



MDR Limited
(Company Registration No: 200009059G)

**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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

	Notes	Group		Inc/(Dec) %
		6 months ended 30 June 2023	6 months ended 30 June 2022	
		S\$'000	S\$'000	
Continuing operations				
Revenue	6	93,321	82,624	13%
Cost of sales	6	(78,536)	(69,131)	14%
Gross profit	6	<u>14,785</u>	<u>13,493</u>	10%
Other operating income	7	3,016	2,380	27%
Administrative expenses		(8,567)	(7,941)	8%
Other operating expenses	8	(2,040)	(2,605)	-22%
Finance costs	9	(1,461)	(473)	209%
Total expenses		<u>(12,068)</u>	<u>(11,019)</u>	10%
Operating profit before impairment expense, share of profit of associate and income tax		5,733	4,854	18%
Loss allowance on investment in debt securities	8	(21,552)	(6,229)	246%
Loss allowance for trade receivables	8	(2,249)	(1,756)	28%
Fair value (loss) on derivative assets	8	(64)	-	N.M.
Fair value gain on convertible loan	8	244	-	N.M.
Fair value gain on quoted equity investment	8	1,156	-	N.M.
Operating (loss) before share of profit of associate and income tax		<u>(16,732)</u>	<u>(3,131)</u>	434%
Share of (loss)/profit of associate		<u>(1)</u>	<u>2</u>	-150%
(Loss) before income tax		(16,733)	(3,129)	435%
Income tax expense	10	(122)	(107)	14%
(Loss) for the period from continuing operations		<u>(16,855)</u>	<u>(3,236)</u>	421%
Discontinued operations				
(Loss) for the period from discontinued operations	11	-	(1,959)	N.M.
(Loss) for the period		<u>(16,855)</u>	<u>(5,195)</u>	224%

N.M: Not Meaningful

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

	Notes	Group		Inc/(Dec) %
		6 months ended 30 June 2023	6 months ended 30 June 2022	
		S\$'000	S\$'000	
Other comprehensive (loss)				
Items that will not be reclassified subsequently to profit or loss				
Net fair value changes in equity securities				
		(2,949)	(11,636)	-75%
		<u>(2,949)</u>	<u>(11,636)</u>	-75%
Items that may be reclassified subsequently to profit or loss				
Currency translation differences arising on consolidation				
		(310)	(202)	53%
		<u>(3,259)</u>	<u>(11,838)</u>	-72%
		<u>(20,114)</u>	<u>(17,033)</u>	18%
Other comprehensive (loss) for the period, net of tax				
Total comprehensive (loss) for the period				
(Loss) attributable to:				
Owners of the Company				
		(16,854)	(5,188)	225%
Non-controlling interests				
		(1)	(7)	-86%
		<u>(16,855)</u>	<u>(5,195)</u>	224%
Total comprehensive loss attributable to:				
Owners of the Company				
		(20,113)	(17,026)	18%
Non-controlling interests				
		(1)	(7)	-86%
		<u>(20,114)</u>	<u>(17,033)</u>	18%
Earnings per share (cents):				
From continuing and discontinued operations:				
	12			
- Basic		(1.925)	(0.592)	
- Diluted		<u>(1.925)</u>	<u>(0.592)</u>	
From continuing operations:				
- Basic		(1.925)	(0.369)	
- Diluted		<u>(1.925)</u>	<u>(0.369)</u>	

N.M. : Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
ASSETS					
Current assets					
Cash and bank balances		9,925	12,768	2,436	1,872
Trade receivables	16	17,906	16,023	5,666	5,315
Other receivables and prepayments	17	2,083	2,387	9,975	12,596
Inventories	18	19,363	18,142	1,163	748
Investment in debt securities	22	25,333	13,027	25,333	13,027
Income tax recoverable		220	236	-	-
Total current assets		74,830	62,583	44,573	33,558
Non-current assets					
Other receivables and prepayments	17	839	867	177	50
Investment in subsidiaries		-	-	3,328	3,328
Investment in an associate		30	32	-	-
Investment in equity securities	21	90,838	101,032	90,838	101,032
Investment in debt securities	22	25,638	52,669	25,638	52,669
Property, plant and equipment	19	1,651	1,751	617	731
Right-of-use assets	20	3,162	4,488	156	501
Investment property	23	7,420	7,763	-	-
Convertible loan	24	-	2,891	-	2,891
Derivative assets	21	-	64	-	64
Total non-current assets		129,578	171,557	120,754	161,266
Total assets		204,408	234,140	165,327	194,824
Current liabilities					
Bank overdrafts and loans	25	53,501	58,504	50,940	55,678
Trade payables		8,191	6,694	1,773	1,566
Other payables		9,753	8,667	4,772	4,288
Lease liabilities		2,404	3,565	148	510
Lease liabilities from financial institutions		55	81	54	76
Income tax payable		-	-	-	-
Total current liabilities		73,904	77,511	57,687	62,118
Non-current liabilities					
Bank loans	25	1,726	2,358	1,726	2,358
Other payables		30	314	-	-
Lease liabilities		991	1,806	-	24
Lease liabilities from financial institutions		-	12	-	12
Deferred tax liabilities		403	421	-	-
Total non-current liabilities		3,150	4,911	1,726	2,394

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		30-Jun-23 S\$'000	31-Dec-22 S\$'000	30-Jun-23 S\$'000	31-Dec-22 S\$'000
Capital, reserves and non-controlling interests					
Share capital	26	123,276	123,276	123,276	123,276
Treasury shares	27	(2,836)	(2,836)	(2,836)	(2,836)
Other reserves		(11,725)	(6,917)	(11,816)	(7,318)
Retained earnings/(Accumulated losses)		18,153	37,708	(2,710)	17,190
Equity attributable to owners of the Company		126,868	151,231	105,914	130,312
Non-controlling interests		486	487	-	-
Total equity		127,354	151,718	105,914	130,312
Total liabilities and equity		204,408	224,140	165,327	194,824

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Treasury shares	Capital reserve	Premium on acquisition of non-controlling interests	Investment revaluation reserve	Property revaluation reserve	Currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	123,276	(2,836)	22	(881)	(7,351)	1,696	(403)	37,708	151,231	487	151,718
Total comprehensive income (loss) for the period											
(Loss) for the period	-	-	-	-	-	-	-	(16,854)	(16,854)	(1)	(16,855)
Gain on disposal of investment securities transferred between reserves	-	-	-	-	(1,549)	-	-	1,549	-	-	-
Other comprehensive loss for the period	-	-	-	-	(2,949)	-	(310)	-	(3,259)	-	(3,259)
Total	-	-	-	-	(4,498)	-	(310)	(15,305)	(20,113)	(1)	(20,114)
Transactions with owners, recognised directly in equity											
Dividends	-	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
Total	-	-	-	-	-	-	-	(4,250)	(4,250)	-	(4,250)
Balance as at 30 June 2023	<u>123,276</u>	<u>(2,836)</u>	<u>22</u>	<u>(881)</u>	<u>(11,849)</u>	<u>1,696</u>	<u>(713)</u>	<u>18,153</u>	<u>126,868</u>	<u>486</u>	<u>127,354</u>
Balance as at 1 January 2022	123,276	(2,823)	556	(881)	5,433	1,696	(46)	32,166	159,377	(1,438)	157,939
Total comprehensive income (loss) for the period											
(Loss) for the period	-	-	-	-	-	-	-	(5,188)	(5,188)	(7)	(5,195)
Gain on disposal of investment securities transferred between reserves	-	-	-	-	(49)	-	-	49	-	-	-
Other comprehensive loss for the period	-	-	-	-	(11,636)	-	(202)	-	(11,838)	-	(11,838)
Total	-	-	-	-	(11,685)	-	(202)	(5,139)	(17,026)	(7)	(17,033)
Transactions with owners, recognised directly in equity											
Purchase of treasury shares	-	(6)	-	-	-	-	-	-	(6)	-	(6)
Loss from disposal of non-controlling interests with change in control	-	-	-	-	-	-	-	-	-	1,958	1,958
Total	-	(6)	-	-	-	-	-	-	(6)	1,958	1,952
Balance as at 30 June 2022	<u>123,276</u>	<u>(2,829)</u>	<u>556</u>	<u>(881)</u>	<u>(6,252)</u>	<u>1,696</u>	<u>(248)</u>	<u>27,027</u>	<u>142,345</u>	<u>513</u>	<u>142,858</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	(Accumulated losses)/ Retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2023	123,276	(2,836)	33	(7,351)	17,190	130,312
Total comprehensive loss for the period						
(Loss) for the period	-	-	-	-	(17,199)	(17,199)
Gain on disposal of investment securities transferred between reserves	-	-	-	(1,549)	1,549	-
Other comprehensive loss for the period	-	-	-	(2,949)	-	(2,949)
Total	-	-	-	(4,498)	(15,650)	(20,148)
Transactions with owners, recognised directly in equity						
Dividend	-	-	-	-	(4,250)	(4,250)
Total	-	-	-	-	(4,250)	(4,250)
Balance as at 30 June 2023	<u>123,276</u>	<u>(2,836)</u>	<u>33</u>	<u>(11,849)</u>	<u>(2,710)</u>	<u>105,914</u>
Balance as at 1 January 2022	123,276	(2,823)	22	5,433	9,680	135,588
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(3,385)	(3,385)
Gain on disposal of investment securities transferred between reserves	-	-	-	(49)	49	-
Other comprehensive loss for the period	-	-	-	(11,636)	-	(11,636)
Total	-	-	-	(11,685)	(3,336)	(15,021)
Transactions with owners, recognised directly in equity						
Purchase of treasury shares	-	(6)	-	-	-	(6)
Waiver of debts from related companies	-	-	205	-	-	205
Total	-	(6)	205	-	-	199
Balance as at 30 June 2022	<u>123,276</u>	<u>(2,829)</u>	<u>227</u>	<u>(6,252)</u>	<u>6,344</u>	<u>120,766</u>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2023 S\$'000	6 months ended 30 June 2022 S\$'000
Operating activities		
(Loss) before income tax from continuing operations	(16,733)	(3,129)
(Loss) before income tax from discontinued operations	-	(1,959)
	<u>(16,733)</u>	<u>(5,088)</u>
Adjustments for:		
Depreciation of plant and equipment (Note A)	324	393
Depreciation of right-of-use assets (Note A)	1,656	2,161
Interest expenses	1,461	473
Interest income from fixed deposits	(9)	(4)
Interest income from lease receivables	(18)	(49)
Interest income from loans to third parties	(253)	(1,351)
Interest income from investment in debt securities	(4,623)	(1,981)
Gain on disposal of plant and equipment	(20)	(15)
Gain on disposal of right-of-use assets	-	(3)
Gain on disposal of investment in debt securities	(115)	(8)
Plant and equipment written off	1	2
(Reversal of allowance) for other provisions	(8)	-
Loss on change in control of subsidiaries	-	1,958
Loss allowance on investment in debt securities	21,552	6,229
Allowance for inventories	122	150
Loss allowance for trade receivables	2,249	1,756
Share of loss / (profit) of an associate	1	(2)
Fair value loss on derivative assets	64	-
Fair value (gain) on convertible loan	(244)	-
Fair value (gain) on quoted equity investment	(1,156)	-
Net foreign exchange (gain)	<u>(346)</u>	<u>(1,778)</u>
Operating cash flows before movements in working capital	3,905	2,843
Trade receivables	(2,428)	(18)
Other receivables and prepayments	329	(225)
Inventories	(1,343)	(5,684)
Trade payables	1,541	3,528
Other payables	<u>718</u>	<u>(414)</u>
Cash generated from operations	2,722	30
Income tax paid	(117)	(77)
Interest received	27	53
Interest received from debt securities	434	1,295
Interest received from loans to third parties	<u>40</u>	<u>2,193</u>
Net cash from operating activities	<u><u>3,106</u></u>	<u><u>3,494</u></u>
Investing activities		
Proceeds from disposal of plant and equipment	61	77
Purchase of plant and equipment (Note B)	(283)	(187)
Proceeds from disposal of quoted equity securities	11,682	1,970
Purchase of quoted equity securities	(89)	(22,169)
Proceeds from disposal/redemption of quoted debt securities	29,113	-
Purchase of quoted debt securities	(32,563)	(15,149)
Repayment of loan from a third party	-	24,000
Net cash from / (used in) investing activities	<u><u>7,921</u></u>	<u><u>(11,458)</u></u>

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

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Financing activities		
Purchase of treasury shares	-	(6)
Interest paid	(1,465)	(473)
Dividend paid	(4,250)	-
Repayment of lease liabilities	(2,211)	(2,337)
Repayment of lease liabilities from financial institutions	(38)	(46)
Repayment of bank borrowings	(27,926)	(753)
Proceeds from bank borrowings	22,017	7,687
Net cash (used in) / from financing activities	<u>(13,873)</u>	<u>4,072</u>
Net (decrease) in cash and cash equivalents	(2,846)	(3,892)
Cash and cash equivalents at beginning of period	12,768	25,009
Effects of exchange rate changes on the balance of cash held in foreign currencies	3	(1)
Cash and cash equivalents at end of period	<u>9,925</u>	<u>21,116</u>

Note

A. Depreciation expense:

Included in depreciation expense of \$1,980,000 (six months ended 30 June 2022: \$2,554,000) in the statement of cash flows is \$1,883,000 (six months ended 30 June 2022: \$2,452,000) which is classified in other operating expenses (Note 8) with the remaining classified in cost of sales.

B. Purchase of property, plant and equipment:

During the six months ended 30 June 2023, the Group acquired plant and equipment with an aggregate cost of \$283,000 (six months ended 30 June 2022: \$187,000) of which \$Nil (six months ended 30 June 2022: \$Nil) was acquired under finance lease arrangements.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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 30 June 2023 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;
- 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 30 June 2023 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 annual financial statements for the year ended 31 December 2022.

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 2022.

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:

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

2 BASIS OF PREPARATION (CONT'D)

2.2 Use of judgements and estimates (cont'd)

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 30 June 2023 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 30 June 2023 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 fair value through other comprehensive income. The impairment allowance for debt securities is 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.

The justification on the provision of expected credit loss allowance for the debt securities and the carrying amount of debt securities as at 30 June 2023 is disclosed in Note 22 to the condensed interim consolidated financial statements.

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

3 SEASONAL OPERATIONS

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

4 SEGMENT AND REVENUE INFORMATION

For management purposes, the Group is organized 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; DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions; Investment segment primarily comprises investment in marketable securities.

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.

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

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

(a) Reportable Segment

1 January 2023 to 30 June 2023 \$'000	<----Continuing Operation----->					Total
	AMS	DMS	DPAS	Investment	Unallocated	
Segment revenue						
External	10,712	73,304	2,080	7,225	-	93,321
Inter-segment	-	-	-	-	-	-
	<u>10,712</u>	<u>73,304</u>	<u>2,080</u>	<u>7,225</u>	<u>-</u>	<u>93,321</u>
Segment result	247	(56)	527	(17,318)	(450)	(17,050)
Net foreign exchange gain						298
Gain on disposal of plant and equipment						20
Loss before income tax & share of associate results						(16,732)
Share of loss of associate						(1)
Loss before income tax						(16,733)
Income tax expense						(122)
Net loss for the period						(16,855)
Segment assets	<u>6,571</u>	<u>41,424</u>	<u>10,852</u>	<u>145,561</u>	<u>-</u>	<u>204,408</u>
Segment liabilities	<u>(3,236)</u>	<u>(13,928)</u>	<u>(3,762)</u>	<u>(56,128)</u>	<u>-</u>	<u>(77,054)</u>
Other segment information						
Capital expenditure – property, plant and equipment	21	230	32	-	-	283
Capital expenditure – right-of-use assets	-	334	-	-	-	334
Depreciation – property, plant and equipment	135	138	51	-	-	324
Depreciation – right-of-use assets	345	1,250	61	-	-	1,656
Plant and equipment written off	-	1	-	-	-	1
Interest income (recorded under revenue)	-	-	-	(4,876)	-	(4,876)
Interest income (recorded under other operating income)	-	(18)	(7)	(2)	-	(27)
Interest expenses	10	114	65	1,272	-	1,461
Gain on disposal of investment in debt securities	-	-	-	(115)	-	(115)
Allowance for inventories	28	94	-	-	-	122
(Reversal of allowance) for other provisions	-	(8)	-	-	-	(8)
(Reversal of)/Allowance for trade receivables	-	-	(7)	2,256	-	2,249
Loss allowance on investment in debt securities	-	-	-	21,552	-	21,552
Fair value loss on derivative assets	-	-	-	64	-	64
Fair value gain on convertible loan	-	-	-	(244)	-	(244)
Fair value gain on quoted equity investment	-	-	-	(1,156)	-	(1,156)

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

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

1 January 2022 to 30 June 2022 \$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
Segment revenue							
External	7,923	66,777	2,043	5,881	-	-	82,624
Inter-segment	-	-	-	-	-	-	-
	<u>7,923</u>	<u>66,777</u>	<u>2,043</u>	<u>5,881</u>	<u>-</u>	<u>-</u>	<u>82,624</u>
Segment result	60	(280)	498	(3,789)	(1,959)	(447)	(5,917)
Net foreign exchange gain							809
Gain on disposal of plant and equipment							15
Gain on disposal of right-of-use assets							3
Loss before income tax & share of associate results							<u>(5,090)</u>
Share of profit of associate							2
Loss before income tax							<u>(5,088)</u>
Income tax expense							<u>(107)</u>
Net loss for the period							<u>(5,195)</u>
Segment assets	<u>7,535</u>	<u>53,638</u>	<u>11,059</u>	<u>144,710</u>	<u>353</u>	<u>-</u>	<u>217,295</u>
Segment liabilities	<u>(5,889)</u>	<u>(19,899)</u>	<u>(4,008)</u>	<u>(44,069)</u>	<u>-</u>	<u>(572)</u>	<u>(74,437)</u>
Other segment information							
Capital expenditure – property, plant and equipment	20	100	67	-	-	-	187
Capital expenditure – right-of-use assets	198	297	-	-	-	-	495
Depreciation – property, plant and equipment	155	176	62	-	-	-	393
Depreciation – right-of-use assets	356	1,740	65	-	-	-	2,161
Plant and equipment written off	-	2	-	-	-	-	2
Interest income (recorded under revenue)	-	-	-	(3,332)	-	-	(3,332)
Interest income (recorded under other operating income)	-	(49)	(4)	-	-	-	(53)
Interest expenses	30	118	60	265	-	-	473
Gain on disposal of investment in debt securities	-	-	-	(8)	-	-	(8)
Allowance for inventories	45	100	6	-	-	-	151
Loss allowance for trade receivables	-	-	11	1,745	-	-	1,756
Loss allowance on investment in debt securities	-	-	-	6,229	-	-	6,229

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	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Continuing Operation		
Singapore	91,241	80,581
Malaysia	2,080	2,043
	<u>93,321</u>	<u>82,624</u>
	Non-current assets	
	30 June 2023	31 December 2022
	\$'000	\$'000
Continuing Operation		
Singapore	121,893	163,425
Malaysia	7,685	8,132
	<u>129,578</u>	<u>171,557</u>

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
Financial instruments, designated as at FVTOCI	138,717	158,695	138,717	158,695
Financial instruments designated as at FVTPL	3,092	4,834	3,092	4,834
Amortised cost (including cash and cash equivalents)	30,628	37,964	18,223	25,916
	<u>172,437</u>	<u>201,493</u>	<u>160,032</u>	<u>189,445</u>
Financial liabilities				
Amortised cost	71,116	73,841	59,117	63,766

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:

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Revenue		
AMS	10,712	7,923
DMS	73,304	66,777
DPAS	2,080	2,043
Investment	7,225	5,881
	<u>93,321</u>	<u>82,624</u>
Cost of Goods Sold and Spare Parts		
AMS	(8,366)	(5,823)
DMS	(68,835)	(61,951)
DPAS	(1,335)	(1,357)
Investment	-	-
	<u>(78,536)</u>	<u>(69,131)</u>
Gross Profit		
AMS	2,346	2,100
DMS	4,469	4,826
DPAS	745	686
Investment	7,225	5,881
	<u>14,785</u>	<u>13,493</u>
GP%		
AMS	22%	27%
DMS	6%	7%
DPAS	36%	34%
Investment	100%	100%
	<u>16%</u>	<u>16%</u>

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

7 OTHER OPERATING INCOME

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
<u>Interest income:</u>		
Fixed deposits	9	4
Lease interest income	18	49
Rental income	207	226
<u>Government grants:</u>		
Wage credit	113	34
Job support scheme	-	2
Work life grant	-	25
Job growth incentive	-	25
Small business recovery grant	-	40
Rental support	1,024	986
Consent fee	1,190	146
Gain on disposal of plant and equipment	20	15
Gain on disposal of right-of-use assets	-	3
Foreign currency exchange gain	298	810
Others	22	7
	<u>2,901</u>	<u>2,372</u>
 Gain arising from derecognition of financial assets:		
Gain on disposal of investment in debt securities	115	8
	<u>115</u>	<u>8</u>
	<u>3,016</u>	<u>2,380</u>

Rental income pertains to the rental contribution from DPAS division with the premises fully leased to a third party since December 2021.

Rental support pertains to the recovery of support from a principal for the leases of certain outlets.

The consent fee in 1H-23 was in relation to the fees paid by issuers of certain distressed debt securities as part of their restructuring of the debt securities.

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

8 OTHER OPERATING EXPENSES

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Rental expenses	42	1
Depreciation expenses - plant and equipment	288	356
Depreciation expenses - right-of-use assets	1,595	2,096
Plant and equipment written off	1	2
Allowance for inventories	122	150
(Reversal of allowance) for other provisions	(8)	-
	<u>2,040</u>	<u>2,605</u>
Impairment loss on financial assets:		
Loss allowance for trade receivables	2,249	1,756
Loss allowance on investment in debt securities	21,552	6,229
Fair value loss on derivative assets	64	-
Fair value gain on convertible loan	(244)	-
Fair value gain on quoted equity investment	(1,156)	-
	<u>22,465</u>	<u>7,985</u>
	<u>24,505</u>	<u>10,590</u>

Higher loss allowance for trade receivables in 1H-23 was in relation to coupon interest accrued for certain distressed debt securities.

Loss allowance on investment in debt securities in 1H-23 was recorded in view of the significant increase in credit risk of certain distressed debt securities, meanwhile partially offset with the reversal of loss allowance of \$10.4 million, in relation to debt security Tsinghua was fully disposed as at 30 June 2023.

9 FINANCE COSTS

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Interest expense on bank loans	1,341	320
Interest expense on lease liabilities	118	149
Interest expense on lease liabilities from financial institutions	2	4
	<u>1,461</u>	<u>473</u>

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

10 INCOME TAX EXPENSE

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 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Current tax	122	115
Overprovision in respect of prior years:		
- current tax	-	(8)
Tax expense	<u>122</u>	<u>107</u>

11 INCOME STATEMENT FOR DISCONTINUED OPERATIONS

	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
Revenue	-	-
Cost of sales	-	-
Gross Profit	-	-
Administrative expenses	-	-
Other operating expenses	-	(1,959)
(Loss) before income tax	-	(1,959)
Income tax expense	-	-
(Loss) for the period from discontinued operations	<u>-</u>	<u>(1,959)</u>
(Loss) attributable to:		
Owners of the Company	-	(1,958)
Non-controlling interests	-	(1)
	<u>-</u>	<u>(1,959)</u>

The increase in Other operating expenses in 1H-22 is due to the loss on change in control of subsidiaries of \$1,958,000 which pertains to the deconsolidation of certain Myanmar business related dormant subsidiaries, Golden Myanmar Sea (S) Pte. Ltd., Golden Myanmar Sea Co., Ltd and MDR Golden Myanmar Sea Co., Ltd, in which the Group de-recognised the carrying amount of the non-controlling interest mainly in relation to the cumulative losses incurred from FY2013 to FY2017.

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

12 EARNINGS PER SHARE

	6 months ended 30 June 2023	6 months ended 30 June 2022
	Cents	Cents
From continuing and discontinued operations:		
- Basic	(1.925)	(0.592)
- Fully diluted	(1.925)	(0.592)
From continuing operations:		
- Basic	(1.925)	(0.369)
- Fully diluted	(1.925)	(0.369)
From discontinued operations:		
- Basic	-	(0.224)
- Fully diluted	-	(0.224)

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue of 875,562,570 during the period (six months ended 30 June 2022: 875,702,685).

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 875,562,570 (six months ended 30 June 2022: 875,702,685).

13 NET ASSET VALUE

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	14.49	17.27	12.10	14.88

The NAV per share as at 30 June 2023 is calculated based on 875,672,570 (excluding 31,514,983 ordinary shares held as treasury shares) (31 December 2022: 875,672,570 ordinary shares, excluding 31,514,983 ordinary shares held as treasury shares).

14 DIVIDENDS

No interim dividend has been proposed for the periods ended 30 June 2023 and 30 June 2022.

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 period, the Group entered into the following related party transactions:

<u>Nature of transactions</u>	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	S\$'000	S\$'000
<i>Transactions with companies owned by common Directors:</i>		
Rental payments	171	171

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	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Third parties	10,176	8,338	2,414	1,342
Accrued income	5,050	4,501	95	226
Accrued interest receivables from debt securities	7,348	4,712	7,348	4,712
Loan receivables from third parties	3,159	2,947	3,159	2,947
Related parties	150	156	-	-
	25,883	20,654	13,016	9,227
Less: Loss allowance for trade receivables	(7,977)	(4,631)	(7,350)	(3,912)
	17,906	16,023	5,666	5,315

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 (2022: 30 days). No interest is charged on outstanding trade receivables.

Loss allowance for trade receivables of \$2,249,000 (six months ended 30 June 2022: \$1,756,000) has been determined for the six months ended 30 June 2023, mainly in relation to the interest receivables pertaining to investment in debt securities, arising from significant increase in credit risk of certain distressed bonds.

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

17 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	30 June 2023 S\$'000	31 December 2022 S\$'000	30 June 2023 S\$'000	31 December 2022 S\$'000
Deposits	1,335	1,236	229	163
Prepayments	125	235	31	71
Third parties	1,462	2,009	129	33
	2,922	3,480	389	267
Subsidiaries	-	-	10,778	15,544
	2,922	3,480	11,167	15,811
Less: Loss allowance for other receivables				
- subsidiaries	-	-	(1,015)	(3,165)
- others	-	(226)	-	-
	-	(226)	(1,015)	(3,165)
	2,922	3,254	10,152	12,646
Analysed as:				
Current	2,083	2,387	9,975	12,596
Non-current	839	867	177	50
	2,922	3,254	10,152	12,646

Receivables from third parties of \$1.5 million as at 30 June 2023 comprised mainly of lease receivables of \$0.7 million.

Other receivables and prepayments (non-current)

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

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

18 INVENTORIES

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Spare parts, handsets, Accessories and prepaid cards	18,816	17,507	1,163	748
Raw materials	547	635	-	-
	19,363	18,142	1,163	748

During the six months ended 30 June 2023, an allowance for inventory obsolescence of \$122,000 (six months ended 30 June 2022: \$150,000) was made.

19 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with an aggregate cost of \$283,000 (30 June 2022: \$187,000) and disposed of assets with a net book value amounting to \$41,000 (six months ended 30 June 2022: \$62,000).

As at 30 June 2023, the carrying amount of the Group's property, plant and equipment was inclusive of an allowance for impairment of renovation of \$9,000 (six months ended 30 June 2022: \$47,000) for certain non-performing outlets of DMS business.

20 RIGHT-OF-USE ASSETS

As at 30 June 2023, the carrying amount of the Group's right-of-use assets relate to the leases of its office premises, retail outlets and service centres of \$3.2 million (six months ended 30 June 2022: \$4.9 million), nett of allowance for impairment of \$256,000 (six months ended 30 June 2022: \$516,000) for leases of certain non-performing outlets of DMS business.

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

21 INVESTMENT IN EQUITY SECURITIES

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Investments in quoted equity instruments designated as at FVTOCI	87,746	99,153	87,746	99,153
Investments in quoted equity instruments designated as at FVTPL	3,092	-	3,092	-
Investments in unquoted equity instruments designated as at FVTPL	-	1,879	-	1,879
	90,838	101,032	90,838	101,032

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

During the six months ended 30 June 2023, the Group has invested \$89,000 (six months ended 30 June 2022: \$22.2 million) and disposed of certain quoted equity securities with a cumulative fair value of \$11.7 million (six months ended 30 June 2022: \$2.0 million). The cumulative gain on disposal of \$1.5 million (six months ended 30 June 2022: gain on disposal of \$49k) 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 decrease of \$2.9 million (six months ended 30 June 2022: net fair value decrease of \$1.6 million) was recorded for the period ended 30 June 2023.

In April 2021, the Company subscribed for an unquoted equity security and entered into a put option arrangement to require the contracting party to purchase the unquoted equity security for a portion of the said shareholdings, to be exercised any time until initial public offering (IPO) approval of the shares of the unquoted equity security. The unquoted equity security was listed on NASDAQ in April 2023, as such the put option arrangement has lapsed and the fair value loss on derivative asset of \$64,000 was recognised in 1H-23. Upon listing on NASDAQ, the unquoted equity security was reclassified under investment in quoted equity designated at fair value through profit or loss and recorded at \$3.1 million as at 30 June 2023.

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

21 INVESTMENT IN EQUITY SECURITIES (CONT'D)

As at 30 June 2023, the Group invested in quoted investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Financials	37.2%
Real estate	34.6%
Infrastructure	9.4%
Healthcare	6.5%
Agriculture	3.7%
Technology	3.3%
Leisure and hospitality	2.9%
Communication Services	2.2%
Education	0.2%
TOTAL	100.0%

Below is the key information of the investment securities as at 30 June 2023:

By Market Capitalisation	%
\$1 billion and above	62.9%
\$500 million to \$1 billion	25.6%
\$200 million to \$500 million	3.7%
\$200 million and below	7.8%
TOTAL	100.0%

By Exchange (based on market value)	%
HKEX	46.7%
SGX	46.6%
NASDAQ	6.1%
ASX	0.4%
SIX	0.2%
TOTAL	100.0%

By Currencies (based on market value)	%
HKD	46.7%
SGD	36.7%
USD	16.0%
AUD	0.4%
CHF	0.2%
TOTAL	100.0%

Weighted portfolio Information (based on simple weighted average calculation)	
Market Capitalisation	\$25.7 billion
Dividend Yield	4.2%
5-year Beta	0.745
P/B	0.44x
EV/EBITDA	9.50x
Debt/EBITDA	5.75x

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

22 INVESTMENT IN DEBT SECURITIES

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted debt securities, at amortised cost	-	16,610	-	16,610
Quoted debts securities, at fair value through other comprehensive income	50,971	59,542	50,971	59,542
Less: Loss allowance on investment In debt securities	-	(10,456)	-	(10,456)
	<u>50,971</u>	<u>65,696</u>	<u>50,971</u>	<u>65,696</u>
Analysed as:				
Current	25,333	13,027	25,333	13,027
Non-current	25,638	52,669	25,638	52,669
	<u>50,971</u>	<u>65,696</u>	<u>50,971</u>	<u>65,696</u>

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

During the six months ended 30 June 2023, the Group has invested \$32.6 million (six months ended 30 June 2022: \$15.1 million) mainly in Chinese real estate bonds, redeemed \$560,000 (six months ended 30 June 2022: \$34,000) and disposed \$28.6 million (six months ended 30 June 2022: \$Nil) respectively in debt securities.

The total investment in debt securities designated as amortised cost (Tsinghua Bond) was \$Nil, (six months ended 30 June 2022: \$27.2 million) was fully disposed in 1H-23 and the loss allowance of \$10.4 million was reversed in 1H-23.

For investment in debt securities designated as fair value through other comprehensive income, an allowance of \$32.0 million was recorded in the six months ended 30 June 2023 (six months ended 30 June 2022: \$9.7 million) as the debt securities were assessed with a significant increase in credit risk.

For quoted debt securities at fair value through other comprehensive income, 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.

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

22 INVESTMENT IN DEBT SECURITIES (CONT'D)

As at 30 June 2023, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors:

Business Sectors (based on purchase consideration)	%
Real estate	99.7%
Education	0.3%
TOTAL	100.0%

Below is the key information of the bonds as at 30 June 2023:

By Exchange (based on purchase consideration)	%
SGX	64.5%
HKEX	35.5%
TOTAL	100.0%

By Currencies (based on purchase consideration)	%
USD	94.2%
SGD	5.8%
TOTAL	100.0%

By Credit Rating (based on purchase consideration)	%
CCC	2.5%
Non-rated	97.5%
TOTAL	100.0%

23 INVESTMENT PROPERTY

	Group	
	30 June 2023	31 December 2022
	S\$'000	S\$'000
Leasehold land and building		
At beginning of year	7,763	8,099
Currency realignment	(343)	(489)
Fair value gain recognised in profit or loss	-	153
At end of period/ year	<u>7,420</u>	<u>7,763</u>

Fair value measurement of the Group's Investment property

The Group's investment property is stated at the 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 the investment property is included in the profit and loss for the period in which it arises.

The fair value measurement of the Group's investment property was performed as at 31 December 2022 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 classified under level 3 of the fair value hierarchy. Based on management's assessment using sale comparison approach for comparable properties sharing similar characteristic, there were no changes to the fair value as at 30 June 2023.

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

24 CONVERTIBLE LOAN

The convertible loan pertains to a loan of \$1.5 million extended to a third party company in 2020 with an initial maturity of 2 years from the date of disbursement that bore interest at 5.5% per annum. 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 in January 2023. The Group measures the convertible loan at fair value through profit or loss.

In April 2023, the Company converted the convertible loan of \$1.5 million into quoted shares of the third party company and reclassified under quoted equity investment designated at fair value through other comprehensive income. This resulted in the recognition of a fair value gain on convertible loan of \$244,000 in the profit and loss in 1H-23.

25 BANK OVERDRAFTS AND LOANS

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Secured - at amortised costs</u>				
Bank overdrafts	24,035	28,145	24,035	28,145
Bank loans	28,211	29,121	25,650	26,295
	52,246	57,266	49,685	54,440
<u>Unsecured - at amortised costs</u>				
Bank loans	2,981	3,596	2,981	3,596
	2,981	3,596	2,981	3,596
Total	55,227	60,862	52,666	58,036
Analysed as:				
Current	53,501	58,504	50,940	55,678
Non-current	1,726	2,358	1,726	2,358
	55,227	60,862	52,666	58,036

Bank overdrafts and loans comprised mainly of bank loans of \$2.6 million secured for the financing of property in Malaysia for DPAS operations, bank overdrafts and term loans of \$24.0 million and \$25.6 million respectively for the investment in equity and debt securities and term loans of \$3.0 million for working capital.

The secured borrowings comprise bank loan of \$2.6 million secured against an open legal mortgage over a commercial property in Malaysia and bank overdrafts and term loans of \$49.6 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 30 June 2023.

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

26 SHARE CAPITAL

	<u>Group and Company</u>			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Number of ordinary shares		S\$'000	
Issued and paid up:				
At beginning of year and at end of period/ year	907,077,553	907,077,553	123,276	123,276

27 TREASURY SHARES

	<u>Group and Company</u>			
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	Number of ordinary shares		S\$'000	
At beginning of year	31,514,983	31,324,983	2,836	2,823
Repurchased during the period/year	-	190,000	-	13
At end of period/ year	31,514,983	31,514,983	2,836	2,836

28 SUBSEQUENT EVENTS

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

F. OTHER INFORMATION

- 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 28 April 2023, there was no buy back of the ordinary shares during 1H-23.

Share Capital and Treasury Shares

There were no movements in the Company's issued share capital for the period ended 30 June 2023. The total number of ordinary shares in issue was 907,077,553 of which 31,514,983 was held by the Company as treasury shares as at 30 June 2023. The treasury shares held represents 3.60% of the total number of issued shares (excluding treasury shares). The share capital was \$123,276,197 as at 30 June 2023.

There were no movements in the Company's issued share capital for the period ended 30 June 2022. The total number of ordinary shares in issue was 907,077,553 of which 31,404,983 was held by the Company as treasury shares as at 30 June 2022. The treasury shares held represents 3.59% of the total number of issued shares (excluding treasury shares). The share capital was \$123,276,197 as at 30 June 2022.

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 30 June 2023, no share award had been granted.

F. OTHER INFORMATION (CONT'D)

- 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	
	30-Jun-23	31-Dec-22
Total number of issued shares	907,077,553	907,077,553
Less: Treasury shares	<u>(31,514,983)</u>	<u>(31,514,983)</u>
Total number of issued shares excluding treasury	<u>875,562,570</u>	<u>875,562,570</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 2022 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

F. OTHER INFORMATION (CONT'D)

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 increased by 13% from \$82.6 million in 1H-22 to \$93.3 million in 1H-23, mainly from DMS and AMS businesses due to higher market demand and higher interest income from Investment business segment. Gross margin for the Group remained stable at 16% for both periods.

Revenue from DMS business increased by 10% from \$66.8 million in 1H-22 to \$73.3 million in 1H-23 mainly due to increased sales activities for both retail operations and handsets distribution. Revenue contribution from retail operations improved partly attributable from the higher sign-up rates for ZYM Mobile SIM plans (MVNO services) and bundled products. Gross margin for DMS business, however, decreased by 1% from 7% to 6% compared to the previous corresponding period.

Revenue from AMS business increased by 35% from \$7.9 million in 1H-22 to \$10.7 million in 1H-23, due to higher repair volumes and an increase in spare parts revenue. Gross margin decreased by 5% from 27% to 22% compared to previous corresponding period, mainly resulted from a change in repair mix.

Revenue from Investment segment increased by 23% from \$5.9 million in 1H-22 to \$7.2 million in 1H-23, mainly due to the increase in coupon interest income from investment in debt securities by \$2.6 million, partially offset by the decrease in interest income from loan to third parties by \$1.1 million and dividend income from investment in equity securities by \$0.2 million.

Revenue from DPAS business of \$2.0 million remained stable with incremental increase of 2% in 1H-23 as compared with 1H-22. Gross margin increased from 34% in 1H-22 to 36% in 1H-23, mainly due to reduced outsourcing costs incurred in 1H-23.

Other operating income increased by \$0.6 million, mainly due to the gain on disposal of investment in debt securities of \$115,000 and the higher consent fee received in relation to the fees paid by issuers of certain distressed debt securities as part of their restructuring of the debt securities by \$1.0 million in 1H-23, but was partially offset by the decrease in foreign exchange gain by \$0.5 million.

Other operating expenses decreased by 22% (\$0.6 million) mainly due to reduced depreciation of right-of-use assets by \$0.5 million as certain right of use assets (leases of certain retail outlets) were impaired in December 2022.

Finance costs increased by \$1.0 million in 1H-23, mainly due to the increase in utilization of banking facilities for the investment in quoted securities and rising interest rates.

Impairment loss on financial assets increased by \$14.5 million compared to 1H-22 mainly due to higher loss allowance for trade receivables by \$0.5 million in relation to coupon interest accrued for certain distressed debt securities and higher loss allowance on investment in debt securities by \$15.3 million due to significant increase in credit risk for certain distressed debt securities, but partially offset by the fair value gain on quoted equity investment of \$1.2 million in 1H-23. The loss allowance in debt securities of \$21.6 million for 1H-23 represents a fair value movement of about 11.5% of the total investment portfolio (on historical cost basis).

F. OTHER INFORMATION (CONT'D)

Revenue and Profit after income tax (Cont'd)

The Group reported net loss of \$16.9 million in 1H-23, compared to net loss of \$5.2 million in 1H-22, mainly due to the higher impairment loss on investment in debt securities by \$15.4 million. The losses were partially mitigated by higher gross profit by \$1.3 million, the increase in consent fee by \$1.0 million and the fair value gain on quoted equity investment of \$1.2 million in 1H-23.

Excluding the following adjustments, the Group registered net profits of \$3.4 million in 1H-23, which is 12% higher than \$3.0 million in 1H-22.

	6 months ended 30 June 2023	6 months ended 30 June 2022	Inc/(Dec)
	S\$'000	S\$'000	%
Loss for the period from continuing operations	(16,855)	(3,236)	421%
<u>Adjustments during the period:</u>			
Loss allowance on investment in debt securities	21,552	6,229	246%
Fair value loss on derivative assets	64	-	N.M.
Fair value (gain) on convertible loan	(244)	-	N.M.
Fair value (gain) on quoted equity investment	(1,156)	-	N.M.
Adjusted profit for the period	3,361	2,993	12%

F. OTHER INFORMATION (CONT'D)

Balance Sheet Analysis

Current assets

Total current assets increased by \$12.2 million from \$62.6 million as at 31 December 2022 to \$74.8 million as at 30 June 2023, mainly due to the increase in trade receivables by \$1.9 million, increase in inventory by \$1.2 million and increase in investment in debt securities by \$12.3 million. It was partially offset by the decrease in cash and bank balances by \$2.8 million.

Non-current assets

Total non-current assets decreased by \$42.0 million from \$171.6 million as at 31 December 2022 to \$129.6 million as at 30 June 2023.

Investment in equity securities decreased by \$10.2 million, mainly arose from disposal of equity securities of \$11.7 million and the fair value loss of \$1.7 million in 1H-23. It was partially offset by the conversion of convertible loan to equity securities of \$3.1 million in 1H-23.

Investment in debt securities decreased by \$27.0 million, mainly due to the disposal/redemption of the debt securities of \$29.1 million, fair value movement of the debt securities and the reclassification from non-current assets to current assets based on the tenure of the debt securities, offset by the additional investment of \$32.6 million in 1H-23.

Right-of-use assets and convertible loan decreased by \$1.3 million and \$2.9 million respectively.

Current liabilities

Total current liabilities decreased by \$3.6 million from \$77.5 million as at 31 December 2022 to \$73.9 million as at 30 June 2023, mainly due to decrease in bank overdrafts and loans by \$5.0 million and lease liabilities by \$1.2 million. It was partially offset by the increase in trade payables and other payables by \$1.5 million and \$1.1 million respectively.

Non-current liabilities

Total non-current liabilities decreased by \$1.8 million from \$4.9 million as at 31 December 2022 to \$3.1 million as at 30 June 2023, mainly due to the decrease in lease liabilities and long term bank loan as repayments were made, by \$0.8 million and \$0.6 million respectively.

Negative working capital

Notwithstanding that the Company is in net current liabilities position of \$13.1 million as at 30 June 2023, the Board is of the view that the Company is able to meet the financial obligations in view of the investment in quoted equities of \$90.8 million classified under non-current assets which are assets with high liquidity. These investments are classified under non-current assets due to the Company's intention to hold these investments on a long-term basis.

Cash Flows

The Group registered cash and cash equivalents of \$9.9 million as at 30 June 2023, representing an outflow of \$2.8 million since 31 December 2022.

Cashflow from operating activities

Net cash inflow of \$3.1 million in 1H-23 arose mainly from positive operating cash flows before movements in working capital of \$3.9 million, interest income received from debt securities of \$0.4 million, partially offset by outflow from the changes in working capital of \$1.2 million, arose from higher trade receivables.

Cashflow from investing activities

Net cash inflow of \$7.9 million in 1H-23 was mainly due to the proceeds from disposal of quoted equity securities and debt securities of \$11.7 million and \$29.1 million respectively. This was partially offset by the purchase of quoted debt securities of \$32.6 million.

Cashflow from financing activities

Net cash outflow of \$13.9 million in 1H-23 was attributable to net repayment of bank borrowings of \$5.9 million, dividend payment of \$4.3 million, repayment of lease liabilities of \$2.2 million and interest payment of \$1.5 million.

F. OTHER INFORMATION (CONT'D)

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

Not applicable

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 Group maintains a cautious outlook for FY2023 due to inflation, rising interest rates, and a volatile global environment.

Dividend income will continue to remain the main revenue source for the investment division. Volatility in the financial markets and the pace of recovery and restructurings of debt securities could exert pressure on the division's performance, which may result in large non-cash mark to market movements in the near term. The current macroeconomic headwinds in the real estate sector in China poses uncertainties, but given the low entry price, diversification of holdings, and the active role the Group is taking in engaging and negotiating with debt securities issuers in the restructurings, in some cases as a member of the AHG creditors committee, the Group is cautiously optimistic of the potential of generating favourable investment returns on a risk-return basis for a long term investor.

AMS division is expected to remain stable with disciplined cost and inventory management.

DMS division's contribution is expected to be modest as the division faces strong competition from online business platforms and margin pressure. Group's retail operations will continue to maximise operational efficiency and will work closely with its principals and operator. Efforts are being channeled to grow the MVNO business "ZYM Mobile". ZYM Mobile's suite of attractive SIM plan offerings have helped in subscribers' growth in FY2023.

DPAS division is expected to be stable due to the improving economic outlook in Malaysia, although the division may face reduced margins due to inflation.

The Group 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?

None

(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

Not applicable

(d) Books closure date

Not applicable

F. OTHER INFORMATION (CONT'D)

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

No dividend has been declared or recommended for the period, in view of the current economic uncertainties and dividend consideration would be assessed based on the full year results.

9. Interested Person Transactions

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions. During 1H-23, 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 the shares of Pacific Organisation Pte Ltd.

10. 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
14 August 2023

F. OTHER INFORMATION (CONT'D)

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 first half 2023 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, 14 August 2023