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Datapulse Technology Reports Higher Profit of \$5.5 Million for 1H FY2017

Singapore, 7 March 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 second quarter and half year results for the financial year 2017.

For 1H FY2017, the Group registered a 50.5% drop in revenue as compared to 1H FY2016 from \$17.2 million to \$8.5 million. The decrease in revenue was a result of weaker demand for media storage products and services during the period.

Total operating expenses decreased by 37.9% from \$14.1 million in 1H FY2016 to \$8.8 million in 1H FY2017. The decrease in cost of raw materials usage of 49.9% was in tandem with the lower revenue during 1H FY2017. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments. The reduction in staff costs by 22.3% from \$5.0 million to \$3.9 million and other operating expenses by 54.5% from \$3.1 million to \$1.4 million were mainly attributed to lower business activities and cost management measures undertaken by the management of the Group.

Profit from discontinued operations was due to recognition of gain on disposal of subsidiary of \$5.5 million in 1Q FY2017 upon completion of the disposal of One Global Inc (“OGI”) during the period.

As a result of the above, the Group’s profit increased by 66.7% from \$3.3 million in 1H FY2016 to \$5.5 million in 1H FY2017.

For 2Q FY2017, the Group registered a 39.2% drop in revenue as compared to 2Q FY2016 from \$4.7 million to \$2.9 million. The decrease in revenue was a result of weaker demand for media storage products and services during the quarter.

Total operating expenses decreased by 32.4% from \$5.4 million in 2Q FY2016 to \$3.7 million in 2Q FY2017. The decrease in cost of raw materials usage of 45.5% was in tandem with the lower revenue during 2Q FY2017. Depreciation was lower due to more assets becoming fully depreciated and there were minimal property, plant and equipment investments. The reduction in staff costs by 26.6% from \$2.2 million to \$1.6 million and other operating expenses by 43.5% from \$1.1 million to \$0.6 million were mainly attributed to lower business activities and cost management measures undertaken by the management of the Group.

As a result of the above, the Group's net loss increased by 20.3% from \$0.6 million in 2Q FY2016 to \$0.7 million in 2Q FY2017.

Earnings per share of the Group were 2.50 cents for 1H FY2017 as compared to 1.50 cents for 1H FY2016. The Group's net asset value per share stood at 23.91 cents as at 31 January 2017 compared to 21.57 cents as at 31 July 2016, an increase of 10.8%.

The Group's financial position remained healthy with strong cash position of \$37.3 million as at 31 January 2017 after the payment of final one-tier tax exempt dividend of 0.30 cents per share for FY2016 amounting to \$0.7 million on 09 December 2016.

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). Consequently, the assets and liabilities of OGI had 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 \$5.8 million in 1H FY2017.

Associate at the Group level of \$2.9 million 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. The investment in associate and the shareholders' loan had been reclassified to assets held for sale in the Group's statement of financial position as at 31 January 2017 as the Group has the intention to dispose of its interest in Goldprime within the next 12 months. 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.

The outlook for the Singapore manufacturing sector remains weak, on the back of the global economic uncertainties. 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 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.