



**MDR Limited**

(Company Registration No: 200009059G)

**UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS AND FULL YEAR ENDED  
31 DECEMBER 2021**

**MDR LIMITED**  
**Unaudited Condensed Interim Financial Statements**  
**For the Six Months (“2H2021”) and Full Year Ended 31 December 2021**

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	Group					
		6 months ended 31 December 2021	6 months ended 31 December 2020	Inc/(Dec) %	12 months ended 31 December 2021	12 months ended 31 December 2020	Inc/(Dec) %
		S\$'000	S\$'000		S\$'000	S\$'000	
<b>Continuing operations</b>							
<b>Revenue</b>	6	93,647	106,449	-12%	189,644	192,797	-2%
Cost of sales	6	(80,669)	(93,557)	-14%	(165,113)	(168,493)	-2%
<b>Gross profit</b>	6	12,978	12,892	1%	24,531	24,304	1%
Other operating income	7	2,001	1,872	7%	3,789	3,718	2%
Administrative expenses		(9,849)	(7,477)	32%	(17,900)	(16,264)	10%
Other operating expenses	8	(2,611)	(3,808)	-31%	(5,204)	(7,130)	-27%
Finance costs	9	(509)	(423)	20%	(969)	(1,092)	-11%
Total expenses		(12,969)	(11,708)	11%	(24,073)	(24,486)	-2%
<b>Operating profit before share of profit of associate and income tax</b>		2,010	3,056	-34%	4,247	3,536	20%
Allowance for impairment of plant and equipment		(1)	(78)	-99%	(1)	(137)	-99%
Allowance for impairment of right-of-use assets		(231)	(295)	-22%	(231)	(227)	2%
Reversal of loss allowance (Loss allowance) on investment in debt securities		1,420	(17,166)	N.M.	1,420	(17,166)	N.M.
Loss allowance for trade receivables		(1,073)	(536)	100%	(1,073)	(536)	100%
Fair value gain on unquoted equity investment		658	-	N.M.	658	-	N.M.
Fair value gain on convertible loan		510	-	N.M.	510	-	N.M.
Fair value loss on derivative asset		(234)	-	N.M.	(234)	-	N.M.
<b>Operating profit (loss) before share of profit of associate and income tax</b>		3,059	(15,019)	N.M.	5,296	(14,530)	N.M.
Share of profit of associate		2	3	-33%	5	5	0%
<b>Profit (Loss) before income tax</b>		3,061	(15,016)	N.M.	5,301	(14,525)	N.M.
Income tax (expense) credit	10	(225)	128	N.M.	(229)	145	N.M.
<b>Profit (Loss) for the period from continuing operations</b>		2,836	(14,888)	N.M.	5,072	(14,380)	N.M.
<b>Discontinued operations</b>							
Profit for the period from discontinued operations	11	15	132	-89%	52	116	-55%
<b>Profit (Loss) for the period</b>		2,851	(14,756)	N.M.	5,124	(14,264)	N.M.

**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)**

	Notes	Group					
		6 months ended 31 December 2021	6 months ended 31 December 2021	Inc/(Dec) %	12 months ended 31 December 2021	12 months ended 31 December 2020	Inc/(Dec) %
		S\$'000	S\$'000		S\$'000	S\$'000	
<b>Other comprehensive income (loss)</b>							
<i>Items that will not be reclassified subsequently to profit or loss</i>							
Net fair value changes in equity securities carried at fair value through other comprehensive income		4,060	17,317	-77%	21,689	(9,667) N.M.	
Net fair value changes in debt securities carried at fair value through other comprehensive income		6,026	-	N.M.	6,026	- N.M.	
Revaluation of land and buildings, net		113	832	-86%	113	832 -86%	
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation differences arising on consolidation		(19)	126	N.M.	(164)	32 N.M.	
<b>Other comprehensive income (loss) for the period, net of tax</b>		<u>10,180</u>	<u>18,275</u>	-44%	<u>27,664</u>	<u>(8,803)</u> N.M.	
<b>Total comprehensive income (loss) for the period</b>		<u>13,031</u>	<u>3,519</u>	270%	<u>32,788</u>	<u>(23,067)</u> N.M.	
<b>Profit attributable to:</b>							
Owners of the Company		2,826	(14,828)	N.M.	5,058	(14,308) N.M.	
Non-controlling interests		25	72	-65%	66	44 50%	
<b>Total comprehensive income (loss)</b>		<u>2,851</u>	<u>(14,756)</u>	N.M.	<u>5,124</u>	<u>(14,264)</u> N.M.	
<b>Total comprehensive income (loss) attributable to:</b>							
Owners of the Company		13,021	3,451	277%	32,774	(23,116) N.M.	
Non-controlling interests		10	68	-85%	14	49 -71%	
		<u>13,031</u>	<u>3,519</u>	270%	<u>32,788</u>	<u>(23,067)</u> N.M.	
<b>Earnings per share (cents):</b>							
12							
From continuing and discontinued operations:							
- Basic		0.321	(1.661)		0.574	(1.603)	
- Diluted		<u>0.321</u>	<u>(1.661)</u>		<u>0.574</u>	<u>(1.603)</u>	
From continuing operations:							
- Basic		0.321	(1.665)		0.574	(1.607)	
- Diluted		<u>0.321</u>	<u>(1.665)</u>		<u>0.574</u>	<u>(1.607)</u>	

N.M. : Not Meaningful

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		31-Dec-21 S\$'000	31-Dec-20 S\$'000	31-Dec-21 S\$'000	31-Dec-20 S\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		25,009	12,324	3,891	2,456
Trade receivables	16	40,296	20,394	30,000	4,059
Other receivables and prepayments	17	3,294	4,573	16,794	19,775
Inventories	18	13,942	25,006	770	897
Investment in debt securities	22	21,334	12,888	21,334	12,888
Income tax recoverable		183	181	-	-
<b>Total current assets</b>		<u>104,058</u>	<u>75,366</u>	<u>72,789</u>	<u>40,075</u>
<b>Non-current assets</b>					
Other receivables and prepayments	17	2,028	463	48	127
Investment in subsidiaries		-	-	3,328	2,749
Investment in an associate		30	25	-	-
Property, plant and equipment	19	2,098	1,895	1,003	805
Right-of-use assets	20	6,554	12,267	1,011	1,631
Investment in equity securities	21	78,851	88,196	78,851	88,196
Investment in debt securities	22	20,367	-	20,367	-
Convertible loan	23	2,010	1,500	2,010	1,500
Investment property	24	8,099	-	-	-
Derivative assets	17	225	-	225	-
Deferred tax assets		-	142	-	142
<b>Total non-current assets</b>		<u>120,262</u>	<u>104,488</u>	<u>106,843</u>	<u>95,150</u>
<b>Total assets</b>		<u>224,320</u>	<u>179,854</u>	<u>179,632</u>	<u>135,225</u>
<b>Current liabilities</b>					
Bank overdrafts and loans	25	36,704	26,849	33,387	22,175
Trade payables		8,820	11,703	1,169	1,317
Other payables		9,543	5,312	4,655	1,396
Lease liabilities		4,387	2,358	590	670
Lease liabilities from financial institutions		83	198	77	27
Income tax payable		1	9	-	-
<b>Total current liabilities</b>		<u>59,538</u>	<u>46,429</u>	<u>39,878</u>	<u>25,585</u>
<b>Non-current liabilities</b>					
Bank loans	25	3,595	4,703	3,595	4,703
Lease liabilities		2,902	2,406	480	1,070
Lease liabilities from financial institutions		95	24	91	13
Deferred tax liabilities		439	414	-	-
<b>Total non-current liabilities</b>		<u>7,031</u>	<u>7,547</u>	<u>4,166</u>	<u>5,786</u>

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		31-Dec-21 S\$'000	31-Dec-20 S\$'000	31-Dec-21 S\$'000	31-Dec-20 S\$'000
<b>Capital, reserves and non-controlling interests</b>					
Share capital	26	123,276	154,455	123,276	154,455
Treasury shares	27	(2,823)	(1,908)	(2,823)	(1,908)
Capital reserve		(325)	(325)	22	22
Investment revaluation reserve		5,433	(17,536)	5,433	(17,536)
Property revaluation reserve		1,696	1,583	-	-
Foreign currency translation reserve		(46)	66	-	-
Retained earnings (Accumulated losses)		31,983	(9,000)	9,680	(31,179)
<b>Equity attributable to owners of the Company</b>		159,194	127,335	135,588	103,854
Non-controlling interests		(1,443)	(1,457)	-	-
<b>Total equity</b>		<u>157,751</u>	<u>125,878</u>	<u>135,588</u>	<u>103,854</u>
<b>Total liabilities and equity</b>		<u>224,320</u>	<u>179,854</u>	<u>179,632</u>	<u>135,225</u>

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Investment revaluation reserve S\$'000	Property revaluation reserve S\$'000	Currency translation reserve S\$'000	Retained earnings (Accumulated losses) S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
<b>Balance as at 1 January 2021</b>	154,455	(1,908)	(325)	(17,536)	1,583	66	(9,000)	127,335	(1,457)	125,878
<b>Total comprehensive income (loss) for the year</b>										
Profit for the year	-	-	-	-	-	-	5,058	5,058	66	5,124
Gain on disposal of investment securities transferred to retained earnings	-	-	-	(4,746)	-	-	4,746	-	-	-
Other comprehensive profit for the year	-	-	-	27,715	113	(112)	-	27,716	(52)	27,664
<b>Total</b>	-	-	-	22,969	113	(112)	9,804	32,774	14	32,788
<b>Transactions with owners, recognised directly in equity</b>										
Capital reduction	(31,179)	-	-	-	-	-	31,179	-	-	-
Repurchase of shares	-	(915)	-	-	-	-	-	(915)	-	(915)
<b>Total</b>	(31,179)	(915)	-	-	-	-	31,179	(915)	-	(915)
<b>Balance as at 31 December 2021</b>	<u>123,276</u>	<u>(2,823)</u>	<u>(325)</u>	<u>5,433</u>	<u>1,696</u>	<u>(46)</u>	<u>31,983</u>	<u>159,194</u>	<u>(1,443)</u>	<u>157,751</u>
<b>Balance as at 1 January 2020</b>	154,455	(15)	(325)	(8,479)	751	39	5,918	152,344	(1,506)	150,838
<b>Total comprehensive income (loss) for theyear</b>										
(Loss) Profit for the period	-	-	-	-	-	-	(14,308)	(14,308)	44	(14,264)
Loss on disposal of investment securities transferred to retained earnings	-	-	-	610	-	-	(610)	-	-	-
Other comprehensive loss for the year	-	-	-	(9,667)	832	27	-	(8,808)	5	(8,803)
<b>Total</b>	-	-	-	(9,057)	832	27	(14,918)	(23,116)	49	(23,067)
<b>Transactions with owners, recognised directly in equity</b>										
Repurchase of shares	-	(1,893)	-	-	-	-	-	(1,893)	-	(1,893)
<b>Total</b>	-	(1,893)	-	-	-	-	-	(1,893)	-	(1,893)
<b>Balance as at 31 December 2020</b>	<u>154,455</u>	<u>(1,908)</u>	<u>(325)</u>	<u>(17,536)</u>	<u>1,583</u>	<u>66</u>	<u>(9,000)</u>	<u>127,335</u>	<u>(1,457)</u>	<u>125,878</u>

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Company	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Investment revaluation reserve S\$'000	Retained earnings (Accumulated losses) S\$'000	Total S\$'000
<b>Balance as at 1 January 2021</b>	154,455	(1,908)	22	(17,536)	(31,179)	103,854
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	4,934	4,934
Gain on disposal of investment securities transferred to retained earnings	-	-	-	(4,746)	4,746	-
Other comprehensive income for the year	-	-	-	27,715	-	27,715
<b>Total</b>	-	-	-	22,969	9,680	32,649
<b>Transactions with owners, recognised directly in equity</b>						
Capital reduction	(31,179)	-	-	-	31,179	-
Repurchase of shares	-	(915)	-	-	-	(915)
<b>Total</b>	(31,179)	(915)	-	-	31,179	(915)
<b>Balance as at 31 December 2021</b>	<u>123,276</u>	<u>(2,823)</u>	<u>22</u>	<u>5,433</u>	<u>9,680</u>	<u>135,588</u>
<b>Balance as at 1 January 2020</b>	154,455	(15)	22	(8,479)	(1,149)	144,834
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(29,420)	(29,420)
Loss on disposal of investment securities transferred to retained earnings	-	-	-	610	(610)	-
Other comprehensive loss for the year	-	-	-	(9,667)	-	(9,667)
<b>Total</b>	-	-	-	(9,057)	(30,030)	(39,087)
<b>Transactions with owners, recognised directly in equity</b>						
Repurchase of shares	-	(1,893)	-	-	-	(1,893)
<b>Total</b>	-	(1,893)	-	-	-	(1,893)
<b>Balance as at 31 December 2020</b>	<u>154,455</u>	<u>(1,908)</u>	<u>22</u>	<u>(17,536)</u>	<u>(31,179)</u>	<u>103,854</u>



## D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>The Group</b>	
	<b>12 months ended 31 December 2021</b>	<b>12 months ended 31 December 2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit (Loss) before income tax from continuing operations	5,301	(14,525)
Profit before income tax from discontinued operations	52	122
	<u>5,353</u>	<u>(14,403)</u>
Adjustments for:		
Depreciation of property, plant and equipment (Note A)	948	1,410
Depreciation of right-of-use assets (Note A)	4,147	3,424
Interest expenses	969	1,092
Interest income from fixed deposits	(12)	(9)
Interest income from lease receivables	(107)	-
Interest income from loan to third parties	(2,318)	(414)
Interest income from investment in debt securities	(891)	(3,402)
Gain on disposal of plant and equipment	(37)	(78)
(Gain) Loss on disposal of right-of-use assets	(31)	36
(Gain) Loss on disposal of debt securities	(21)	252
Right-of-use assets written off	-	6
Plant and equipment written off	36	88
Allowance for impairment on plant and equipment	1	137
Allowance for impairment loss of right-of-use assets	231	227
(Reversal of loss allowance) Loss allowance on investment in debt securities	(1,420)	17,166
Fair value gain on unquoted equity investment	(658)	-
Fair value gain on convertible loan	(510)	-
Fair value loss on derivative assets	234	-
Allowance for inventories	34	1,488
Inventories written off	437	80
Loss allowance for trade receivables	1,341	836
Reversal of loss allowance for non-trade receivables	-	(64)
Share of profit of an associate	(5)	(5)
Net foreign exchange (gain) loss	(800)	538
<b>Operating cash flows before movements in working capital</b>	<u>6,921</u>	<u>8,405</u>
Trade receivables	(3,305)	2,007
Other receivables and prepayments	7,404	6,061
Inventories	10,593	8,825
Trade payables	(2,883)	(1,900)
Other payables	4,107	938
<b>Cash generated from operations</b>	<u>22,837</u>	<u>24,336</u>
Income tax paid	(105)	(91)
Interest received	119	9
Interest received from debt securities	402	2,032
Interest received from loan to third parties	1,179	384
<b>Net cash from operating activities</b>	<u>24,432</u>	<u>26,670</u>
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	75	224
Purchase of plant and equipment (Note B)	(1,014)	(369)
Proceeds from disposal of equity securities	51,261	12,380
Purchase of equity securities	(18,528)	(19,633)
Proceeds from disposal of debt securities	6,053	27,961
Purchase of debt securities	(26,739)	(6,674)
Investment in unquoted equity securities	(1,500)	-
Loan to third parties	(24,000)	(1,500)
Repayment of loan from a third party	-	101
<b>Net cash (used in) from investing activities</b>	<u>(14,392)</u>	<u>12,490</u>

## D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	<u>The Group</u>	
	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000
<b>Financing activities</b>		
Purchase of treasury shares	(915)	(1,893)
Interest paid	(969)	(1,084)
Repayment of lease liabilities	(4,061)	(3,627)
Repayment of lease liabilities from financial institutions	(244)	(235)
Dividends paid to non-controlling interest	-	(9)
Repayment of bank borrowings	(34,338)	(70,217)
Proceeds from bank borrowings	43,173	43,099
<b>Net cash from (used in) financing activities</b>	<u>2,646</u>	<u>(33,966)</u>
Net increase in cash and cash equivalents	12,686	5,194
Cash and cash equivalents at beginning of period	12,324	7,129
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1)	1
<b>Cash and cash equivalents at end of period (Note B)</b>	<u>25,009</u>	<u>12,324</u>

### Note

#### A. Depreciation expense:

In YTD-21, included in depreciation expense of \$5,095,000 (YTD-20: \$4,834,000) in the statement of cash flows is \$4,677,000 (YTD-20: \$4,239,000) which is classified in other operating expenses with the remaining classified in cost of sales.

#### B. Purchase of property, plant and equipment:

In YTD-21, the Group acquired plant and equipment with an aggregate cost of \$1,216,000 (YTD-20: \$369,000) of which \$202,000 (YTD-20: \$53,000) was acquired under finance lease arrangements.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### 1 CORPORATE INFORMATION

MDR Limited (the Company) is incorporated and domiciled in Singapore and its shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

The primary activities of the Company are that of investment holding and provision of after-market services for mobile communication devices and consumer electronic products.

The principal activities of the Group are:

- a) provision of after-market services for mobile equipment and consumer electronic products;
- b) distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards and cosmetics (including skin care products);
- c) the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions; and
- d) investment

### 2 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

#### 2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

### 2 BASIS OF PREPARATION (CONT'D)

#### 2.2. Use of judgements and estimates (cont'd)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following:

##### Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

##### Valuation of inventories

In determining the net realisable value of the inventories, an estimation of the net realisable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the latest selling prices and the saleability of these inventories. The carrying amount of inventories as at 31 December 2021 is disclosed in Note 18 to the condensed interim consolidated financial statements.

##### Recoverable amount of property, plant and equipment and right-of-use assets for non-performing outlets

Determining whether property, plant and equipment and right-of-use assets are impaired where indicators of impairment exist requires an estimation of the recoverable amount of these assets. The recoverable amount is based on the value in use of the cash-generating unit, to which the assets belong to. The value in use methodology that is based on cash flow forecasts requires significant management's judgement about future market conditions, including growth rates and discount rates.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2021 are disclosed in Notes 19 and 20 to the condensed interim consolidated financial statements respectively.

##### Valuation of debt securities

The Group makes allowances for expected credit losses based on an assessment of the recoverability of the debt securities measured at amortised cost and fair value through other comprehensive income. The impairment provisions for debt securities are based on assumptions about risk of default of the issuer and the exposure on default. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the financials of the issuers, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the debt securities and loss allowance in the period in which such estimate has been changed.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 2 BASIS OF PREPARATION (CONT'D)

#### 2.2. Use of judgements and estimates (cont'd)

##### Valuation of debt securities (cont'd)

The justification on the provision of expected credit loss allowance for the debt securities and the carrying amount of debt securities as at December, 31 2021 is disclosed in Note 22 to the condensed interim consolidated financial statements.

##### Expected credit loss on loan to third parties

The Group makes allowances for expected credit losses based on an assessment of the recoverability of other receivables. The impairment provisions for other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The identification of loss allowance requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of the other receivables and loss allowance in the period in which such estimate has been changed.

The justification on the provision of expected credit loss allowance for the loan to third parties and the carrying amounts of other receivables are disclosed in Note 16 to the condensed interim consolidated financial statements.

### 3 SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

### 4 SEGMENT AND REVENUE INFORMATION

For management purposes, the Group is organised into four business segments, After-Market Services ("AMS"), Distribution Management Solutions ("DMS"), Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS") and Investment.

AMS provides after market services for mobile equipment and consumer electronic products; DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards and cosmetics products; DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions; Investment segment primarily comprises investment in marketable securities.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 SEGMENT AND REVENUE INFORMATION (CONT'D)

The segments are the basis which the Group reports information to the Group's key operating decision makers for the purposes of resource allocation and assessment of the segment information.

#### (a) Reportable Segment

1 July 2021 to 31 December 2021 S\$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
<b>Segment revenue</b>							
External	8,156	79,572	1,859	4,060	-	-	93,647
Inter-segment	-	-	-	-	-	-	-
	<u>8,156</u>	<u>79,572</u>	<u>1,859</u>	<u>4,060</u>	<u>-</u>	<u>-</u>	<u>93,647</u>
<b>Segment result</b>	(83)	744	192	1,228	-	552	2,633
Net foreign exchange gain							440
Gain on disposal of plant and equipment							1
Gain on disposal of right-of-use assets							-
Profits before income tax & share of associate results							<u>3,074</u>
Share of profit of associate							<u>2</u>
Profits before income tax							<u>3,076</u>
Income tax expense							<u>(225)</u>
Net profit for the year							<u>2,851</u>
<b>Segment assets</b>	<u>8,889</u>	<u>53,112</u>	<u>11,177</u>	<u>150,799</u>	<u>343</u>	<u>-</u>	<u>224,320</u>
<b>Segment liabilities</b>	<u>(6,356)</u>	<u>(18,099)</u>	<u>(4,259)</u>	<u>(37,415)</u>	<u>-</u>	<u>(440)</u>	<u>(66,569)</u>
<b>Other segment information</b>							
Capital expenditure – property, plant and equipment	1	195	48	-	-	-	244
Capital expenditure - right-of-use assets	-	6,478	243	-	-	-	6,721
Reversal of loss allowance on investment in debt securities	-	-	-	(1,420)	-	-	(1,420)
Depreciation – property, plant and equipment	166	189	98	-	-	-	453
Depreciation – right-of-use assets	363	1,852	108	-	-	-	2,323
Allowance for impairment of plant and equipment	-	1	-	-	-	-	1
Allowance for impairment of right-of-use assets	-	231	-	-	-	-	231
Plant and equipment written off	-	1	32	-	-	-	33
(Reversal of) Allowance for inventories	(59)	(160)	12	-	-	-	(207)
Loss allowance for trade receivables	-	215	26	1,073	-	-	1,314
Interest income (recorded under revenue)	-	-	-	(1,658)	-	-	(1,658)
Interest income (recorded under other operating income)	-	(108)	(5)	-	-	-	(113)
Interest expenses	34	168	62	245	-	-	509
Fair value gain on debt securities	-	-	-	(658)	-	-	(658)
Fair value gain on convertible loan	-	-	-	(510)	-	-	(510)
Fair value loss on derivative asset	-	-	-	234	-	-	234

**E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)**

**4 SEGMENT AND REVENUE INFORMATION (CONT'D)**

1 January 2021 to 31 December 2021 S\$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
<b>Segment revenue</b>							
External	16,951	161,262	3,169	8,262	-	-	189,644
Inter-segment	-	-	-	-	-	-	-
	<u>16,951</u>	<u>161,262</u>	<u>3,169</u>	<u>8,262</u>	<u>-</u>	<u>-</u>	<u>189,644</u>
<b>Segment result</b>	106	790	233	3,718	-	(9)	4,838
Net foreign exchange gain							442
Gain on disposal of plant and equipment							37
Gain on disposal of right-of-use assets							31
Profits before income tax & share of associate results							<u>5,348</u>
Share of profit of associate							5
Profits before income tax							<u>5,353</u>
Income tax expense							<u>(229)</u>
Net profit for the year							<u>5,124</u>
<b>Segment assets</b>	<u>8,889</u>	<u>53,112</u>	<u>11,177</u>	<u>150,799</u>	<u>343</u>	<u>-</u>	<u>224,320</u>
<b>Segment liabilities</b>	<u>(6,356)</u>	<u>(18,099)</u>	<u>(4,259)</u>	<u>(37,415)</u>	<u>-</u>	<u>(440)</u>	<u>(66,569)</u>
<b>Other segment information</b>							
Capital expenditure – property, plant and equipment	531	633	52	-	-	-	1,216
Capital expenditure - right-of-use assets	-	6,478	243	-	-	-	6,721
Reversal of loss allowance on investment in debt securities	-	-	-	(1,420)	-	-	(1,420)
Depreciation – property, plant and equipment	329	373	246	-	-	-	948
Depreciation – right-of-use assets	712	3,231	204	-	-	-	4,147
Allowance for impairment of plant and equipment	-	1	-	-	-	-	1
Allowance for impairment of right-of-use assets	-	231	-	-	-	-	231
Plant and equipment written off	-	4	32	-	-	-	36
(Reversal of) Allowance for inventories	(14)	39	9	-	-	-	34
Loss allowance for trade receivables	-	215	53	1,073	-	-	1,341
Gain on disposal of debt securities	-	-	-	(21)	-	-	(21)
Interest income (recorded under revenue)	-	-	-	(3,209)	-	-	(3,209)
Interest income (recorded under other operating income)	-	(109)	(10)	-	-	-	(119)
Interest expenses	76	309	128	456	-	-	969
Fair value gain on debt securities	-	-	-	(658)	-	-	(658)
Fair value gain on convertible loan	-	-	-	(510)	-	-	(510)
Fair value loss on derivative asset	-	-	-	234	-	-	234

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

1 July 2020 to 31 December 2020 S\$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
<b>Segment revenue</b>							
External	8,890	91,670	1,972	3,917	-	-	106,449
Inter-segment	-	-	-	-	-	-	-
	<u>8,890</u>	<u>91,670</u>	<u>1,972</u>	<u>3,917</u>	<u>-</u>	<u>-</u>	<u>106,449</u>
<b>Segment result</b>	504	(796)	(173)	(14,768)	134	460	(14,639)
Net foreign exchange loss							(281)
Gain on disposal of plant and equipment							75
Loss on disposal of right-of-use assets							(36)
Loss before income tax & share of associate results							<u>(14,881)</u>
Share of profit of associate							3
Profit before income tax							<u>(14,878)</u>
Income tax credit							122
Net profit for the year							<u>(14,756)</u>
<b>Segment assets</b>	<u>11,521</u>	<u>55,036</u>	<u>11,735</u>	<u>101,084</u>	<u>336</u>	<u>142</u>	<u>179,854</u>
<b>Segment liabilities</b>	<u>(4,201)</u>	<u>(17,919)</u>	<u>(4,555)</u>	<u>(26,878)</u>	<u>-</u>	<u>(423)</u>	<u>(53,976)</u>
<b>Other segment information</b>							
Capital expenditure – property, plant and equipment	3	74	(12)	-	-	-	65
Capital expenditure - right-of-use assets	1,749	1,439	-	-	-	-	3,188
Loss allowance on investment in debt securities	-	-	-	17,166	-	-	17,166
Depreciation – property, plant and equipment	152	277	211	-	-	-	640
Depreciation – right-of-use assets	294	1,148	85	-	-	-	1,527
Allowance for impairment of right-of-use assets	-	295	-	-	-	-	295
Allowance for impairment of plant and equipment	-	78	-	-	-	-	78
Plant and equipment written off	-	74	-	-	-	-	74
Right-of-use assets written off	-	6	-	-	-	-	6
Allowance for inventories	45	875	49	-	-	-	969
Loss allowance for trade receivables	2	-	296	536	-	-	834
Reversal of loss allowance for other receivables	-	-	-	(131)	-	-	(131)
Interest income (recorded under revenue)	-	-	-	(2,538)	-	-	(2,538)
Interest income (recorded under other operating income)	-	(1)	(6)	1	-	-	(6)
Interest expenses	37	106	82	198	-	-	423
Gain on disposal of investment in debt securities	-	-	-	(11)	-	-	(11)



## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 SEGMENT AND REVENUE INFORMATION (CONT'D)

1 January 2020 to 31 December 2020 S\$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
<b>Segment revenue</b>							
External	17,333	164,252	3,297	7,915	-	-	192,797
Inter-segment	-	-	-	-	-	-	-
	<u>17,333</u>	<u>164,252</u>	<u>3,297</u>	<u>7,915</u>	<u>-</u>	<u>-</u>	<u>192,797</u>
<b>Segment result</b>	992	(1,680)	(536)	(13,054)	134	15	(14,129)
Net foreign exchange loss							(321)
Gain on disposal of plant and equipment							78
Loss on disposal of right-of-use assets							(36)
Loss before income tax & share of associate results							<u>(14,408)</u>
Share of profit of associate							5
Loss before income tax							<u>(14,403)</u>
Income tax credit							139
Net loss for the year							<u>(14,264)</u>
<b>Segment assets</b>	<u>11,521</u>	<u>55,036</u>	<u>11,735</u>	<u>101,084</u>	<u>336</u>	<u>142</u>	<u>179,854</u>
<b>Segment liabilities</b>	<u>(4,201)</u>	<u>(17,919)</u>	<u>(4,555)</u>	<u>(26,878)</u>	<u>-</u>	<u>(423)</u>	<u>(53,976)</u>
<b>Other segment information</b>							
Capital expenditure – property, plant and equipment	24	258	87	-	-	-	369
Capital expenditure - right-of-use assets	1,749	1,439	-	-	-	-	3,188
Loss allowance on investment in debt securities	-	-	-	17,166	-	-	17,166
Depreciation – property, plant and equipment	307	643	460	-	-	-	1,410
Depreciation – right-of-use assets	645	2,609	170	-	-	-	3,424
Allowance for impairment of right-of-use assets	-	227	-	-	-	-	227
Allowance for impairment of plant and equipment	-	137	-	-	-	-	137
Plant and equipment written off	-	88	-	-	-	-	88
Right-of-use assets written off	-	6	-	-	-	-	6
Allowance for inventories	174	1,265	49	-	-	-	1,488
Inventory written off	-	80	-	-	-	-	80
Loss allowance for trade receivables	2	-	298	536	-	-	836
Reversal of loss allowance for other receivables	-	-	-	(64)	-	-	(64)
Interest income (recorded under revenue)	-	-	-	(3,816)	-	-	(3,816)
Interest income (recorded under other operating income)	-	(1)	(12)	4	-	-	(9)
Interest expenses	46	268	162	616	-	-	1,092
Loss on disposal of investment in debt securities	-	-	-	252	-	-	252

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

(b) Geographical information

	Revenue from external customers	
	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
<b>Continuing Operation</b>		
Singapore	186,475	185,000
Malaysia	3,169	3,297
	<u>189,644</u>	<u>192,797</u>
<b>Discontinued Operation</b>		
Myanmar	-	-
	<u>189,644</u>	<u>192,797</u>
	Non-current assets	
	31 December 2021 S\$'000	31 December 2020 S\$'000
<b>Continuing Operation</b>		
Singapore	110,685	94,292
Malaysia	8,225	8,361
	<u>118,910</u>	<u>102,653</u>
<b>Discontinued Operation</b>		
Myanmar	341	335
	<u>119,251</u>	<u>102,988</u>

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 4 SEGMENT AND REVENUE INFORMATION (CONT'D)

#### (c) Breakdown of Sales

	Financial year ending 31 December 2021 S\$'000	Financial year ending 31 December 2020 S\$'000	Inc/(Dec)
<b><u>Continuing operation</u></b>			
Sales reported for first half year	95,997	86,348	11%
Operating profit after tax before deducting non-controlling interests reported for first half year	2,236	508	340%
Sales reported for second half year	93,647	106,449	-12%
Operating profit (loss) after tax before deducting non-controlling interests reported for second half year	2,836	(14,888)	N.M.
<b><u>Discontinued operation</u></b>			
Sales reported for first half year	-	-	N.M.
Operating profit after tax before deducting non-controlling interests reported for first half year	37	(16)	N.M.
Sales reported for second half year	-	-	N.M.
Operating profit after tax before deducting non-controlling interests reported for second half year	15	132	-89%

### 5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
<b>Financial assets</b>				
Financial instruments designated as at FVTOCI	100,724	88,196	100,724	88,196
Financial instruments designated as at FVTPL	3,934	1,500	3,934	1,500
Amortised cost (including cash and cash equivalents)	88,438	50,103	68,759	39,149
	<u>193,096</u>	<u>139,799</u>	<u>173,417</u>	<u>128,845</u>
<b>Financial liabilities</b>				
Amortised cost	58,662	48,024	42,806	29,467
Lease liabilities	7,467	4,986	1,238	1,780
	<u>66,129</u>	<u>53,010</u>	<u>44,044</u>	<u>31,247</u>

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 6 REVENUE, COST OF GOODS SOLD AND GROSS PROFIT

The Group operates in four business segments – After Market Services (AMS), Distribution Management Solutions (DMS), Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS), and Investment.

The breakdown of revenue and cost of goods sold and spare parts are as follows:

	<b>6 months ended 31 December 2021 S\$'000</b>	<b>6 months ended 31 December 2020 S\$'000</b>	<b>12 months ended 31 December 2021 S\$'000</b>	<b>12 months ended 31 December 2020 S\$'000</b>
<b>Revenue</b>				
AMS	8,156	8,890	16,951	17,333
DMS	79,572	91,670	161,262	164,252
DPAS	1,859	1,972	3,169	3,297
Investment	4,060	3,917	8,262	7,915
	<u>93,647</u>	<u>106,449</u>	<u>189,644</u>	<u>192,797</u>
<b>Cost of goods sold</b>				
AMS	(6,029)	(6,454)	(12,595)	(12,643)
DMS	(73,403)	(85,625)	(150,188)	(153,199)
DPAS	(1,237)	(1,478)	(2,330)	(2,651)
Investment	-	-	-	-
	<u>(80,669)</u>	<u>(93,557)</u>	<u>(165,113)</u>	<u>(168,493)</u>
<b>Gross profit</b>				
AMS	2,127	2,436	4,356	4,690
DMS	6,169	6,045	11,074	11,053
DPAS	622	494	839	646
Investment	4,060	3,917	8,262	7,915
	<u>12,978</u>	<u>12,892</u>	<u>24,531</u>	<u>24,304</u>
<b>GP%</b>				
AMS	26%	27%	26%	27%
DMS	8%	7%	7%	7%
DPAS	33%	25%	26%	20%
Investment	100%	100%	100%	100%
	<u>14%</u>	<u>12%</u>	<u>13%</u>	<u>13%</u>

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 7 OTHER OPERATING INCOME

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Interest income on fixed deposits	6	6	12	9
Interest income on lease interest income	107	-	107	-
Rental income	969	268	1,727	575
Liabilities written back	-	-	3	-
<u>Government grants:</u>				
Wage credit	-	-	27	95
Work life grant	-	25	-	25
Job support scheme	498	976	1,172	1,921
Job growth incentive	5	-	5	-
Property tax rebate/cash grant	-	242	-	492
Foreign worker levy rebate	-	23	-	150
Rental support scheme	414	-	414	-
Insurance compensation	-	108	174	181
Gain on disposal of plant and equipment	1	75	37	78
Gain on disposal of right-of-use assets	-	-	31	-
Gain on disposal of investment in debt securities	-	-	21	-
Others	1	149	59	192
	<u>2,001</u>	<u>1,872</u>	<u>3,789</u>	<u>3,718</u>

Higher rental income in YTD-21 was due to the recovery of rental support from a principal for the leases of certain outlets.

Insurance compensation pertains to the claim in relation to damaged equipment and raw materials due to the flooding incident in April 2020 that affected DPAS division.

### 8 OTHER OPERATING EXPENSES

	6 months ended 31 December 2021 S\$'000	6 months ended 31 December 2020 S\$'000	12 months ended 31 December 2021 S\$'000	12 months ended 31 December 2020 S\$'000
Rental expenses	(54)	394	142	395
Depreciation of property, plant and equipment	372	445	734	985
Depreciation of right-of-use assets	2,214	1,442	3,943	3,254
Plant and equipment written off	33	74	36	88
Right-of-use assets written off	-	6	-	6
(Gain) Loss on disposal of investment in debt securities	-	(11)	-	252
Loss on disposal of right-of-use assets	-	36	-	36
Loss allowance for trade receivables	241	298	268	300
Reversal of loss allowance for other receivables	-	(131)	-	(64)
(Reversal of ) Allowance for inventories	(207)	969	34	1,488
Inventories written off	437	-	437	80
Foreign exchange (gain) loss	(425)	286	(390)	310
	<u>2,611</u>	<u>3,808</u>	<u>5,204</u>	<u>7,130</u>

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 8 OTHER OPERATING EXPENSES (CONT'D)

Lower allowance for inventories in 2H-21 was due to a lower stock provision made against handset and cosmetics inventories.

### 9 FINANCE COSTS

	6 months ended 31 December 2021 <u>S\$'000</u>	6 months ended 31 December 2020 <u>S\$'000</u>	12 months ended 31 December 2021 <u>S\$'000</u>	12 months ended 31 December 2020 <u>S\$'000</u>
Interest expense on bank loans	306	278	589	794
Interest expense on lease liabilities	198	141	366	285
Interest expense on lease liabilities from financial institutions	5	4	14	13
	<u>509</u>	<u>423</u>	<u>969</u>	<u>1,092</u>

### 10 INCOME TAX EXPENSE (CREDIT)

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 December 2021 <u>S\$'000</u>	6 months ended 31 December 2020 <u>S\$'000</u>	12 months ended 31 December 2021 <u>S\$'000</u>	12 months ended 31 December 2020 <u>S\$'000</u>
Current tax	41	3	45	3
Deferred tax	42	(227)	42	(227)
	<u>83</u>	<u>(224)</u>	<u>87</u>	<u>(224)</u>
(Over) Underprovision in respect of prior years:				
- current tax	-	(5)	-	(1)
- deferred tax	142	101	142	80
Tax expense (credit)	<u>225</u>	<u>(128)</u>	<u>229</u>	<u>(145)</u>

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11 INCOME STATEMENT FOR DISCONTINUED OPERATIONS

	6 months ended 31 December 2021 <u>S\$'000</u>	6 months ended 31 December 2020 <u>S\$'000</u>	12 months ended 31 December 2021 <u>S\$'000</u>	12 months ended 31 December 2020 <u>S\$'000</u>
<b>Revenue</b>	-	-	-	-
Cost of sales	-	-	-	-
<b>Gross Profit</b>	-	-	-	-
Other income	-	6	-	6
Administrative expenses	-	127	-	127
Other operating expenses	15	5	52	(11)
<b>Profit before income tax</b>	15	138	52	122
Income tax expense	-	(6)	-	(6)
<b>Profit for the year from discontinued operations</b>	<u>15</u>	<u>132</u>	<u>52</u>	<u>116</u>
<b>Profit attributable to:</b>				
Owners of the Company	-	31	1	32
Non-controlling interests	15	101	51	84
	<u>15</u>	<u>132</u>	<u>52</u>	<u>116</u>

Discontinued operations relate to operations in Myanmar inclusive of MDR Myanmar Co., Ltd, Golden Myanmar Sea Co., Ltd, Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Co., Ltd, which ceased their business operations in 2017.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 12 EARNINGS PER SHARE

	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	Cents	Cents	Cents	Cents
<b>From continuing and discontinued operations:</b>				
- Basic	0.321	(1.661)	0.574	(1.603)
- Fully diluted	0.321	(1.661)	0.574	(1.603)
<b>From continuing operations:</b>				
- Basic	0.321	(1.665)	0.574	(1.607)
- Fully diluted	0.321	(1.665)	0.574	(1.607)
<b>From discontinued operations:</b>				
- Basic	N.M.	0.003	N.M.	0.004
- Fully diluted	N.M.	0.003	N.M.	0.004

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue of 881,673,776 during the period (31 December 2020: 892,571,779).

Fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 881,673,776 (31 December 2020: 892,571,779).

As at 31 December 2021, all the unexercised warrants had expired. For the six months ended 31 December 2020, the Tranche 3 warrants were antidilutive and hence disregarded in the calculation of diluted earnings per share.

### 13 NET ASSET VALUE

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	18.18	14.35	15.48	11.70

The NAV per share as at 31 December 2021 is calculated based on 875,752,570 (excluding 31,324,983 ordinary shares held as treasury shares) (31 December 2020: 887,388,270 ordinary shares, excluding 19,689,283 ordinary shares held as treasury shares)

### 14 DIVIDENDS

No dividend has been proposed for the financial year ended 31 December 2020.



## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 15 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions were entered into by the Group with related parties at terms agreed between the parties during the financial year. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following related party transactions:

<u>Nature of transactions</u>	Group			
	6 months ended 31 December 2021	6 months ended 31 December 2020	12 months ended 31 December 2021	12 months ended 31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Transactions with companies owned by common Directors:</i>				
Rental payments	171	147	342	339
<i>Transactions with related parties (Directors of wholly owned subsidiaries):</i>				
Sales of goods	(38)	(73)	(38)	(153)
Rental income	(2)	-	(4)	-

Sales of goods to related parties were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received, unless otherwise stated in the respective notes to the financial statements.

### 16 TRADE RECEIVABLES

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Outside parties	6,794	14,461	1,235	1,286
Accrued income	4,806	3,656	73	78
Accrued interest receivables from debt securities	2,304	669	2,304	669
Loan receivables from third parties	28,011	2,360	28,011	2,360
Others	533	-	-	-
Related parties	166	221	-	207
	42,614	21,367	31,623	4,600
Subsidiaries	-	-	-	-
	42,614	21,367	31,623	4,600
Less: Loss allowance for trade receivables	(2,318)	(973)	(1,623)	(541)
	40,296	20,394	30,000	4,059

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 16 TRADE RECEIVABLES (CONT'D)

The average credit period on sales is 30 days (2020 : 30 days). No interest is charged on outstanding trade receivables.

The increase in loan receivables from third parties is mainly due to a new loan of \$24.0 million extended to a third party company with a tenor of 12 months. The loan is secured by an all-monies mortgage over a property. In addition to the mortgaged property, other securities in relation to the loan are personal guarantee and indemnity by the directors and shareholders of the borrower, pledge of shares of the borrower by the shareholders of the borrower under a share pledge agreement and the Company having a right to purchase the mortgaged property under a sale and purchase agreement upon the occurrence of an event of default under the loan agreement.

In assessing the recoverability of the loans, management had determined that no impairment is required based on the net realisable value of the collaterals.

Loss allowance for trade receivables of \$1,314,000 (31 December 2020 : \$834,000) has been determined for the six months ended 31 December 2021 mainly in relation to the interest receivables pertaining to investment in debt securities, arising from the significant increase in credit risk of certain defaulted or distressed bonds.

### 17 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	1,432	1,106	163	240
Prepayments	315	255	103	105
Outside parties	3,801	3,617	50	88
Grant receivable	-	284	-	51
	5,548	5,262	316	484
Subsidiaries	-	-	19,671	22,419
	5,548	5,262	19,987	22,903
Less: Loss allowance for other receivables				
- subsidiaries	-	-	(3,145)	(3,001)
- others	(226)	(226)	-	-
	(226)	(226)	(3,145)	(3,001)
	5,322	5,036	16,842	19,902
Analysed as:				
Current	3,294	4,573	16,794	19,775
Non-current	2,028	463	48	127
	5,322	5,036	16,842	19,902

The comparative figures have been reclassified to conform with current year's presentation. As a result of the reclassification, the Group's other receivables reduced by \$7.7 million. Correspondingly, the Group's trade receivables and convertible loan ("non-current assets") increased by \$6.2 million and \$1.5 million accordingly. The Company's other receivables reduced by \$3.9 million. Correspondingly, the Company's trade receivables and convertible loan ("non-current assets") increased by \$2.4 million and \$1.5 million accordingly.

#### Other receivables and prepayments (non-current)

This pertains to rental and utility deposits for leases and lease receivables that are more than 1 year.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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### 18 INVENTORIES

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Spare parts, handsets, accessories, prepaid cards and skin care products	13,388	24,436	770	897
Raw materials	554	570	-	-
	<u>13,942</u>	<u>25,006</u>	<u>770</u>	<u>897</u>

During the six months ended 31 December 2021, an allowance for inventory obsolescence of \$207,000 was reversed (31 December 2020: \$969,000 of allowance for inventory obsolescence was made).

### 19 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2021, the Group acquired assets with an aggregate cost of \$244,000 (31 December 2020: \$65,000) and disposed of assets with a net book value amounting to \$37,000 (31 December 2020: \$131,000).

As at 31 December 2021, the carry amount of the Group's property, plant and equipment was inclusive of an allowance for impairment of renovation of \$78,000 for certain non-performing outlets of DMS business.

### 20 RIGHT-OF-USE ASSETS

As at 31 December 2021, the carrying amount of the Group's right-of-use assets was related to leases of its office premises, retail outlets, service centres and certain plant and equipment of \$6.6 million. The amount was inclusive of an allowance for impairment of \$528,000 for the lease of certain non-performing outlets of DMS business. The leasehold land and building were transferred to investment property as at 31 December 2021.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 21 INVESTMENT IN EQUITY SECURITIES

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Investments in quoted equity instruments designated as at FVTOCI	77,152	88,196	77,152	88,196
Investments in unquoted equity instruments designated as at FVTPL	1,699	-	1,699	-
	<u>78,851</u>	<u>88,196</u>	<u>78,851</u>	<u>88,196</u>

The Group measures its quoted equity securities at fair value through other comprehensive income.

During the six months ended 31 December 2021, the Group has invested \$7.0 million (six months ended 31 December 2020: \$3.2 million) and disposed of certain quoted equity securities with a fair value of \$31.8 million (six months ended 31 December 2020: \$10.0 million) at the date of disposal.

For the year ended 31 December 2021, the Group has invested \$18.5 million (31 December 2020: \$19.6 million) and disposed of certain quoted equity securities with a fair value of \$51.3 million (31 December 2020: \$12.4 million) at the date of disposal. The cumulative gain on disposal of \$4.7 million (31 December 2020: loss on disposal of \$0.6 million) was reclassified from Investment revaluation reserve to retained earnings.

The fair values of these securities are based on the quoted bid prices in an active market on the last market day of the period. Accordingly, these securities are classified under Level 1 of the fair value hierarchy. A net fair value increase of \$21.7 million (31 December 2020: net fair value decrease of \$9.7 million) was recorded for the year ended 31 December 2021.

In April 2021, the Company subscribed for an unquoted equity security and entered into a put option arrangement giving the Company the option and right to require the contracting party to purchase the unquoted equity security for a portion of the said shareholdings, to be exercised any time until 31 March 2022. The put option arrangement has been extended till 5 January 2023 on 31 December 2021.

As at 31 December 2021, the unquoted equity investment and put options (derivatives) were valued at \$1.7 million and \$0.2 million respectively, resulting in a fair value gain on unquoted equity of \$658,000 and a fair value loss on the derivatives of \$234,000.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 21 INVESTMENT IN EQUITY SECURITIES (CONT'D)

As at 31 December 2021, the Group invested in quoted investment securities of companies which are broadly categorised within the following business sectors:

<b>Business Sectors</b>	%
Real estate	55.6%
Agriculture	22.2%
Infrastructure	15.1%
Leisure and hospitality	6.4%
Education	0.3%
Diversified financials	0.2%
Offshore, Marine & Energy	0.2%
<b>TOTAL</b>	<b>100.0%</b>

Below is the key information of the investment securities as at 31 December 2021:

<b>By Market Concentration</b>	%
\$1 billion and above	83.4%
\$500 million to \$1 billion	0.0%
\$200 million to \$500 million	16.4%
\$200 million and below	0.2%
<b>TOTAL</b>	<b>100.0%</b>

<b>By Geographical (based on market value)</b>	%
SGX	97.0%
HKEX	2.7%
ASX	0.3%
<b>TOTAL</b>	<b>100.0%</b>

<b>By Currencies (based on market value)</b>	%
SGD	81.1%
USD	15.9%
HKD	2.7%
AUD	0.3%
<b>TOTAL</b>	<b>100.0%</b>

#### **Weighted portfolio information (based on simple weighted average calculation)**

Market Capitalisation	\$2.33 billion
Dividend Yield	3.89%
5-year Beta	0.977
P/B	0.50x
EV/EBITDA	12.31x
Debt/EBITDA	6.81x

*(Data derived from SGX "Stock Screener" or Yahoo Finance as at 31 December 2021)*

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 22 INVESTMENT IN DEBT SECURITIES

	Group		Company	
	31 December 2021 S\$'000	31 December 2020 S\$'000	31 December 2021 S\$'000	31 December 2020 S\$'000
Investment in quoted debt securities designated as amortised cost	26,600	31,905	26,600	31,905
Investment in quoted debt securities designated as FVTOCI	23,572	-	23,572	-
Less: Loss allowance on investment in debt securities (amortised cost)	(8,471)	(19,017)	(8,471)	(19,017)
	<u>41,701</u>	<u>12,888</u>	<u>41,701</u>	<u>12,888</u>
Analysed as:				
Current	21,334	12,888	21,334	12,888
Non-current	20,367	-	20,367	-
	<u>41,701</u>	<u>12,888</u>	<u>41,701</u>	<u>12,888</u>

The Group measures its quoted debt securities at amortised cost and fair value through other comprehensive income.

During the six months ended 31 December 2021, the Group has invested \$26.7 million (31 December 2020: \$6.7 million) and redeemed \$2.0 million (31 December 2020: disposed \$3.0 million) in debt securities. YTD-2021, the Group has invested \$26.7 million (YTD-20: \$6.7 million) in debt securities and redeemed and disposed \$4.8 million (YTD-20: \$12.2 million) and \$1.3 million (YTD-20: \$15.5 million) respectively in debt securities.

The total investment in debt securities designated as amortised cost of \$26.6 million was deemed to be credit impaired as the bond issuer defaulted on the bonds due on 31 January 2021 held by the Group and loss allowance of \$19.0 million was provided for as at 31 December 2020. During the year, Tsinghua announced a recovery plan that show a favourable recovery value, which reversed the loss allowance by \$10.5 million. The loss allowance is estimated based on the difference between expected recovery and carrying value of the bonds.

During the year, the Group has invested \$26.7 million in another 20 debt securities mainly Chinese property bonds at a lower entry value, which are designated as fair value through other comprehensive income. The Group has made specific provision for expected credit loss of \$9.1 million as at 31 December 2021 on bonds that had defaulted or triggered cross default during the year and subsequent to year end upon the announcement of bond default or cross default for bonds that are due for maturity.

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 22 INVESTMENT IN DEBT SECURITIES (CONT'D)

As at 31 December 2021, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors (excluding Tsinghua and defaulted bonds):

<b>Business Sectors (based on purchase consideration)</b>	%
Real estate	100.0%
<b>TOTAL</b>	<b>100.0%</b>

Below is the key information of the bonds as at 31 December 2021:

<b>By Exchange (based on purchase consideration)</b>	%
SGX	52.8%
HKEX	47.2%
<b>TOTAL</b>	<b>100.0%</b>

<b>By Currencies (based on purchase consideration)</b>	%
USD	100.0%
<b>TOTAL</b>	<b>100.0%</b>

<b>By Credit Rating (based on purchase consideration)</b>	%
B+	3.3%
B	6.3%
B-	3.9%
Non-rated	86.5%
<b>TOTAL</b>	<b>100.0%</b>

*(Data extracted from S&P Global Ratings, where applicable)*

<b>Weighted portfolio Information (based on simple weighted average calculation)</b>	
Yield to Maturity	135.4%*
Duration	0.62 years

\* Higher Yield to Maturity is due to the investment in certain property bonds at a discounted purchase consideration compared to the nominal value.

### 23 CONVERTIBLE LOAN

The convertible loan of \$1.5 million as at 31 December 2020 pertains to a convertible loan extended to a third party company in 2020 with a maturity of 2 years from the date of disbursement. The loan is secured with the personal guarantee from the controlling shareholder of the borrower and a corporate guarantee from another company controlled by the same shareholder. The convertible loan was extended for a further one year on 31 December 2021 and the amount has been reclassified to non-current assets under "Convertible loan". As at 31 December 2021, the convertible loan was valued at \$2.0 million, resulted in a fair value gain of \$0.5 million.

### 24 INVESTMENT PROPERTY

	Group
	31 December
	2021
	S\$'000
<b>Leasehold industrial land and building, at fair value 2021</b>	
Balance as at 1 January 2021	-
Reclassification due to change in use	8,099
Change in fair value	-
Balance as at 31 December 2021	<b>8,099</b>

## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 24 INVESTMENT PROPERTY (CONT'D)

During the financial year, there is a change in use of leasehold industrial land and building from owner-occupied to held to earn rental income effective from 1st December 2021. Accordingly, the leasehold industrial land and building is reclassified from right of use assets to investment property which is carried at fair value.

#### Fair value measurement of the Group's investment property

The Group's investment property is stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated impairment losses. Subsequent gain or loss arising from changes in the fair value of investment property are included in the profit or loss for the period in which it arises.

The fair value measurement of the Group's investment property was performed as at 31 December 2021 by independent qualified valuer, Jones Lang Wootton. The fair value of the Group's investment property is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value hierarchy. Level 3 fair value has been derived using the comparison method and depreciable replacement cost method.

### 25 BANK OVERDRAFTS AND LOANS

	Group		Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Secured - at amortised costs</u>				
Bank overdrafts	23,606	15,504	23,606	15,504
Bank loans	11,892	10,048	8,575	6,374
	<u>35,498</u>	<u>25,552</u>	<u>32,181</u>	<u>21,878</u>
<u>Unsecured - at amortised costs</u>				
Bank loans	4,801	5,000	4,801	5,000
Trust receipts	-	1,000	-	-
	<u>4,801</u>	<u>6,000</u>	<u>4,801</u>	<u>5,000</u>
<b>Total</b>	<b><u>40,299</u></b>	<b><u>31,552</u></b>	<b><u>36,982</u></b>	<b><u>26,878</u></b>
Analysed as:				
Current	36,704	26,849	33,387	22,175
Non-current	3,595	4,703	3,595	4,703
	<u>40,299</u>	<u>31,552</u>	<u>36,982</u>	<u>26,878</u>

Bank overdrafts and loans comprised mainly of bank loans of \$3.3 million secured for the financing of property in Malaysia for DPAS operations, term loans and bank overdrafts of \$8.6 million and \$23.6 million respectively for the investment in equity and debt securities and term loans of \$4.8 million for working capital.

The secured borrowings comprise bank loan of \$3.3 million secured against an open legal mortgage over a commercial property in Malaysia and term loan and bank overdrafts of \$32.2 million secured against the investments in quoted equity and debt securities.

Management has assessed and confirmed that there is no breach of any bank covenants as at 31 December 2021.



## E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

### 26 SHARE CAPITAL

	<u>Group and Company</u>			
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Number of ordinary shares		S\$'000	S\$'000
Issued and paid up:				
At beginning of year	907,077,553	90,707,739,719	154,455	154,455
Adjustment for share consolidation Capital reduction	-	(89,800,662,166)	-	-
			(31,179)	-
At end of year	<u>907,077,553</u>	<u>907,077,553</u>	<u>123,276</u>	<u>154,455</u>

### 27 TREASURY SHARES

	<u>Group and Company</u>			
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	Number of ordinary shares		S\$'000	S\$'000
At beginning of year	19,689,283	14,510,100	1,908	15
Adjustment for share consolidation	-	(14,364,999)	-	-
Repurchased during the year	11,635,700	19,544,182	915	1,893
At end of year	<u>31,324,983</u>	<u>19,689,283</u>	<u>2,823</u>	<u>1,908</u>

### 28 SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## F. OTHER INFORMATION

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- 1(i) **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 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**

### **Share Buy Back**

Under the Share Buy Back Mandate (first approved by the Shareholders on 28 September 2018 and last renewed at the Annual General Meeting on 30 April 2021), the Company bought back 5,328,300 ordinary shares during 2H-21. The amount paid, including brokerage fees, totaled \$411,860 and was deducted against shareholders' equity.

### **Share Capital and Treasury Shares**

There were no movements in the Company's issued share capital for the year ended 31 December 2021. The total number of ordinary shares in issue was 907,077,553 of which 31,324,983 was held by the Company as treasury shares as at 31 December 2021. The treasury shares held represents 3.58% of the total number of issued shares (excluding treasury shares). With the completion of the capital reduction on 10 December 2021, the issued and fully paid-up share capital of the Company reduced from \$154,455,000 to \$123,276,000.

On June 4, 2020, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every hundred existing issued ordinary shares registered in the name of each shareholder into one consolidated ordinary share ("Proposed Share Consolidation"). Accordingly, the outstanding number of warrants pursuant to the exercise of warrants granted will also be adjusted.

The Proposed Share Consolidation was approved by Shareholders at the extraordinary general meeting of the Company held on June 29, 2020. The Proposed Share Consolidation was completed and became effective from July 28, 2020 ("Share Consolidation Effective Date" and "Warrant Adjustment Effective Date").

In 2H-20, the share consolidation resulted in the reduction in the total number of ordinary shares in issue from 90,707,739,719 to 907,077,553. As at 31 December 2020, 19,689,283 ordinary shares were held by the Company as treasury shares. The treasury shares held represents 2.22% of the total number of issued shares (excluding treasury shares). The share capital was \$154,455,000 as at 31 December 2020.

### **Warrants**

On 18 June 2018, the Company issued 149,196,713,931 warrants and these warrants were subsequently listed on the SGX-ST on 22 June 2018. Each warrant carries the right to subscribe for one new ordinary shares in the capital of the Company.

As at 31 December 2021, all the unexercised warrants had expired. Tranche 1 warrants expired on 17 December 2018, Tranche 2 warrants expired on 17 December 2019 and Tranche 3 warrants expired on 17 June 2021.

Before the completion of the share consolidation and prior to the Warrant Adjustment Effective Date, the number of shares that may be issued on conversion of the Group's outstanding Tranche 3 warrants (at \$0.0070 per warrant expiring on 17 June 2021) as at 31 December 2020 were 49,732,237,977.

## F. OTHER INFORMATION (CONT'D)

### Share Award Scheme

On 28 September 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan. As at 31 December 2021, no share award had been granted.

- 1(ii) **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.**

	Number of ordinary shares	
	31-Dec-21	31-Dec-20
Total number of issued shares	907,077,553	907,077,553
Less: Treasury shares	<u>(31,324,983)</u>	<u>(19,689,283)</u>
Total number of issued shares excluding treasury	<u>875,752,570</u>	<u>887,388,270</u>

- 1(iii) **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.**

Not applicable

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

Not applicable

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 of the Company.

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

Not applicable

- 3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) **Updates on the efforts taken to resolve each outstanding audit issue.**

(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed**

**This is not required for any audit issue that is a material uncertainty relating to the going concern.**

Not applicable. The Group's latest audited financial statements for the financial year ended 31 December 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

## F. OTHER INFORMATION (CONT'D)

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4. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

### **Revenue and Profit after income tax**

The Group's revenue decreased by 12% from \$106.4 million in 2H-20 to \$93.6 million in 2H-21, mainly due to the decrease in revenue from DMS, AMS and DPAS businesses. Similarly for YTD-21, the Group's revenue reduced by 2% from \$192.8 million in YTD-20 to \$189.6 million from these 3 business segments. Overall, the Group's gross margin increased by 2% from 12% in 2H-20 to 14% in 2H-21 and remained stable at 13% year-on-year.

Revenue from DMS business decreased by 13% from \$91.7 million in 2H-20 to \$79.6 million in 2H-21 and 2% year-on-year from \$164.3 million to \$161.3 million, mainly due to the cessation of M1 business since 19 September 2020 and the subsequent closure of 5 outlets in September/October 2020 upon rationalization of its retail network. Revenue contribution from prepaid card distribution was also affected due to the prolonged border closure and the switch to e-wallet system which phased out the various denomination of prepaid cards. Gross margin for DMS business increased by 1% from 7% in 2H-20 to 8% in 2H-21. The DMS's gross margin remained consistent at 7% year-on-year.

Revenue from AMS business decreased by 8% from \$8.9 million in 2H-20 to \$8.2 million in 2H-21, due to lower repair volumes. Despite an increase in repair volume year-on-year, revenue reduced by 2% from \$17.3 million in YTD-20 to \$17.0 million in YTD-21, with lesser parts changed. Gross margin decreased by 1% from 27% in 2H-20 to 26% in 2H-21 as well as year-on-year, mainly resulting from a change in repair mix.

Revenue from Investment segment increased by 4% from \$3.9 million in 2H-20 to \$4.1 million in 2H-21, mainly due to the increase in interest income from loan to third parties by \$0.6 million and dividend income by \$1.0 million. The increase was partially offset by the decrease in coupon interest income from debt securities by \$1.4 million with the maturity and disposal of certain bonds. Year on year, revenue from investment segment increased by 4%, from \$7.9 million in YTD-20 to \$8.3 million in YTD-21, contributed mainly from dividend income of \$5.1 million and interest income from loan to third parties of \$2.3 million.

Revenue from DPAS business decreased by 6% from \$2.0 million in 2H-20 to \$1.9 million in 2H-21 and 4% from \$3.3 million in YTD-20 to \$3.2 million in YTD-21, mainly due to the temporary closure of operations amid the outbreak of COVID-19. DPAS business was closed since 1 June 2021 as Malaysia's Government announced a nationwide lockdown to minimise the spread of COVID-19, which came into effect on 1 June 2021 and the movement restrictions have been gradually eased towards last quarter of 2021. Gross margin however increased from 25% in 2H-20 to 33% in 2H-21 and from 20% in YTD-20 to 26% in YTD-21, mainly due to reduced direct staff costs and lower depreciation expenses as some of the machineries were fully depreciated in YTD-21.

Other operating income increased by \$0.1 million from \$1.9 million in 2H-20 to \$2.0 million in 2H-21, mainly due to higher rental income by \$0.7 million with the recovery of rental support from a principal for the leases of certain outlets. However, the increase was partially offset by the decrease in various support measures from the Singapore government by \$0.3 million and insurance claim of \$0.1 million for the damaged equipment and raw materials due to the flooding incident that affected DPAS division in previous period. Year-on-year, other operating income increased by \$71,000 in YTD-21, with higher rental supports received but was offset by the lesser government grants and supports received compared to previous year.

Administrative expenses increased by \$2.3 million from \$7.5 million in 2H-20 to \$9.8 million in 2H-21 and \$1.6 million increase year-on-year mainly due to the increase in staff cost with higher commission accrued for investment team.

Other operating expenses decreased by \$1.2 million compared to 2H-20 mainly due to the decrease in rental expenses, allowance of inventories and foreign exchange loss by \$0.4 million, \$1.2 million and \$0.7 million respectively. However the higher depreciation of right-of-use assets and plant and equipment by \$0.7 million and inventories written off of \$0.4 million partially net off the decrease. Year on year, other operating expenses decreased by \$1.9 million mainly resulted from lower allowance for inventories by \$1.5 million, the decrease in rental expenses by \$0.3 million and increase in foreign exchange gain by \$0.7 million, which was partially offset by the increase in depreciation of right-of-use assets and plant and equipment by \$0.4 million.

## F. OTHER INFORMATION (CONT'D)

Finance costs increased by \$86,000 in 2H-21, mainly due to higher interest on bank loans resulted from the extension of a loan to a third party of \$24.0 million since May 2021. However, year on year recorded a decrease in finance costs by \$123,000 from the repayment of loans with the proceeds from the disposal of equity securities.

The Group's 2H-21 net profit increased by \$17.7 million from net loss of \$14.8 million in 2H-20 to profits of \$2.9 million in 2H-21 and registered profit after tax of \$5.1 million in YTD-21 as compared to net loss of \$14.3 million in YTD-20. This was mainly due to one-off impairment of right-of-use assets of \$0.2 million for certain loss-making outlets and loss allowance for trade receivables of \$1.1 million in relation to coupon interest accrued for certain defaulted bonds. It was partially reduced by the reversal of loss allowance of \$1.4 million on investment in debt securities and net fair value gain on an unquoted equity security, convertible loan and derivative assets of \$0.9 million. In 2H-20, higher impairment loss of total \$18.1 million was recorded for loss allowance on investment in debt securities, loss allowance for trade receivables and impairment of right-of-use assets of \$17.2 million, \$0.5 million and \$0.4 million respectively.

Excluding these one-off adjustments, the Group generated net profits of \$1.8 million in 2H-21 which is 44% lower than \$3.2 million in 2H-20 and \$4.0 million in YTD-21, an increase of 9% as compared to \$3.7 million in YTD-20, from its continuing operations.

<b>\$'000</b>	<b>2H-21</b>	<b>2H-20</b>	<b>Incl/(Dec) %</b>	<b>YTD-21</b>	<b>YTD-20</b>	<b>Incl/(Dec) %</b>
Profit (loss) for the period from continuing operations	2,836	(14,888)	<i>N.M.</i>	5,072	(14,380)	<i>N.M.</i>
<u>Impairments during the year:</u>						
Allowance for impairment of non-current assets	232	373	(38%)	232	364	(36%)
(Reversal of loss allowance) Loss allowance on investment in debt securities	(1,420)	17,166	<i>N.M.</i>	(1,420)	17,166	<i>N.M.</i>
Loss allowance for trade receivables	1,073	536	100%	1,073	536	100%
Net fair value gain on unquoted equity securities, convertible loan and derivative assets	(934)	-	<i>N.M.</i>	(934)	-	<i>N.M.</i>
Adjusted profit for the period from continuing operations	<b>1,787</b>	<b>3,187</b>	(44%)	<b>4,023</b>	<b>3,686</b>	9%

### Balance Sheet Analysis

#### Current assets

Total current assets increased by \$28.7 million from \$75.4 million as at 31 December 2020 to \$104.1 million as at 31 December 2021, mainly due to increase in net of trade and other receivables by \$18.6 million (with a new loan of \$24.0 million extended to a third-party company with a tenor of 12 months classified under trade receivables), increase in cash and bank balances by \$12.7 million and increase in investment in debt securities by \$8.4 million. It was partially offset by the decrease inventories by \$11.1 million.

## F. OTHER INFORMATION (CONT'D)

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### Non-current assets

Total non-current assets increased by \$15.8 million from \$104.5 million as at 31 December 2020 to \$120.3 million as at 31 December 2021.

Investment in equity securities decreased by \$9.3 million, mainly arose from the disposal of certain quoted equity securities. The decrease was partially mitigated by the increase in investment in debt securities of \$20.4 million and the increase in other receivables (mainly pertaining to deposits and lease receivables) by \$1.6 million as at 31 December 2021.

Right-of-use assets decreased by \$5.7 million, mainly due to the reclassification of leasehold land and buildings to investment property of \$8.1 million resulted from the change in use from owner-occupied to held for earning rental income.

### Current liabilities

Total current liabilities increased by \$13.1 million from \$46.4 million as at 31 December 2020 to \$59.5 million as at 31 December 2021, mainly due to the increase in bank overdrafts and loans by \$9.9 million, lease liabilities by \$2.0 million and other payables by \$4.2 million mainly resulted from the increase in accrued commission. It was partially mitigated by the decrease in trade payables by \$2.9 million.

### Non-current liabilities

Total non-current liabilities decreased by \$0.5 million from \$7.5 million as at 31 December 2020 to \$7.0 million as at 31 December 2021, mainly due to the decrease in bank loans by \$1.1 million. However the decrease was partially offset by the increase in lease liabilities by \$0.5 million.

## **Cash Flows**

The Group registered cash and cash equivalents of \$25.0 million as at 31 December 2021, representing an inflow of \$12.7 million since 31 December 2020.

### Cashflow from operating activities

Net cash inflow of \$24.4 million in YTD-21 arose mainly from positive operating cash flows before movements in working capital of \$6.9 million, changes in working capital of \$15.9 million which resulted mainly from the net decrease in trade and other receivables and inventories, coupled with interest income received from loans to third parties and from debt securities of \$1.6 million.

### Cashflow from investing activities

Net cash outflow of \$14.4 million in YTD-21 was mainly due to a loan of \$24.0 million extended to a third party, purchase of quoted equity securities of \$18.5 million, purchase of quoted debt securities of \$26.7 million, investment in unquoted equity securities of \$1.5 million and purchase of plant and equipment of \$1.0 million. This was partially mitigated by the proceeds from disposal of quoted equity securities and quoted debt securities of \$51.3 million and \$6.1 million respectively.

### Cashflow from financing activities

Net cash inflow of \$2.6 million in YTD-21 was attributable to net proceeds of bank borrowings of \$8.8 million, partially offset by the repayment of lease liabilities and lease liabilities from financial institutions of \$4.1 million and \$0.2 million respectively, purchase of treasury shares of \$0.9 million and interest expense of \$1.0 million.

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

Not applicable

## F. OTHER INFORMATION (CONT'D)

### 6. **A commentary at the date of the announcement of the 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 Covid-19 pandemic situation remains volatile especially after the Omicron variant. However with Singapore projecting its economic growth forecast of 3%-5% in 2022 and the various measures to further streamline pandemic related measures which are set for further relaxation, the Group cautiously expects its business to remain largely stable in the coming months, barring any disruption.

The Investment division is reallocating its investment mix, with a view to add certain distressed debt securities in the investment portfolio to take advantage of the recent weakness in the Chinese property high yield bond market. Defaults and/or restructurings are expected, but the Company believes that on a diversified portfolio basis, the risk-reward dynamics from a low entry price offers what could be a once-in-a-decade opportunity. Dividend income will continue to remain the main revenue source for the division, with the expectation of improvement in dividend yield with the gradual recovery of the economy.

DMS division's contributions are mainly from its retail and distribution operations, which are expected to be modest despite fewer restrictions which are expected to boost consumer spending. However, as DMS operations face margin and competition pressures, the division expects a muted performance in the coming months. The division commercially launched its Mobile Virtual Network Operator (MVNO) service in September 2021 under the trade name "ZYM" which offers various SIM plans with and without contract. ZYM Mobile also offers bundled products and other value-added services. It is currently focused on establishing a foothold in the highly competitive MVNO market with competitively priced SIM plans.

With Malaysia projecting an economic growth of 5.5-6.5% in 2022 and its plans to relax its border control measures and pandemic related restrictions in the coming months, DPAS division's performance is expected to improve in anticipation of higher advertising budget from its clients.

The Group remains committed to exercise cost discipline and will continue to explore potential business opportunities to strengthen its revenue streams in the long term.

### 7. **Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Yes (Proposed, see note (c) )

Name of Dividend	Final
Dividend Type	Cash
Dividend per share	\$0.004567 per share
Dividend Amount	\$4.0 million (approximate)
Tax rate	Tax exempt (One-Tier tax)

#### **(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**

Subject to shareholders' approval at the annual general Meeting tentatively proposed to be held on 29 April 2022, the proposed final dividend will be paid on 23 May 2022.

**(d) Books closure date**

The Share Transfer Books and Register of Members of the Company will be closed from 9 May 2022 at 5:00 p.m. to 10 May 2022 (both dates inclusive), for the purpose of determining shareholders' entitlement to the Company's proposed first and final (tax exempt one-tier) dividend, to be paid on 23 May 2022 subject to shareholders' approval at the forthcoming Annual General Meeting (the "Proposed Dividend"). For Proposed Dividend on a per share basis, please refer to note 12(a).

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5:00 p.m. on 9 May 2019 will be registered to determine shareholders' entitlement to the Proposed Dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5:00 p.m. on 9 May 2022 will be entitled to the Proposed Dividend.



## F. OTHER INFORMATION (CONT'D)

### 8. If no dividend has been declared/recommended, a statement to that effect

Not applicable

### 9. Interested Person Transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions. During 2H-21, the following interested person transactions were entered into by the Group:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	171	-
Total	171	-

Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own a majority of the shares of Pacific Organisation Pte Ltd.

### 10. Use of proceeds

As at 31 December 2021, the proceeds from the Rights cum Warrants Issue have been utilized in accordance with its stated use and the breakdown is as follows:

Cumulative net proceeds from the Rights cum Warrants Issue <sup>1</sup>	\$'000 95,350
<b>Less:</b>	
Investments in quoted securities	(55,360)
Repayment of loan to finance the investment in quoted securities	(24,075)
Utilisation towards working capital – purchases of inventories	(15,915)
<b>Balance of net proceeds</b>	<u><u>-</u></u>

<sup>1</sup>Aggregate proceeds from Rights and conversion of Warrants as at 31 December 2021.

**F. OTHER INFORMATION (CONT'D)**

11. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the Listing Manual.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, any, during the year
Ong Ghim Chwee	57	Brother of Ong Ghim Choon (Group Executive Director and Chief Executive Officer)	Director (Accessories and Logistics) of Distribution Management Solutions Pte Ltd since January 2006.  Director (Sales) of SDS Pte Ltd since October 2020	No change  No change

12. **Confirmation of Undertakings under Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules.

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**  
**28 February 2022**

## F. OTHER INFORMATION (CONT'D)

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### **Negative Assurance Confirmation under Rule 705(5) of the Listing Manual**

We, Mark Leong Kei Wei and Ong Ghim Choon, being two directors of mDR Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second half 2021 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mark Leong Kei Wei  
Chairman of Audit and Risk Committee

Ong Ghim Choon  
Chief Executive Officer

Singapore, 28 February 2022