



DATAPULSE
TECHNOLOGY

Company Registration No. 198002677D

Datapulse Technology Limited

First Quarter Financial Statements and Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

<u>Consolidated Statement of Profit or Loss</u>	Three Months		Change
	Ended 31.10.19	Ended 31.10.18	
GROUP	\$'000	\$'000 (Restated)	%
<u>Continuing operations</u>			
Revenue	954	-	NM
Other income	213	453	(53.0)
	<u>1,167</u>	<u>453</u>	
Staff costs	(425)	(161)	NM
Depreciation	(69)	(1)	NM
Finance costs	(57)	-	NM
Hotel operating costs	(305)	-	NM
Other operating expenses	(434)	(189)	NM
Total operating expenses	<u>(1,290)</u>	<u>(351)</u>	
(Loss)/Profit before tax	(123)	102	
Income tax expense	-	(2)	NM
(Loss)/Profit from continuing operations	(123)	100	
<u>Discontinued Operations**</u>			
Profit from discontinued operations (net of tax)	-	31	NM
(Loss)/Profit for the period attributable to owners of the Company	(123)	131	

** On 30 April 2019, the Group completed the disposal of Wayco Manufacturing (M) Sdn Bhd ("Wayco"). Accordingly, the results of Wayco have been presented as discontinued operations, with comparatives restated as if the operation has been discontinued from the start of the immediately preceding year.

NM: Not meaningful.

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

<u>Consolidated Statement of Comprehensive income</u> GROUP	Three Months		Change %
	Ended 31.10.19 \$'000	Ended 31.10.18 \$'000	
(Loss)/Profit for the period	(123)	131	NM
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences relating to financial statements of a foreign subsidiary	180	(29)	NM
Other comprehensive income for the period	180	(29)	
Total comprehensive income for the period attributable to owners of the Company	57	102	(44.1)

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

Notes	Three Months Ended 31.10.19			3 Months Ended 31.10.18 (Restated)			Change %
	Continuing operations \$'000	Discontinued operations \$'000	Total \$'000	Continuing operations \$'000	Discontinued operations \$'000	Total \$'000	
Revenue:							
Hotel operations revenue	721	-	721	-	-	-	NM
Sale of goods	-	-	-	-	262	262	NM
Gain on disposal of investments	69	-	69	-	-	-	NM
Dividend income from investments	43	-	43	-	-	-	NM
Interest income on bond investments	48	-	48	-	-	-	NM
Asset management fees	73	-	73	-	-	-	NM
	954	-	954	-	262	262	
Other income:							
Gain on sale of plant and equipment	-	-	-	2	-	2	NM
Interest income	205	-	205	375	-	375	(45.3)
Sundry income	-	-	-	-	9	9	NM
Fair value gain on investments	8	-	8	76	-	76	(89.5)
	213	-	213	453	9	462	
Depreciation of property, plant and equipment	(69)	-	(69)	(1)	(13)	(14)	NM
Finance costs	(57)	-	(57)	-	(2)	(2)	NM
Other operating expenses include the following items:							
Exchange gain/(loss)	4	-	4	107	(1)	106	(96.2)
Operating lease expense	(4)	-	(4)	(47)	-	(47)	(91.5)
Income tax expense	-	-	-	(2)	-	(2)	NM

NM: Not meaningful.

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

Statements of Financial Position

	GROUP			COMPANY		
	31.10.19 \$'000	31.07.19 \$'000	Change %	31.10.19 \$'000	31.07.19 \$'000	Change %
Non-current assets						
Property, plant and equipment	45,748	43,816	4.4	48	52	(7.7)
Long term investments	10,215	4,928	NM	-	-	-
Long term deposit	1,356	1,157	17.2	-	-	-
Long term receivable	390	390	-	-	-	-
	57,709	50,291		15,959	15,363	
Current assets						
Inventories	-	3	NM	-	-	-
Trade and other receivables	558	6,105	(90.9)	215	355	(39.4)
Short-term investments ⁽¹⁾	7,135	8,796	(18.9)	7,135	8,796	(18.9)
Cash and bank balances	37,410	38,363	(2.5)	35,083	35,361	(0.8)
	45,103	53,267		66,248	68,327	
Total assets	102,812	103,558		82,207	83,690	
Equity attributable to owners of the Company						
Share capital	32,992	32,992	-	32,992	32,992	-
Reserves	44,914	44,857	0.1	46,002	46,357	(0.8)
Total equity	77,906	77,849		78,994	79,349	
Non-current liabilities						
Borrowings	20,821	20,680	0.7	-	-	-
Deferred tax liabilities	44	44	-	44	44	-
	20,865	20,724		44	44	
Current liabilities						
Borrowings	1,700	2,709	(37.2)	1,700	2,709	(37.2)
Trade and other payables	970	1,288	(24.7)	481	600	(19.8)
Current tax payable	988	988	-	988	988	-
Lease liabilities	383	-	NM	-	-	-
	4,041	4,985		3,169	4,297	
Total liabilities	24,906	25,709		3,213	4,341	
Total equity and liabilities	102,812	103,558		82,207	83,690	

(1) Short-term investments comprised quoted equity investments held for trading purposes and were carried at fair value through profit or loss.

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

Amount repayable in one year or less, or on demand

As at 31.10.19		As at 31.07.19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
-	1,700	-	2,709

Amount repayable after one year

As at 31.10.19		As at 31.07.19	
\$'000	\$'000	\$'000	\$'000
Secured	Unsecured	Secured	Unsecured
20,821	-	20,680	-

Details of any collateral

Secured borrowings relate to a term loan which is secured by a fixed charge over certain freehold land and building of the subsidiary and a corporate guarantee from the Company.

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.

Consolidated Statement of Cash Flows

GROUP	Three Months	
	Ended 31.10.19	Three Months Ended 31.10.18
	\$'000	\$'000
<u>Operating activities</u>		
(Loss)/profit for the period	(123)	131
Adjustments for:		
Depreciation	69	14
Fair value gain on investments	(8)	(76)
Finance costs	57	2
Gain on sale of plant and equipment	-	(2)
Income tax expense	-	2
Interest income	(205)	(375)
	<u>(210)</u>	<u>(304)</u>
Changes in working capital:		
Inventories	3	(35)
Trade and other receivables	259	83
Short term investments	1,670	(5,333)
Trade and other payables	(337)	(154)
	<u>1,385</u>	<u>(5,743)</u>
Cash generated from/(used in) operations		
Income tax paid, net	-	(13)
Net cash generated from/(used in) operating activities	<u>1,385</u>	<u>(5,756)</u>
<u>Investing activities</u>		
Refundable earnest money paid	-	(869)
Interest received	205	290
Proceeds from disposal of plant and equipment	-	383
Acquisition of property, plant and equipment	(1,615)	(7)
Net cash used in investing activities	<u>(1,410)</u>	<u>(203)</u>
<u>Financing activities</u>		
Net repayment from borrowings	(871)	-
Interest paid	(57)	(2)
Amounts owing from related parties (non-trade)	-	28
Net cash (used in)/from financing activities	<u>(928)</u>	<u>26</u>

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.

Consolidated Statement of Cash Flows (cont'd)

GROUP	Three Months	
	Ended 31.10.19 \$'000	Three Months Ended 31.10.18 \$'000
Net decrease in cash and cash equivalents	(953)	(5,933)
Cash and cash equivalents at beginning of period	38,363	81,061
Effect of exchange rate changes on balances held in foreign currency	-	2
Cash and cash equivalents at end of period in the statement of financial position	37,410	75,130
<u>Note</u>		
Cash and cash equivalents at end of period comprise the following:		
Cash and bank balances	37,410	75,224
Bank overdraft	-	(94)
	37,410	75,130

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity

	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2018	32,992	(187)	21	30	48,309	81,165
<i>Profit for the period</i>	-	-	-	-	131	131
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of a foreign subsidiary	-	-	-	(29)	-	(29)
<i>Total other comprehensive income</i>	-	-	-	(29)	-	(29)
Total comprehensive income for the period	-	-	-	(29)	131	102
At 31 October 2018	32,992	(187)	21	1	48,440	81,267

Consolidated Statement of Changes in Equity

	Share capital \$'000	Treasury shares \$'000	Revaluation reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
GROUP						
At 1 August 2019	32,992	(187)	-	(1,274)	46,318	77,849
<i>Loss for the period</i>	-	-	-	-	(123)	(123)
<u>Other comprehensive income</u>						
Foreign currency translation differences relating to financial statements of foreign subsidiaries	-	-	-	180	-	180
Total comprehensive income for the period	-	-	-	180	(123)	57
At 31 October 2019	32,992	(187)	-	(1,094)	46,195	77,906

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
COMPANY				
At 1 August 2018	32,992	(187)	48,295	81,100
<i>Profit for the period</i>	-	-	101	101
Total comprehensive income for the period	-	-	101	101
At 31 October 2018	32,992	(187)	48,396	81,201

Statement of Changes in Equity

	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Total equity \$'000
COMPANY				
At 1 August 2019	32,992	(187)	46,544	79,349
<i>Loss for the period</i>	-	-	(355)	(355)
Total comprehensive income for the period	-	-	(355)	(355)
At 31 October 2019	32,992	(187)	46,189	78,994

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 the 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.

For the quarter ended 31 October 2019, there was no change to the share capital of the Company.

As at 31 October 2019, the Company held 829,600 treasury shares (31 October 2018: 829,600).

The Company did not have any outstanding share options and convertibles 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.

1(d)(iii) Total number of issued shares excluding treasury shares (a) as at the end of the current financial period and (b) as at the end of the immediately preceding year.

	COMPANY	
	As at 31.10.19	As at 31.07.19
Number of issued ordinary shares, excluding treasury shares, at the end of the period	219,074,844	219,074,844

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as 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.

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

Not applicable.

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

Except as disclosed in paragraph 5, the financial statements have been prepared using the same accounting policies and methods of computation as presented in the audited financial statements for the financial year ended 31 July 2019.

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.

The Group adopted the new/revised SFRS(I)s that are effective for annual periods beginning on or after 1 January 2019. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s. The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 is effective for financial years beginning on or after 1 January 2019. The Group has applied the modified retrospective approach and will not restate comparative amounts for the financial year prior to adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The standard allows exemption for short-term leases and leases of low value assets. The Group has applied the practical expedient for recognition exemptions for short-term leases and leases of low-value items.

Right-of-use assets included in property, plant and equipment, are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 August 2019 as shown in the table below. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 August 2019. Accordingly, the adoption of SFRS(I) 16 did not result in any adjustment to the opening balance of retained earnings as at 1 August 2019.

Statement of financial position as at 1 August 2019

	1-Aug-19		
	As previously reported	Effect of SFRS (I) 16	As restated
	\$'000	\$'000	\$'000
Property, plant and equipment - right-of-use assets	-	428	428
Lease liabilities	-	(428)	(428)

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

	GROUP					
	Quarter ended 31.10.2019			Quarter ended 31.10.2018		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(Loss)/Profit attributable to owners of the Company (\$'000)	(123)	-	(123)	100	31	131
Weighted average no. of shares used in computation of basic earning per shares (in million)	219.07	219.07	219.07	219.07	219.07	219.07
Earnings per share						
(a) Based on the weighted average number of shares in issue	(0.06) cents	nil	(0.06) cents	0.05 cents	0.01 cents	0.06 cents
(b) On a fully diluted basis	(0.06) cents	nil	(0.06) cents	0.05 cents	0.01 cents	0.06 cents

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 financial period reported on and (b) immediately preceding financial year.

	GROUP		COMPANY	
	As at 31.10.19	As at 31.07.19	As at 31.10.19	As at 31.07.19
Net Asset Value per ordinary share based on issued share capital at the end of the financial period	35.56 cents	35.54 cents	36.06 cents	36.22 cents

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.

Financial performance for three months ended 31 October 2019 ("1Q FY2020")

The Group's revenue for 1Q FY2020 was mainly contributed by hotel operations amounting to \$0.7 million. The Group has completed the acquisition of the hotel in Seoul ("Hotel Aropa") on 20 March 2019. Work on the refurbishment of Hotel Aropa commenced thereafter. Refurbishment of hotel rooms would complete in December 2019 and refurbishment of the public areas in first quarter of 2020. As a result of the refurbishment, a substantial number of rooms were closed during this period and a significant part of the public areas was also closed.

Decrease in other income from \$0.5 million for the three months ended 31 October 2018 ("1Q FY2019") to \$0.2 million for 1Q FY2020 was mainly due to lower interest income resulting from the utilisation of the Group's funds for the acquisition and investments in hospitality-related assets.

Staff costs increased from \$0.2 million in 1Q FY2019 to \$0.4 million in 1Q FY2020 mainly due to additional staff arising from Hotel Aropa.

Depreciation for 1Q FY2020 mainly relates to the depreciation charge on the freehold building (Hotel Aropa).

The finance costs for 1Q FY2020 was mainly due to the term loan facility obtained for the acquisition of Hotel Aropa.

Hotel operating costs were related to Hotel Aropa's operations.

The increase in other operating expenses of \$0.2 million was mainly due to:

- a) One-off legal and professional costs incurred in relation to the acquisition of investments; and
- b) Decrease in foreign exchange gain recognized for 1Q FY2020 as compared to 1Q FY2019.

Following the disposal of Wayco on 30 April 2019, the results from Wayco have been presented as discontinued operations in the Group's statement of profit or loss for the period ended 31 October 2018.

As a result of the above, the Group registered a loss of \$0.1 million in 1Q FY2020 as compared to a profit of \$0.1 million in 1Q FY2019.

Financial Position and Cash flow

The increase in property, plant and equipment as at 31 October 2019 was mainly due to additional renovation costs and foreign exchange movement.

Long term investment as at 31 October 2019 of \$10.2 million relates to a 15% minority interest in a hotel in Seoul and a 5% minority interest in a hotel in Singapore.

Long term deposit of \$1.4 million as at 31 October 2019 mainly relates to deposit pledged to the bank for the term loan facility.

Long term receivable of \$0.4 million relates to a shareholder loan to a company in which the Group has a 15% interest.

The trade and other receivables as at 31 July 2019 was mainly related to the deposit for a 5% share in a hotel investment in Singapore, which was completed on 8 August 2019. Following the completion, it is accounted as part of long term investments as at 31 October 2019.

Short-term investments of \$7.1 million as at 31 October 2019 relates to quoted investments that are held for trading and carried at fair value through profit or loss.

Non-current borrowings relates to the term loan of \$20.8 million as at 31 October 2019 for the acquisition of Hotel Aropa.

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.

Current borrowings decreased from \$2.7 million to \$1.7 million as a result of repayment during the period.

Trade and other payables decreased from \$1.3 million as at 31 July 2019 to \$1.0 million as at 31 October 2019 due to payments of accrued operating expenses and repayment of other payables.

Current tax payable as at 31 October 2019 was \$1.0 million, which was similar to that as at 31 July 2019.

Net cash generated from operating activities for 1Q FY2020 was \$1.4 million, mainly due to the disposal of short term investments.

The decrease in net cash from financing activities of \$0.9 million for 1Q FY2020 was mainly due to the repayment of short term borrowings.

The Group's cash and bank balances amounted to \$37.4 million as at 31 October 2019. The decrease of \$1.0 million as compared to 31 July 2019 was mainly due to the repayment of short term borrowings partially offset by the proceeds received from the disposal of short term investments.

Use of proceeds raised from private placement

The Company will continue to make periodic announcements on the utilisation of the net placement proceeds from the issuance of shares to Lian Beng Group Ltd in FY2015 of \$7.3 million as and when such proceeds are materially disbursed.

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

Not applicable.

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 Group completed its acquisition of Hotel Aropa (100% stake) and Holiday Inn Express Euljiro (15% stake), both located in Seoul, South Korea in March and June 2019 respectively. Driven by key source markets such as China, Taiwan and Japan, the growth trend in inbound arrivals into South Korea continued in 2019, with an increase of approximately 15% for the first ten months of the year¹, compared to the same period last year. In the near term, the hotel market in Seoul is expected to be driven by continual growth in inbound arrivals and moderated growth in supply of new hotel rooms².

The Group completed its acquisition of Bay Hotel Singapore (5% stake) in August 2019. Driven by key source markets such as China, Indonesia and India, the growth trend in inbound arrivals into Singapore continued in 2019, with an increase of approximately 2% for the first ten months of the year³, compared to the same period last year. In the near term, demand growth is expected to continue to outpace the supply growth⁴.

The refurbishment of Hotel Aropa commenced in August 2019. Refurbishment of hotel rooms would complete in December 2019 and refurbishment of the public areas in first quarter of 2020. As a result of the refurbishment, a substantial number of rooms were closed during this period and a significant part of the public areas was also closed.

¹Source: Korea Tourism Organization

²Source: Avison Young 2019 Seoul Hospitality Market Report

³Source: Singapore Tourism Board

⁴Source: STR November Market Forecast Report 2019

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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.

The details of interested person transactions for period ended 31 October 2019 are set out below.

Name of Interested Person	Aggregate value of all interested person transactions for period ended 31 October 2019 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions for period ended 31 October 2019 which are conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) *
Nil	Nil	Nil

* Shareholders' mandate was renewed and approved at the Annual General Meeting held on 13 November 2019.

14. Negative confirmation pursuant to [Rule 705\(5\)](#).

The directors confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial statements to be false or misleading in any material aspect.

15. Confirmation pursuant to [Rule 720\(1\)](#).

We confirm that the Company has procured undertakings to comply with the Listing Manual of the Singapore Exchange Securities Trading Limited from all its Directors and executive officers.

BY ORDER OF THE BOARD

Lee Kam Seng
Executive Director

12 December 2019