1,078,800)	708,800	**(370,000)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	$	$	$	$
Trade payables	**459,474**	436,789	**459,474**	436,789
Accrued operating expenses	**1,342,514**	2,137,852	**1,342,514**	2,122,629
Amounts due to subsidiaries (non-trade)	**–**	–	**6,101,915**	–
Deposit received for sale of disposal group	**–**	406,106	**–**	–
Option fees received	**535,000**	–	**535,000**	–
Other payables	**43,478**	24,360	**43,478**	24,360
	2,380,466	3,005,107	**8,482,381**	2,583,778

The non-trade amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables are disclosed in note 15.

15. 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

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's 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.

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:

		Group Carrying amount		Company Carrying amount	
	Note	2017	2016	2017	2016
		$	$	$	$
Trade and other receivables*	9	**1,119,946**	1,046,354	**1,119,946**	1,031,130
Cash and bank balances	10	**39,521,617**	31,874,197	**39,510,056**	31,468,087
Recognised financial assets		**40,641,563**	32,920,551	**40,630,002**	32,499,217

* Excluding prepayments

As at the reporting date, the Group's and Company's top five customers account for $798,729 (2016: $667,404) of loans and receivables' carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

Impairment losses

The ageing of trade and other receivables* at the reporting date was:

	Gross 2017 $	Impairment 2017 $	Gross 2016 $	Impairment 2016 $
Group				
Not past due	**802,539**	**–**	902,956	–
Past due 1 – 30 days	**308,214**	**–**	76,939	–
Past due 31 – 60 days	**5,989**	**–**	6,828	–
Past due 61 – 90 days	**3,204**	**–**	59,024	–
Past due greater than 90 days	**–**	**–**	607	–
	1,119,946	**–**	1,046,354	–
Company				
Not past due	**802,539**	**–**	887,732	–
Past due 1 – 30 days	**308,214**	**–**	76,939	–
Past due 31 – 60 days	**5,989**	**–**	6,828	–
Past due 61 – 90 days	**3,204**	**–**	59,024	–
Past due greater than 90 days	**–**	**–**	607	–
	1,119,946	**–**	1,031,130	–

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.

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 trade and other receivables* not past due or past due.

* Excluding prepayments

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Risk management policy (Continued)

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.

Exposure to liquidity risk

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

	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $	More than 5 years $
Group					
31 July 2017					
Non-derivative financial liabilities					
Trade and other payables#	**1,845,466**	**(1,845,466)**	**(1,845,466)**	**–**	**–**
31 July 2016					
Non-derivative financial liabilities					
Trade and other payables#	2,599,001	(2,599,001)	(2,599,001)	–	–
Company					
31 July 2017					
Non-derivative financial liabilities					
Trade and other payables#	**7,947,381**	**(7,947,381)**	**(7,947,381)**	**–**	**–**
31 July 2016					
Non-derivative financial liabilities					
Trade and other payables#	2,583,778	(2,583,778)	(2,583,778)	–	–

Excluding deposit received for sale of disposal group and option fees received

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates 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.

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.

Exposure to currency risk

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

	2017		2016	
	USD	AUD	USD	AUD
	$	$	$	$
Group and Company				
Trade and other receivables*	**761,800**	**–**	513,756	60,334
Cash and bank balances	**4,315,459**	**137,384**	7,044,100	37,083
Trade and other payables	**(277,578)**	**–**	(315,886)	–
Net exposure	**4,799,681**	**137,384**	7,241,970	97,417

* Excluding prepayments

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2017

15. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk (Continued)

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 before tax 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 2016.

	2017 $	2016 $
Group and Company		
USD (10% strengthening)	**479,968**	724,197
AUD (10% strengthening)	**13,738**	9,742

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.

Interest rate risk

Risk management policy

The Group's exposure to changes in interest rates relates primarily to fixed deposits. Interest rate risk is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which interest income/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 is as follows:

	Group Carrying amount		Company Carrying amount	
	2017 $	2016 $	2017 $	2016 $
Fixed rate instrument				
Fixed deposits	**33,624,772**	23,636,082	**33,624,772**	23,636,082

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk (Continued)

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 to three months.

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 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 had been complied with by the subsidiary for the financial year ended 31 July 2016.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

15. 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 2017					
Trade and other receivables*	9	**1,119,946**	**–**	**1,119,946**	**1,119,946**
Cash and bank balances	10	**39,521,617**	**–**	**39,521,617**	**39,521,617**
		40,641,563	**–**	**40,641,563**	**40,641,563**
Trade and other payables#	14	**–**	**1,845,466**	**1,845,466**	**1,845,466**
31 July 2016					
Trade and other receivables*	9	1,046,354	–	1,046,354	1,046,354
Cash and bank balances	10	31,874,197	–	31,874,197	31,874,197
		32,920,551	–	32,920,551	32,920,551
Trade and other payables#	14	–	2,599,001	2,599,001	2,599,001
Company					
31 July 2017					
Trade and other receivables*	9	**1,119,946**	**–**	**1,119,946**	**1,119,946**
Cash and bank balances	10	**39,510,056**	**–**	**39,510,056**	**39,510,056**
		40,630,002	**–**	**40,630,002**	**40,630,002**
Trade and other payables#	14	**–**	**7,947,381**	**7,947,381**	**7,947,381**
31 July 2016					
Trade and other receivables*	9	1,031,130	–	1,031,130	1,031,130
Cash and bank balances	10	31,468,087	–	31,468,087	31,468,087
		32,499,217	–	32,499,217	32,499,217
Trade and other payables*	14	–	2,583,778	2,583,778	2,583,778

* Excluding prepayments

\# Excluding deposit received for sale of disposal group and option fees received

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

16. REVENUE

	Continuing operations		Discontinued operations (see note 19)		Total	
	2017	2016	2017	2016	2017	2016
Group	$	$	$	$	$	$
Sale of goods	**12,678,345**	23,308,972	**–**	–	**12,678,345**	23,308,972
Rental income	**–**	–	**–**	351,624	**–**	351,624
	12,678,345	23,308,972	**–**	351,624	**12,678,345**	23,660,596

17. (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Continuing operations		Discontinued operations		Total	
	2017	2016	2017	2016	2017	2016
Group	$	$	$	$	$	$
Audit fees paid to:						
– auditors of the Company	**80,000**	77,000	**–**	–	**80,000**	77,000
– other auditors	**–**	–	**–**	1,700	**–**	1,700
Non-audit fees paid to:						
– auditors of the Company	**18,000**	16,600	**–**	–	**18,000**	16,600
– other auditors	**13,090**	15,300	**–**	1,275	**13,090**	16,575
Bad debt recovered	**(811)**	(1,754)	**–**	–	**(811)**	(1,754)
Contributions to defined contribution plans, included in staff costs	**627,683**	679,925	**–**	–	**627,683**	679,925
Exchange (gain)/loss	**(191,657)**	143,612	**–**	–	**(191,657)**	143,612
Finance costs	**–**	–	**–**	149,596	**–**	149,596
Gain on sale of property, plant and equipment	**(13,523)**	–	**–**	–	**(13,523)**	–
Gain on disposal of a foreign subsidiary	**–**	–	**(5,634,035)**	–	**(5,634,035)**	–
Gain on disposal of associate	**(31,913)**	–	**–**	–	**(31,913)**	–
Government grants, included in staff costs	**(255,345)**	(271,119)	**–**	–	**(255,345)**	(271,119)
Impairment loss recognised on property, plant and equipment	**191,782**	–	**–**	–	**191,782**	–
Interest income from banks	**(415,621)**	(441,781)	**–**	(108)	**(415,621)**	(441,889)
Operating lease expense	**389,205**	368,947	**–**	548	**389,205**	369,495

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

18. TAX CREDIT

	Group	
	2017	2016
	$	$
Tax recognised in profit or loss		
Current tax expense		
Over provided in prior years	**–**	(285,880)
Deferred tax expense		
Origination and reversal of temporary differences	**(765,546)**	(220,881)
Under provided in prior years	**56,746**	33,681
	(708,800)	(187,200)
Total tax credit	**(708,800)**	(473,080)
Reconciliation of effective tax rate		
(Loss)/Profit before tax	**(3,313,757)**	382,086
Tax using the Singapore tax rate at 17% (2016: 17%)	**(563,339)**	64,955
Income not subject to tax	**(31,675)**	–
Non-deductible expenses	**19,754**	53,686
Tax incentives	**(190,955)**	(340,582)
Under/(Over) provided in prior years	**56,746**	(252,199)
Others	**669**	1,060
	(708,800)	(473,080)

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 respective qualifying periods.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

19. DISCONTINUED OPERATIONS

Following the completion of sale of OGI on 19 August 2016, the foreign currency translation differences relating to financial statements of OGI amounting to $299,356 was reclassified to profit or loss. The legal reserve relating to OGI of $17,148 was transferred within equity to retained earnings, upon disposal.

	Group	
	2017	2016
	$	$
Results of discontinued operations		
Revenue	–	351,624
Other income	–	108
Expenses	–	(283,472)
Results from operating activities	–	68,260
Tax expense	–	(18,429)
Results from operating activities, net of tax	–	49,831
Gain on disposal of a foreign subsidiary	5,634,035	–
Profit from discontinued operations (net of tax)	5,634,035	49,831
Cash flow from discontinued operations		
Net cash from operating activities	–	271,772
Net cash from investing activities	5,507,813	108
Net cash from financing activities	–	(149,596)
Net cash flows for the year	5,507,813	122,284

Effect of disposal on the financial position of the Group

	2017
	$
Investment property	(6,320,986)
Trade and other receivables	(451)
Cash and cash equivalents	(205,684)
Loans and borrowings	6,226,150
Trade and other payables	97,796
Current tax payable	16,963
Net assets and liabilities	(186,212)
Foreign currency translation differences relating to financial statements of a foreign subsidiary reclassified to profit or loss, upon disposal	299,356
Consideration received, satisfied in cash	6,141,780
Transaction costs incurred on disposal of subsidiary	(22,177)
Deposit received for sale of disposal group in the previous financial year	(406,106)
Cash and cash equivalents disposed of	(205,684)
Net cash inflow	5,507,813

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

20. EARNINGS PER SHARE

The calculation of basic and dilutive earnings per share at 31 July 2017 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		
	Continuing operations $	Discontinued operations $	Total $
2017			
Profit attributable to ordinary shareholders	**(2,604,957)**	**5,634,035**	**3,029,078**
2016			
Profit attributable to ordinary shareholders	855,166	49,831	904,997

Weighted average number of ordinary shares

	Group Number of shares	
	2017	2016
Issued shares at 1 August	**219,904,444**	219,908,000
Effect of shares disregarded upon share consolidation	**–**	(3,556)
Effect of own shares held	**(829,600)**	(295,897)
	219,074,844	219,608,547

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

21. OPERATING SEGMENTS

The Group has three reportable segments, namely Singapore, Australia 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

21. OPERATING SEGMENTS (CONTINUED)

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

Information about reportable segments

	Singapore		Australia	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
External revenue	**12,678,345**	23,308,972	**–**	–
Inter segment revenue	**–**	–	**–**	–
Total revenue for reporting segments	**12,678,345**	23,308,972	**–**	–
Interest income	**415,621**	441,781	**–**	–
Finance costs	**–**	–	**–**	–
Depreciation	**(2,766,265)**	(3,145,170)	**–**	–
Share of loss of associate	**–**	–	**–**	(6,238)
Reportable segment profit/(loss) before tax	**(3,313,757)**	388,324	**–**	(6,238)
Tax credit/(expense)	**708,800**	473,080	**–**	–
Other material non-cash items:				
Segment assets	**52,669,331**	47,878,043	**–**	2,889,347
Capital expenditure	**15,730**	101,219	**–**	–
Segment liabilities	**2,750,466**	3,664,961	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

Total (Continuing operations)		Taiwan (Discontinued operations)		Total	
2017	**2016**	**2017**	**2016**	**2017**	**2016**
$	**$**	**$**	**$**	**$**	**$**
12,678,345	23,308,972	**–**	351,624	**12,678,345**	23,660,596
–	–	**–**	–	**–**	–
12,678,345	23,308,972	**–**	351,624	**12,678,345**	23,660,596
415,621	441,781	**–**	108	**415,621**	441,889
–	–	**–**	(149,596)	**–**	(149,596)
(2,766,265)	(3,145,170)	**–**	(59,280)	**(2,766,265)**	(3,204,450)
–	(6,238)	**–**	–	**–**	(6,238)
(3,313,757)	382,086	**5,634,035**	62,871	**2,320,278**	444,957
708,800	473,080	**–**	(18,429)	**708,800**	454,651
52,669,331	50,767,390	**–**	6,521,732	**52,669,331**	57,289,122
15,730	101,219	**–**	–	**15,730**	101,219
2,750,466	3,664,961	**–**	6,340,909	**2,750,466**	10,005,870

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

21. OPERATING SEGMENTS (CONTINUED)

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

	2017 $	2016 $
Revenue		
Total revenue for reporting segments	**12,678,345**	23,660,596
Elimination of discontinued operations	**–**	(351,624)
Consolidated revenue	**12,678,345**	23,308,972
Profit or loss		
Total profit or loss for reportable segments	**2,320,278**	444,957
Consolidation adjustments	**–**	5,389
Elimination of discontinued operations	**(5,634,035)**	(68,260)
Consolidated (loss)/profit before tax	**(3,313,757)**	382,086
Assets		
Total assets for reportable segments	**52,669,331**	57,289,122
Other unallocated amounts	**–**	466,031
Consolidation adjustments	**–**	(67,205)
Consolidated total assets	**52,669,331**	57,687,948
Liabilities		
Total liabilities for reportable segments	**2,750,466**	10,005,870
Other unallocated amounts	**–**	451,778
Consolidation adjustments	**–**	(30,449)
Consolidated total liabilities	**2,750,466**	10,427,199

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

Products and services

The Singapore segment is in the business of media storage products and services. The Taiwan segment is involved in the leasing of commercial space. The Australia segment is involved in the property development undertaken by the Group's associate in Australia. Accordingly, information on revenue from external customers is as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

21. 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.

	2017 $	2016 $
Revenue		
Singapore	**7,572,856**	10,794,889
Taiwan	**–**	429,707
Other Asia Pacific	**4,028,683**	8,434,907
Others	**1,076,806**	4,001,093
Less: Discontinued operations	**–**	(351,624)
	12,678,345	23,308,972
Non-current assets*		
Singapore	**2,731,667**	14,033,693
Taiwan	**–**	–
Australia	**–**	2,889,347
	2,731,667	16,923,040

* Non-current assets presented comprise property, plant and equipment and investment in associate.

Major customers

Revenue from three of the Group's major customers represents approximately 58% (2016: 52%) of the Group's total revenue.

22. 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.

23. OPERATING LEASES

Leases as lessee

The leasehold building 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 paid/payable under the lease agreement for the year ended 31 July 2017 was $389,205 (2016: $368,947). 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2017

23. OPERATING LEASES (CONTINUED)

Leases as lessor

During the previous year, rental income and direct operating expenses relating to investment property that generate rental income of $351,624 and $26,975, respectively, were recognised in profit or loss by the Group.

24. CAPITAL COMMITMENTS

	Group and Company	
	2017	2016
	$	$
Authorised but not contracted for	**13,000,000**	5,000,000

25. RELATED PARTIES

Transactions with key management personnel

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.

Other than disclosed elsewhere in the financial statements, there were significant related party transactions which were carried out in the normal course of business on terms agreed between the parties as follows:

	Group and Company	
	2017	2016
	$	$
Key management personnel		
Engineering services	**(10,000)**	–
Remuneration of key management personnel		
Short-term employee benefits	**1,282,785**	1,178,095
Post-employment benefits	**37,014**	31,319
	1,319,799	1,209,414

26. SUBSEQUENT EVENT

On 7 August 2017, the Group announced that it had been granted an option to purchase an industrial property located in Toa Payoh (the "Toa Payoh Property") for a consideration of $10,500,000. Upon completion of the sale of the Tai Seng Property, the Group will relocate its office and manufacturing facilities to the Toa Payoh Property. The Group had exercised the option on 18 September 2017.

On 8 August 2017, the Purchaser of the Tai Seng Property had exercised the Option relating to the sale of the Tai Seng Property.

SHAREHOLDING STATISTICS

AS AT 9 OCTOBER 2017

Number of shares in issue (including treasury shares)	:	219,904,444
Number/Percentage of treasury shares held	:	829,600/0.379%#
Number/Percentage of subsidiary holdings held	:	0/0%
Number of shares in issue (excluding treasury shares)	:	219,074,844
Class of shares	:	Ordinary shares
Number of shareholders (excluding shares held in treasury)	:	9,127
Voting rights	:	On a poll: 1 vote for each share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

Range of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%#
1 – 99	113	1.238	5,557	0.003
100 – 1,000	2,346	25.704	1,724,569	0.787
1,001 – 10,000	4,939	54.114	20,897,880	9.539
10,001 – 1,000,000	1,711	18.747	71,641,988	32.702
1,000,001 and above	18	0.197	124,804,850	56.969
	9,127	100.000	219,074,844	100.000

Percentage is calculated based on 219,074,844 issued shares, excluding treasury shares.

Substantial shareholders

	Direct interest		Deemed interest	
Name	**No. of shares**	**%[1]**	**No. of shares**	**%[1]**
Ng Cheow Chye	48,947,366	22.343	–	–
Uniseraya Holdings Pte Ltd[2]	33,733,333	15.398	–	–
Ng Khim Guan[3]	166,666	0.076	33,733,333	15.398
Kwek Li Chien[3]	–	–	33,733,333	15.398
Ng Han Meng[4]	1,261,332	0.576	33,733,333	15.398
Ng Bie Tjin @ Djuniarti Intan[3]	1,314,800	0.600	33,733,333	15.398

(1) Percentage is calculated based on 219,074,844 issued shares, excluding treasury shares.

(2) Uniseraya Holdings Pte Ltd's direct interest includes 10,000,000 shares held in the name of nominee account.

(3) Mr Ng Khim Guan, Ms Kwek Li Chien and Ms Ng Bie Tjin @ Djuniarti Intan's deemed interests arise from the 33,733,333 shares in which Uniseraya Holdings Pte Ltd has an interest.

(4) Mr Ng Han Meng's direct interest includes 1,177,999 shares held in the names of nominee accounts, and his deemed interest arises from the 33,733,333 shares in which Uniseraya Holdings Pte Ltd has an interest.

SHAREHOLDING STATISTICS

AS AT 9 OCTOBER 2017

Top twenty shareholders

No.	Name	No. of shares	%[#]
1	NG CHEOW CHYE	48,947,366	22.343
2	UNISERAYA HOLDINGS PTE LTD	23,733,333	10.833
3	SINGAPORE NOMINEES PTE LTD	10,013,333	4.571
4	HUANG SHUHUI CHERYL	7,704,333	3.517
5	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,539,861	2.072
6	DBS NOMINEES PTE LTD	4,495,861	2.052
7	PHILLIP SECURITIES PTE LTD	3,863,018	1.763
8	TEO KEE BOCK	3,048,133	1.391
9	PEH KWEE YONG	2,953,333	1.348
10	CITIBANK NOMINEES SINGAPORE PTE LTD	2,348,730	1.072
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,313,765	1.056
12	MS VENTURE PTE LTD	2,190,000	1.000
13	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,689,945	0.771
14	CHONG KWEN SAM	1,561,900	0.713
15	MAYBANK KIM ENG SECURITIES PTE LTD	1,530,488	0.699
16	TAY SEOW WAH @ TAY SIEW WAH	1,317,633	0.601
17	UOB KAY HIAN PTE LTD	1,311,628	0.599
18	OCBC SECURITIES PRIVATE LTD	1,242,190	0.567
19	LOW BENG TIN	979,066	0.447
20	LAI WENG KAY	958,700	0.438
		126,742,616	57.853

[#] Percentage is calculated based on 219,074,844 issued shares, excluding treasury shares.

Shareholdings in the hands of public

The percentage of shareholdings in the hands of the public is approximately 57%. 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-seventh annual general meeting of Datapulse Technology Limited (the "**Company**") will be held at Singapore Swimming Club, Meyer Room, Level 2, 45 Tanjong Rhu Road, Singapore 436899 on Thursday, 9 November 2017 at 3.00 p.m. for the following purposes:

Ordinary Business

1 To receive and adopt the directors' statement and audited financial statements for the year ended 31 July 2017 and the auditors' report thereon. **(Resolution 1)**

2 To declare a final one-tier tax exempt dividend of 0.50 cents per share for the year ended 31 July 2017. **(Resolution 2)**

3 To approve the payment of directors' fees of S$150,000 for the year ended 31 July 2017 (2016: S$150,000). **(Resolution 3)**

4 To re-elect the following directors who retire by rotation pursuant to Article 100 of the Company's Constitution 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 9 of the 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 and 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 10 of the annual report.

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

Special Business

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

6 That pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") 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

(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

NOTICE OF ANNUAL GENERAL MEETING

(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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any) of the Company shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the time of the passing of this resolution, 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 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

(c) 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 Constitution for the time being of the Company; and

(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 the shareholders of the Company in general meeting.

[see Explanatory Note 1] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

7 That:

(A) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(I) on-market purchases (each a "**Market Purchase**") transacted through the SGX-ST trading system or on another stock exchange on which the Company's equity securities are listed; and/or

(II) off-market purchases (each an "**Off-Market Purchase**") in accordance with an equal access scheme as defined in Section 76C of the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(B) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate 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:

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

(II) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(III) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting;

(C) in this resolution:

"**Prescribed Limit**" means ten percent (10%) of the issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this resolution; and "**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(I) in the case of a Market Purchase: 105% of the Average Closing Price; and

(II) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days (being days on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) day period;

NOTICE OF ANNUAL GENERAL MEETING

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from the shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(D) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[see Explanatory Note 2] **(Resolution 8)**

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

By Order of the Board

Lee Kam Seng
Company Secretary

Singapore
24 October 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

1 Resolution 7 proposed in item 6 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 and subsidiary holdings, if any) 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 and subsidiary holdings, if any) of the Company. The percentage of issued shares is based on the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) 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.

2 Resolution 8 proposed in item 7 above, if passed, will empower the Company to purchase or otherwise acquire issued Shares by way of Market Purchases or Off-Market Purchases, in accordance with the terms and conditions set out in the Appendix to this notice of annual general meeting.

Please refer to the Appendix to this notice of annual general meeting of the Company for additional information in relation to the proposed renewal of the Share Purchase Mandate.

Notes

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

(ii) A proxy need not be a member of the Company.

(iii) 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.

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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) 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 or service providers) to comply with any applicable laws, listing rules, take-over 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 or service providers), 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 or service providers) 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 23 November 2017 for the purpose of determining the members' entitlements to the final one-tier tax exempt dividend of 0.50 cents per share for the year ended 31 July 2017.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, at 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on 22 November 2017 will be registered before members' entitlements to the dividends are determined.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 22 November 2017 will be entitled to the dividend.

Payment of the dividend, if approved by members at the Company's thirty-seventh annual general meeting, will be made on 1 December 2017.

By Order of the Board

Lee Kam Seng
Company Secretary

Singapore
24 October 2017

DATAPULSE TECHNOLOGY LIMITED

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

IMPORTANT

1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2 For CPF/SRS investors who have used their CPF/SRS monies to buy Datapulse Technology Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3 By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 24 October 2017.

PROXY FORM
THIRTY-SEVENTH ANNUAL GENERAL MEETING

I/We ______________________________ NRIC/Passport/Co. Reg. No. ______________

of ____

being a member/members of **Datapulse Technology Limited** hereby appoint

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the thirty-seventh annual general meeting of the Company to be held at Singapore Swimming Club, Meyer Room, Level 2, 45 Tanjong Rhu Road, Singapore 436899 on Thursday, 9 November 2017 at 3.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the annual general meeting.

(Voting will be conducted by poll. If you wish to vote all your shares “For” or “Against” the relevant resolution, please indicate with an “X” or a “√” in the relevant box provided below. Alternatively, if you wish to vote some of your shares “For” and some of your shares “Against” the relevant resolution, please insert the relevant number of shares in the relevant boxes provided below.)

No.	**Resolutions**	**No. of Votes “For”**	**No. of Votes “Against”**
Ordinary Business			
1	To receive and adopt the directors’ statement and audited financial statements		
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 to authorise the directors to fix their remuneration		
Special Business			
7	To authorise the directors to allot and issue shares		
8	To approve the proposed renewal of share purchase mandate		

Dated this ______ day of ______________ 2017

Total Number of Ordinary Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3 A proxy need not be a member of the Company.

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 72 hours before the time appointed for holding the meeting.

9 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

This page has been intentionally left blank

This page has been intentionally left blank

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hee Theng Fong
Ng Cheow Chye
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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Lee Kam Seng

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
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Engagement Partner: Tan Kar Yee Linda
(Appointed since FY2015)

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

DATAPULSE TECHNOLOGY

DATAPULSE TECHNOLOGY LIMITED

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
www.datapulse.com.sg