DATAPULSE TECHNOLOGY

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Datapulse Technology reports higher profit of $3.0 Million for FY2017 due largely to gain from discontinued operations in an overseas subsidiary and recommends final dividend of 0.50 cents per share

Singapore, 21 September 2017 – 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 full year results for the financial year ended 31 July 2017.

For financial year ended 31 July 2017 ("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.

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.

Earnings per share of the Group were 1.38 cents for FY2017 as compared to 0.41 cents 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, an increase of 5.7%.

The Group’s financial position remained strong with cash balances of $39.5 million as at 31 July 2017, which 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.

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.

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.