



MDR Limited

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200009059G)

## ANNOUNCEMENT PURSUANT TO RULE 704(6) OF THE LISTING MANUAL

The Board of Directors (the “**Board**”) of mDR Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its unaudited financial results for the six months and full year ended 31 December 2021 (“**FY2021**”) announced on 28 February 2022 (the “**Preliminary Results**”). Pursuant to Rule 704(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board wishes to announce the material variances between the audited financial statements of the Group for FY2021 (the “**Audited Results**”) and the Preliminary Results following the finalisation of the audit.

Below are the details of the variances between the Audited Results and the Preliminary Results:

### (a) Consolidated Statements of Comprehensive Income For financial year ended 31 December 2021

	Unaudited	Audited	Variances		Notes
	S\$'000	S\$'000	S\$'000	%	
<b>Continuing Operations</b>					
Revenue	189,644	189,281	(363)	-0.19%	1
Cost of sales	(165,113)	(164,351)	762	-0.46%	1
Gross profit	24,531	24,930	399	1.63%	
Other operating income	3,789	3,789	-	-	
Administrative expenses	(17,900)	(17,900)	-	-	
Other operating expenses	(4,155)	(5,551)	(1,396)	33.60%	2
Share of profit of an associate	5	5	-	-	
Finance costs	(969)	(969)	-	-	
Profit/(loss) before income tax	5,301	4,304	(997)	-18.81%	
Income tax expense	(229)	(229)	-	-	
Profit/(loss) for the year from continuing operations	5,072	4,075	(997)	-19.66%	
<b>Discontinued Operations</b>					
Profit for the year from discontinued operations	52	52	-	-	
Profit for the year	5,124	4,127	(997)	-19.46%	
Other comprehensive income, net of tax	27,664	27,664	-	-	
Total comprehensive income for the year	32,788	31,791	(997)	-3.04%	
Profit attributable to:					
Owners of the Company	5,058	4,085	(973)	-19.24%	
Non-controlling interests	66	42	(24)	-36.36%	
	5,124	4,127	(997)	-19.46%	
Total comprehensive income attributable to:					
Owners of the Company	32,774	31,801	(973)	-2.97%	
Non-controlling interests	14	(10)	(24)	-171.43%	
	32,788	31,791	(997)	-3.04%	

(a) Consolidated Statements of Comprehensive Income For financial year ended 31 December 2021 (cont'd)

	Unaudited	Audited	Variances		Notes
	S\$'000	S\$'000	S\$'000	%	
<b>Earnings per share (cents):</b>					
From continuing operations:					
-Basic	0.574	0.463	-0.111	-19.34%	
-Diluted	0.574	0.463	-0.111	-19.34%	
From continuing and discontinued operations					
-Basic	0.574	0.463	-0.111	-19.34%	
-Diluted	0.574	0.463	-0.111	-19.34%	

(b) Statements of Financial Position of the Group as at 31 December 2021

	Unaudited	Audited	Variances		Notes
	S\$'000	S\$'000	S\$'000	%	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	25,009	25,009	-	-	
Trade receivables	40,296	40,296	-	-	
Other receivables and prepayments	3,294	3,294	-	-	
Inventories	13,942	13,936	(6)	-0.04%	3
Investment in debt securities	21,334	21,334	-	-	
Income tax recoverables	183	183	-	-	
<b>Total current assets</b>	<b>104,058</b>	<b>104,052</b>	<b>(6)</b>	<b>-0.01%</b>	
<b>Non-current assets</b>					
Other receivables and prepayments	2,028	2,028	-	-	
Investment in subsidiaries	-	-	-	-	
Investment in an associate	30	30	-	-	
Investment in equity securities	78,851	78,851	-	-	
Investment in debt securities	20,367	20,367	-	-	
Plant and equipment	2,098	2,098	-	-	
Right of use assets	6,554	6,554	-	-	
Investment property	8,099	8,099	-	-	
Convertible loans	2,010	2,010	-	-	
Derivative assets	225	225	-	-	
Deferred tax assets	-	-	-	-	
<b>Total non-current assets</b>	<b>120,262</b>	<b>120,262</b>	<b>-</b>	<b>-</b>	
<b>Total assets</b>	<b>224,320</b>	<b>224,314</b>	<b>(6)</b>	<b>0.00%</b>	
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft and loans	36,704	36,704	-	-	
Trade payables	8,820	8,820	-	-	
Other payables	9,543	8,195	(1,348)	-14.13%	1,2,3 & 4
Lease liabilities	4,387	4,387	-	-	
Lease liabilities from financial institution	83	83	-	-	
Income tax payable	1	144	143	14300.00%	5
<b>Total current liabilities</b>	<b>59,538</b>	<b>58,333</b>	<b>(1,205)</b>	<b>-2.02%</b>	

**(b) Statements of Financial Position of the Group as at 31 December 2021 (cont'd)**

	Unaudited	Audited	Variances		Notes
	S\$'000	S\$'000	S\$'000	%	
<b>Non-current liabilities</b>					
Bank loans	3,595	3,595	-	-	4
Other payables	-	1,011	1,011	NM	
Lease liabilities	2,902	2,902	-	-	
Lease liabilities from financial institution	95	95	-	-	
Deferred tax liabilities	439	439	-	-	
<b>Total non-current liabilities</b>	<b>7,031</b>	<b>8,042</b>	1,011	14.38%	
<b>Total liabilities</b>	<b>66,569</b>	<b>66,375</b>	(194)	-0.29%	
<b>Equity</b>					
Issued capital	123,276	123,276	-	-	
Treasury shares	(2,823)	(2,823)	-	-	
Other reserve	6,758	6,758	-	-	
Retained earnings	31,983	32,166	183	0.57%	
<b>Equity attributable to owners of the company</b>	<b>159,194</b>	<b>159,377</b>	183	0.11%	
Minority interests	(1,443)	(1,438)	5	-0.35%	
<b>Total equity</b>	<b>157,751</b>	<b>157,939</b>	188	0.12%	

**Notes:-**

1. The Group received marketing rebates from its principals and operators. These rebates were given mainly for promotional events and volume rebates for inventories purchased. Previously, such rebates received from principals were utilised against marketing activities, providing testing units to third parties and cost-down of inventories, with the balance unutilised rebates set aside in Other Payables. Management has re-assessed the accounting treatment of these rebates upon consultation with the Auditors. Accordingly, based on the nature of these rebates, they are recognised as incentive income in the period earned or as reduction to the purchase cost of inventories. Prior year adjustments were made accordingly, to be consistent with the change in accounting treatment. Arising from the change in accounting treatment, revenue and cost of sales decreased by \$363,000 and \$762,000 respectively. This resulted in an increase in gross profits of \$399,000.
2. On 18 December 2021, it was announced that the Group on 10 December 2021 and 13 December 2021 discovered two separate cases of suspected unauthorised use of the Group's marketing incentive rebates by 2 employees, comprising of rebates from the Group's principals which are typically used for marketing or promotional support, in its subsidiaries through the suspected unauthorised sale of handsets and phone accessories and misappropriation of proceeds from such sale. The misappropriated inventories of \$1,396,000 was reclassified from Other payables and recorded as inventories written off under Other operating expenses.
3. The variance is due to the reclassification of \$6,000 from Other payables to inventories due to volume rebates received from principals as mentioned in Note 1, which reduced the inventory value as at 31 December 2021.
4. The variance arose due to the reclassification of deferred income of \$1,011,000 from current liabilities to non-current liabilities. This is in relation to rental support from vendor for certain retail outlets over the course of the lease period which expires in 2024.
5. Income tax payable increased by \$143,000 due to recognition of higher income in prior year resulted from the change in accounting treatment as mentioned in Note 1.

**BY ORDER OF THE BOARD**

**Madan Mohan**  
Company Secretary

8 July 2022