

POWERMATIC DATA SYSTEMS LIMITED

Co. Reg. No. 198900414E

Half Year Financial Statement And Dividend Announcement for the period ended 30 September 2016

These figures have not been audited.

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF-YEAR RESULTS

1(a) A statement of comprehensive income for the group together with a comparative statement for corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income

	GROUP		
	1HFY2017 (01.04.16 to 30.09.16)	1HFY2016 (01.04.15 to 30.09.15)	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	7,766	6,940	12
Cost of sales (Note 1)	(4,198)	(4,551)	(8)
Gross profit	3,568	2,389	49
Other items of income			
Property income	717	676	6
Property expenses	(367)	(362)	1
Profit from property (Note 2)	350	314	11
Dividend income	323	267	21
Interest income	109	121	(10)
Other gains (Note 3)	21	366	(94)
Other items of expenses			
Marketing and distribution expenses	(687)	(747)	(8)
Administration expenses (Note 4)	(1,019)	(1,265)	(19)
Other operating expenses (Note 5)	(6)	(1)	500
Other losses (Note 6)	(70)	(48)	46
Profit before tax from continuing operations	2,589	1,396	85
Income tax	(281)	(153)	84
Profits from continuing operations, net of tax	2,308	1,243	86
Other comprehensive income :			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	(27)	-	N.M
Fair value adjustment on available-for-sale financial assets	285	(271)	N.M
Other comprehensive income /(loss) for the period, net of tax	258	(271)	N.M
Total comprehensive income	2,566	972	164
 Profit attributable to owners of the parent, net of tax	 2,308	 1,243	 86
 Total comprehensive income attributable to parent	 2,566	 972	 164
 Note 1			
-Included in cost of sales are			
Allowance for slow moving inventories	(53)	51	N.M
Depreciation	(101)	(109)	(7)
 Note 2			
Property expenses :			
Building expenses	(197)	(215)	(8)
Depreciation of investment property	(121)	(97)	25
Utilities and others	(49)	(50)	(2)
	(367)	(362)	1
 Note 3			
-Included in other gains are:			
Foreign exchange gain, net	-	250	N.M
Gain on redemption of available for sale financial asset	-	73	N.M
Special / Temporary Employment Credit	8	2	300
Sundry income	13	41	(68)
	21	366	(94)

Note 4

-Included in administrative expenses are :

Depreciation and amortisation of plant and equipment and intangible assets.

(83)	(67)	24
------	------	----

Note 5

-Included in other operating expenses are :

Project expenses

(6)	(1)	500
-----	-----	-----

Note 6

-Included in other losses are :

Foreign exchange loss, net

(22) - N.M

Loss on disposal of plant and equipment

(12) - N.M

Fair value loss on other financial assets, current

(36) (48) (25)

(70) (48) 46

N.M. denotes Not Meaningful

1(b)(i) A statement of financial position (for issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS LESS LIABILITIES				
Non-current assets				
Plant and equipment	1,089	1,110	208	236
Investment property (Note 7)	19,507	19,628	19,507	19,628
Intangible assets (Note 8)	37	53	-	-
Investment in subsidiaries	-	-	5,398	5,398
Other financial assets - non current (Note 9)	6,614	6,328	6,614	6,328
Total non-current assets	27,247	27,119	31,727	31,590
Current assets				
Inventories (Note 10)	1,436	1,613	-	-
Trade and other receivables (Note 11)	1,055	1,537	168	1,592
Other financial assets - current (Note 12)	306	342	306	342
Other assets (Note 13)	256	264	40	153
Cash and bank balances	21,755	21,066	7,953	7,644
Total current assets	24,808	24,822	8,467	9,731
Total assets	52,055	51,941	40,194	41,321
Current liabilities				
Income tax payable	596	595	78	65
Trade and other payables (Note 14)	2,187	2,774	153	206
Other liabilities (Note 15)	1,275	1,414	326	309
Total current liabilities	4,058	4,783	557	580
Net current assets	20,750	20,039	7,910	9,151
Net assets	47,997	47,158	39,637	40,741
EQUITY				
Share capital	34,466	34,452	34,466	34,452
Retained earnings	10,215	9,648	970	2,373
Other reserves	3,316	3,058	4,201	3,916
Total equity	47,997	47,158	39,637	40,741

Note 7 : Investment property comprises land and building situated at 7 & 9 Harrison Road. The reduction in carrying value was due to the effect of depreciation on the building.

Note 8 : Intangible assets comprise fees paid for certification of products. The fees were capitalised and amortised over 3 years on straight-line basis.

Note 9 : Other non-current financial assets **comprise** investment in quoted equity shares, structured note and investment fund. The increase in value was attributable to the rise in market value of the quoted equity shares.

Note 10 : Inventory comprises production raw materials, work-in progress and finished products. The decrease in value was mainly due to lower level of raw materials purchased nearing the end of September 2016.

Note 11 : The main reason accounted for the reduced trade and other receivables was attributable to lower sales nearing the current reporting period.

Note 12 : Other financial assets - current comprise investment in quoted equity shares. Market value of these equity shares was lower as at 30.09.16 as compared to 31.03.16

Note 13 : Other assets include deposits, prepayments and amortized product certification fees. The decrease in value was due to the refund of security deposit following the termination of office lease.

Note 14 : Trade and other payables reduced in tandem with lower inventory purchases.

Note 15 : Other liabilities, current comprise deposits received from customers, provision for warranty and unearned portion of the service income. As at 30.09.16, deposits from customers and the unearned service income were lower than as at 31.03.16.

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

(a) Amount repayable in one year or less, or on demand

As at 30.09.16 (S\$'000)		As at 31.03.16 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

(b) Amount repayable after one year

As at 30.09.16 (S\$'000)		As at 31.03.16 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Not applicable

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	30.09.16 S\$'000	30.09.15 S\$'000
Cash flows from operating activities:		
Profit before income tax	2,589	1,396
Amortisation of intangible assets	21	28
Depreciation of plant and equipment	163	148
Depreciation of investment property	121	97
Loss on disposal of plant and equipment	12	-
Fair value loss on other financial assets	36	48
Dividend income	(323)	(267)
Gain on redemption of non-available for sale financial asset by the issuer	-	(73)
Interest Income	(109)	(121)
Foreign exchange adjustment unrealized gain	(51)	-
Operating cash flows before changes in working capital	2,459	1,256
Inventories	210	(210)
Trade and other receivables	491	334
Other assets	14	28
Trade and other payables	(625)	371
Other liabilities	(146)	(23)
Net cash flows from operations	2,403	1,756
Taxation paid	(281)	(216)
Net cash flows from / (used in) operating activities	2,122	1,540
Cash flows from investing activities:		
Purchase of plant , equipment and other assets	(210)	(61)
Payment for intangible assets	(5)	(18)
Improvement to investment property	-	(158)
Proceeds from disposal of plant and equipment	37	-
Proceeds from disposal of other financial asset	-	1,104
Increase of cash restricted in use over 3 months	(4,250)	(2,022)
Interest income received	179	121
Dividend income received	254	267
Net cash flows (used in)/ from investing activities	(3,995)	(767)
Cash flows from financing activities:		
Proceeds from issuance of shares	80	399
Purchase of treasury shares	(66)	(316)
Dividend paid	(1,741)	(1,768)
Net cash flows used in financing activities	(1,727)	(1,685)
Net decrease in cash and cash equivalents	(3,600)	(912)
Effect of exchange rate changes on cash and cash equivalents	39	(1)
Cash and cash equivalents, statement of cash flows, beginning balance	15,716	12,150
Cash and cash equivalents, statement of cash flows, ending balance	12,155	11,237

Cash and Cash equivalents:

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:

	30.09.16	30.09.15
	S\$'000	S\$'000
Fixed deposits	4,445	5,350
Cash and bank balances	7,710	5,887
Unrestricted cash	12,155	11,237
Fixed deposits with maturity over 3 months	9,600	7,940
Cash at end of the year	21,755	19,177

The Group generated net cash flows of S\$2.122 million from operating activities contributed mainly by the profit before tax earned in 1HFY2017.

The increase in cash flows was partially offset by the net cash flows used in investing activities and financing activities. For more details, please refer to the statements of cash flows tabulated above.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Treasury Shares	Available-for-sale financial assets reserve	Reserve on consolidation	Foreign currency translation reserve	Share option reserve	Retained earnings	Attributable to parent, sub-total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1 April 2015	34,773	(138)	4,387	88	(870)	106	8,584	46,930
Issuance of new shares	399	-	-	-	-	-	-	399
Purchase of treasury shares	-	(316)	-	-	-	-	-	(316)
Profit, net of tax for the period	-	-	-	-	-	-	1,243	1,243
Fair value adjustment on available-for-sale financial assets	-	-	(271)	-	-	-	-	(271)
Other comprehensive income for the period	-	-	(271)	-	-	-	-	(271)
Total comprehensive income for the period	-	-	(271)	-	-	-	1,243	972
Dividends paid	-	-	-	-	-	-	(1,768)	(1,768)
Balance at 30 September 2015	35,172	(454)	4,116	88	(870)	106	8,059	46,217
Balance at 1 April 2016	35,172	(720)	3,810	88	(946)	106	9,648	47,158
Issuance of new shares	80	-	-	-	-	-	-	80
Purchase of treasury shares	-	(66)	-	-	-	-	-	(66)
Profit, net of tax for the year	-	-	-	-	-	-	2,308	2,308
Exchange difference arising from translation of operation	-	-	-	-	(27)	-	-	(27)
Fair value adjustment on available-for-sale financial assets	-	-	285	-	-	-	-	285
Other comprehensive income for the year	-	-	285	-	(27)	-	-	258
Total comprehensive income for the year	-	-	285	-	(27)	-	2,308	2,566
Dividends paid	-	-	-	-	-	-	(1,741)	(1,741)
Balance at 30 September 2016	35,252	(786)	4,095	88	(973)	106	10,215	47,997
Company								
Balance at 1 April 2015	34,773	(138)	4,387	-	-	106	2,453	41,581
Issuance of new shares	399	-	-	-	-	-	-	399
Purchase of treasury shares	-	(316)	-	-	-	-	-	(316)
Profit, net of tax for the period	-	-	-	-	-	-	178	178
Fair value adjustment on available-for-sale financial assets	-	-	(271)	-	-	-	-	(271)
Total comprehensive income for the year	-	-	(271)	-	-	-	178	(93)
Dividends paid	-	-	-	-	-	-	(1,768)	(1,768)
Balance at 30 September 2015	35,172	(454)	4,116	-	-	106	863	39,803
Balance at 1 April 2016	35,172	(720)	3,810	-	-	106	2,373	40,741
Issuance of new shares	80	-	-	-	-	-	-	80
Purchase of treasury shares	-	(66)	-	-	-	-	-	(66)
Profit, net of tax for the period	-	-	-	-	-	-	338	338
Fair value adjustment on available-for-sale financial assets	-	-	285	-	-	-	-	285
Total comprehensive income for the period	-	-	285	-	-	-	338	623
Dividends paid	-	-	-	-	-	-	(1,741)	(1,741)
Balance at 30 September 2016	35,252	(786)	4,095	-	-	106	970	39,637

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Total number of issued shares excluding treasury shares as at 30 September 2016 was 34,819,356 (31 March 2016 : 34,777,556)

Details of changes since the end of the previous reporting year are tabulated below.

	No of shares including treasury shares	No. of treasury shares	Total number of shares excluding treasury shares	Share capital
				S\$ '000
As at 31 March 2016	35,553,796	776,240	34,777,556	35,172
Issue of shares arising upon the exercise of employees share option	112,000	-	112,000	80
Purchase of treasury shares from 1 April 2016 - 30 June 2016	-	70,200	(70,200)	-
As at 30 September 2016	<u>35,665,796</u>	<u>846,440</u>	<u>34,819,356</u>	<u>35,252</u>
As at 30 September 2015	<u>35,553,796</u>	<u>490,740</u>	<u>35,063,056</u>	<u>35,172</u>

The number of unexercised employees' share option as at 31 March 2016 was 276,000. From 1 April 2016 to 30 September 2016, a total of 112,000 options were exercised at an exercise price of S\$0.71 per share and 15,000 options lapsed due to staff resignation.

The table below set-out detailed movement of the employees' share option since the end of FY2016.

Offer date	Name of scheme	Balance as at 1.4.2016	Exercised	Options lapsed	Balance as at 30.09.2016	Balance as at 30.09.2015	Exercise price per share
20.02.2014	Employees' Share Option Scheme 2013	276,000	(112,000)	(15,000)	149,000	286,000	71 cents

(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	<u>30.09.2016</u>	<u>31.03.2016</u>
Total number of issued shares excluding treasury shares	<u>34,819,356</u>	<u>34,777,556</u>

(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares at the end of the current financial period reported on.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable. The figures have not been audited or reviewed by the auditors.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Yes.

The Group has consistently applied the same accounting policies and methods of computation in the preparation of the Group's financial statements for the current reporting period as in the audited financial statements for the reporting year ended 31 March 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

No change in the accounting policies and methods of computation.

6 Earning per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	1H FY2017	1H FY2016
Earnings per Ordinary Share for the year based on net gain attributable to shareholders:-		
	Cent	Cent
(i) Based on weighted average number of ordinary shares on issue	6.63	3.56
(ii) On a fully diluted basis	6.63	3.56

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :
a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
	S\$	S\$	S\$	S\$
Net Asset Value per Ordinary Share based on issued share capital at the end of the reporting year reported on	1.38	1.36	1.14	1.17

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Revenue

Benefited by the robust growth in wireless connectivity industry as well as through continual effort in products and market development, total revenue rose 12% to S\$ 7.766 million in 1H FY2017 from S\$ 6.94 million achieved in 1H FY2016. Revenue was derived evenly across Europe, North America and Asia.

Gross Profit

Gross profit grew 49% year-on-year on the strength of increased sales and improvement in margin. The improvement in margin was attributed to better cost and production management.

Property Profit

As compared to 1H FY2016, rental income was up by 6% , contributed by increase in occupancy rate and higher income from car park rental. There was no major fluctuation in property expenses year-on-year.

Other gains

The Group recorded lower other gains in 1H FY2017 as compared to 1H FY2016 caused mainly by the unfavourable impact of foreign exchange. The "Other gain " in 1H FY2016 comprised foreign exchange gain amounted to S\$0.25 million and non-recurring gain of S\$0.073 million from the redemption of available for sale financial assets. In 1H FY2017, the Group suffered a loss of S\$0.022 million in foreign exchange. The loss was shown in " Other losses".

Marketing and distribution / Administration expenses

Marketing and distribution and administration expenses reduced by 8% and 19% year-on-year respectively.

The main factors contributing to the lower costs were:

- 1) Reduction in staff related costs in marketing and distribution due to unfilled vacant positions; and
- 2) Savings in office rental following the move from the leased office premise to a unit in our own investment property in January 2016.

Other losses

Other losses comprise fair value loss on available-for-sale financial assets and loss on foreign exchange.

The fair value loss on available-for-sale financial assets was due to lower market value of these financial assets as at 30 September 2016 as compared to 30 September 2015 whereas the loss on foreign exchange was due to the weakening of US\$.

Profit before tax

The Group ended 1H FY2017 with a pre-tax profit of S\$2.589 million, an increase of S\$1.192 million over that of 1H FY2016.

The improved performance was largely attributable to increased sales coupled with higher gross profit margin while containing the operating costs.

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

Not applicable. No forecast or prospect statement has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The ubiquity of the smart devices and the widespread connectivity to internet is expected to fuel demand for wireless connectivity products / services. While upbeat about the growth potential, the Group is also mindful that impact of tepid global business activities, the volatility of the financial markets and the uncertain global political environment may stifle business spending. To stay competitive, the Group will continue to develop its existing markets, innovate and improve its products and be vigilant in cost management.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year ? None

(c) Date payable

Not Applicable

(d) Books closing date

Not Applicable

12 If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared / recommended.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No interested person transactions mandate has been obtained from shareholders.
There were no reportable interested person transactions during the financial period ended 30 September 2016.

14 Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial statements for the half-year ended 30 September 2016 to be false or misleading in any material aspect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has complied with Rule 720(1).

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
Date : 11 November 2016