



Company Registration No. 198002677D

Press Release
10 March 2016
(For Immediate Release)

Contact Person:
Lee Kam Seng, Chief Financial Officer
Datapulse Technology Limited
Tel: +65 6382 7989

Datapulse Technology Registers Profit of \$3.3 Million for 1H FY2016

Singapore, 10 March 2016 – Mainboard listed Datapulse Technology Limited, a leading total solution provider of CD, DVD and Blu Ray Discs services in the Asia Pacific region, reported its second quarter and half year results for the financial year 2016.

For 1H FY2016, the Group registered 11.0% increase in revenue from \$15.6 million to \$17.3 million. The increase in revenue was attributed mainly to higher sales of Blu-Ray media storage products and services and cards products and services, partially offsetted by weaker sales for DVD media storage products and services.

Other income increased due to higher interest income in 1H FY2016.

Total operating expenses increased slightly by 1.3% from \$14.1 million to \$14.3 million due to higher cost of raw materials usage offsetted by lower other operating expenses. The increase in cost of raw materials usage was in tandem with the higher revenue during 1H FY2016. The reduction in other operating expenses by 15.8% from \$3.7 million to \$3.1 million was attributed mainly to the absence of impairment losses made on club memberships and cost management measures undertaken by the Group. Depreciation was lower as a result of more assets becoming fully depreciated.

Finance costs, which were related to the Taiwan operation, were higher due to higher gearing.

The income tax expense recorded by the Group relates to the Taiwan operation. The Company did not recognize any income tax expense despite registering pre-tax profit of \$3.3 million as it currently has sufficient tax allowances to offset its taxable income for 1H FY2016.

As a result of the above, the Group's profit increased by 102.2% from \$1.6 million in 1H FY2015 to \$3.3 million in 1H FY2016.

For 2Q FY2016, the Group registered 21.5% drop in revenue from \$6.1 million to \$4.8 million. The decrease in revenue was a result of weak demand for media storage products and services and cards products and services in the quarter.

Other income increased due to higher interest income in 2Q FY2016.

Total operating expenses decreased by 9.2% from \$6.0 million in 2Q FY2015 to \$5.5 million in 2Q FY2016. Although revenue decreased by 21.5%, cost of raw materials usage decreased by a lesser extent of 8.7% due to variation in the mix of products and services sold to customers. The reduction in staff costs by 5.3% from \$2.4 million to \$2.3 million and other operating expenses by 20.1% from \$1.4 million to \$1.1 million was attributed to lower level of business activities. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments.

Finance costs, which were related to the Taiwan operation, were higher due to higher gearing.

The income tax expense recorded by the Group relates to the Taiwan operation.

As a result of the above, the Group incurred a loss of \$0.6 million for 2Q FY2016 compared to a profit of \$0.1 million recorded for 2Q FY2015.

Earnings per share were 1.50 cents for 1H FY2016 and loss of 0.26 cents for 2Q FY2016. The Group's net asset value per share stood at 22.65 cents as at 31 January 2016 compared to 21.75 cents (restated after taking into consideration the share consolidation of 3 ordinary shares into 1 ordinary share in the capital of the company on 1 December 2015) as at 31 July 2015, an increase of 4.1%.

The Group's financial position remained strong with a net cash position of \$26.2 million as at 31 January 2016 after the payment of final one-tier tax exempt dividend of 0.20 cents per share for FY2015 amounting to \$1.3 million on 27 November 2015. The Group continued to generate positive operating cash flows of \$1.7 million and \$4.4 million during 2Q FY2016 and 1H FY2016, respectively.

In November 2015, a portion of the proceeds raised from the issuance of shares to Lian Beng Group Ltd in FY2015, amounting to approximately S\$2.85 million had been extended to the Group's associate, Goldprime Realty Pte Ltd, by way of a long term interest-free shareholders' loan. The funds are intended to be used for a property development project in Australia.

The outlook for the Singapore manufacturing sector remained weak, on the back of the global economic uncertainties and ongoing slowdown in China. Operating environment in the media storage industry continues to be challenging due to weak market demand for media storage products and services.

The Group will continue to focus on increasing its revenue base through an expansion of its customer base and providing more value added services to its customers and controlling 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 deploy its resources effectively.

About Datapulse Technology Limited

Datapulse Technology Limited was incorporated in Singapore on 28 July 1980 and is listed on the Mainboard of the Singapore Exchange.

Datapulse Technology Limited is a leading producer of digital storage media for content distribution in the Asia Pacific region, specialising in fast and secure delivery solutions, to a broad range of customers in the computer software, computer hardware, gaming, publishing, multimedia application and consumer electronics industry.

This news release is to be read in conjunction with the full set of financial results posted by the Company today in SGXNET.