



MDR Limited

(Company Registration No: 200009059G)

**UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 JUNE 2021

MDR LIMITED
Unaudited Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021 (“1H2021”)

TABLE OF CONTENT

	<u>Page</u>
A. Condensed interim consolidated statement of profit or loss and other comprehensive income	1 – 2
B. Condensed interim statements of financial position	3 – 4
C. Condensed interim statements of changes in equity	5 – 6
D. Condensed interim consolidated statement of cash flows	7 – 8
E. Notes to the condensed interim consolidated financial statements	9 – 26
F. Other information required by Listing Rule Appendix 7.2	27 – 34

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

	Notes	Group		Inc/(Dec) %
		6 months ended 30 June 2021	6 months ended 30 June 2020	
		S\$'000	S\$'000	
Continuing operations				
Revenue	6	95,997	86,348	11%
Cost of sales	6	(84,444)	(74,936)	13%
Gross profit	6	11,553	11,412	1%
Other operating income	7	1,788	1,846	-3%
Administrative expenses		(8,051)	(8,787)	-8%
Other operating expenses	8	(2,593)	(3,313)	-22%
Finance costs	9	(460)	(669)	-31%
Total expenses		(11,104)	(12,769)	-13%
Operating profit before share of profit of associate and income tax				
		2,237	489	357%
Share of profit of associate		3	2	50%
Profit before income tax				
		2,240	491	356%
Income tax (expense) credit	10	(4)	17	N.M.
Profit for the period from continuing operations		2,236	508	340%
Discontinued operations				
Profit (Loss) for the period from discontinued operations	11	37	(16)	N.M.
Profit for the period		2,273	492	362%
Other comprehensive income				
<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		17,629	(26,984)	N.M.
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising on consolidation		(145)	(94)	54%
Other comprehensive income (loss) for the period, net of tax		17,484	(27,078)	N.M.
Total comprehensive income (loss) for the period		19,757	(26,586)	N.M.

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

	Notes	Group		Inc/(Dec) %
		6 months ended 30 June 2021	6 months ended 30 June 2020	
		S\$'000	S\$'000	
Profit attributable to:				
Owners of the Company		2,232	520	329%
Non-controlling interests		41	(28)	N.M.
Total comprehensive income		<u>2,273</u>	<u>492</u>	362%
Total comprehensive income (loss) attributable to:				
Owners of the Company		19,753	(26,567)	N.M.
Non-controlling interests		4	(19)	N.M.
		<u>19,757</u>	<u>(26,586)</u>	N.M.
Earnings per share (cents):				
	12			
From continuing and discontinued operations:				
- Basic		0.252	0.100	
- Diluted		<u>0.252</u>	<u>0.100</u>	
From continuing operations:				
- Basic		0.252	0.100	
- Diluted		<u>0.252</u>	<u>0.100</u>	

N.M. : Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		30-Jun-21 S\$'000	31-Dec-20 S\$'000	30-Jun-21 S\$'000	31-Dec-20 S\$'000
ASSETS					
Current assets					
Cash and bank balances		15,400	12,324	1,371	2,456
Trade receivables	16	9,881	14,204	1,640	1,699
Other receivables and prepayments	17	35,885	12,263	48,234	23,635
Inventories	18	20,559	25,006	724	897
Investment in debt securities	22	9,025	12,888	9,025	12,888
Income tax recoverable		210	181	-	-
Total current assets		<u>90,960</u>	<u>76,866</u>	<u>60,994</u>	<u>41,575</u>
Non-current assets					
Other receivables and prepayments	17	1,149	463	48	127
Investment in subsidiaries		-	-	1,279	2,749
Investment in an associate		28	25	-	-
Property, plant and equipment	19	2,343	1,895	1,168	805
Right-of-use assets	20	16,813	12,267	1,374	1,631
Investment in equity securities	21	99,361	88,196	99,361	88,196
Deferred tax assets		142	142	142	142
Total non-current assets		<u>119,836</u>	<u>102,988</u>	<u>103,372</u>	<u>93,650</u>
Total assets		<u>210,796</u>	<u>179,854</u>	<u>164,366</u>	<u>135,225</u>
Current liabilities					
Bank overdrafts and loans	23	36,246	26,849	32,776	22,175
Trade payables		9,066	11,703	1,272	1,317
Other payables		5,639	5,312	2,373	1,396
Lease liabilities		4,491	2,358	623	670
Lease liabilities from financial institutions		94	198	87	27
Income tax payable		1	9	-	-
Total current liabilities		<u>55,537</u>	<u>46,429</u>	<u>37,131</u>	<u>25,585</u>
Non-current liabilities					
Bank loans	23	4,703	4,703	4,703	4,703
Lease liabilities		4,879	2,406	792	1,070
Lease liabilities from financial institutions		136	24	125	13
Deferred tax liabilities		409	414	-	-
Total non-current liabilities		<u>10,127</u>	<u>7,547</u>	<u>5,620</u>	<u>5,786</u>

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		S\$'000	S\$'000	S\$'000	S\$'000
Capital, reserves and non-controlling interests					
Share capital	24	154,455	154,455	154,455	154,455
Treasury shares	25	(2,411)	(1,908)	(2,411)	(1,908)
Capital reserve		(325)	(325)	22	22
Investment revaluation reserve		(1,062)	(17,536)	(1,062)	(17,536)
Property revaluation reserve		1,583	1,583	-	-
Foreign currency translation reserve		(42)	66	-	-
Accumulated losses		(5,613)	(9,000)	(29,389)	(31,179)
Equity attributable to owners of the Company		146,585	127,335	121,615	103,854
Non-controlling interests		(1,453)	(1,457)	-	-
Total equity		145,132	125,878	121,615	103,854
Total liabilities and equity		210,796	179,854	164,366	135,225

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	(Accumulated losses) Retained earnings S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total S\$'000
Balance as at 1 January 2021	154,455	(1,908)	(325)	(17,536)	1,583	66	(9,000)	127,335	(1,457)	125,878
Total comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	2,232	2,232	41	2,273
Gain on disposal of investment securities transferred between reserves	-	-	-	(1,155)	-	-	1,155	-	-	-
Other comprehensive profit for the period	-	-	-	17,629	-	(108)	-	17,521	(37)	17,484
Total	-	-	-	16,474	-	(108)	3,387	19,753	4	19,757
Transactions with owners, recognised directly in equity										
Purchase of treasury shares	-	(503)	-	-	-	-	-	(503)	-	(503)
Total	-	(503)	-	-	-	-	-	(503)	-	(503)
Balance as at 30 June 2021	<u>154,455</u>	<u>(2,411)</u>	<u>(325)</u>	<u>(1,062)</u>	<u>1,583</u>	<u>(42)</u>	<u>(5,613)</u>	<u>146,585</u>	<u>(1,453)</u>	<u>145,132</u>
Balance as at 1 January 2020	154,455	(15)	(325)	(8,479)	751	39	5,918	152,344	(1,506)	150,838
Total comprehensive income (loss) for the period										
Profit for the period	-	-	-	-	-	-	520	520	(28)	492
Loss on disposal of investment securities transferred between reserves	-	-	-	3,377	-	-	(3,377)	-	-	-
Other comprehensive loss for the period	-	-	-	(26,984)	-	(103)	-	(27,087)	9	(27,078)
Total	-	-	-	(23,607)	-	(103)	(2,857)	(26,567)	(19)	(26,586)
Transactions with owners, recognised directly in equity										
Purchase of treasury shares	-	(1,655)	-	-	-	-	-	(1,655)	-	(1,655)
Total	-	(1,655)	-	-	-	-	-	(1,655)	-	(1,655)
Balance as at 30 June 2020	<u>154,455</u>	<u>(1,670)</u>	<u>(325)</u>	<u>(32,086)</u>	<u>751</u>	<u>(64)</u>	<u>3,061</u>	<u>124,122</u>	<u>(1,525)</u>	<u>122,597</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 2021	154,455	(1,908)	22	(17,536)	(31,179)	103,854
Total comprehensive income for the period						
Profit for the period	-	-	-	-	635	635
Gain on disposal of investment securities transferred between reserves	-	-	-	(1,155)	1,155	-
Other comprehensive income for the period	-	-	-	17,629	-	17,629
Total	-	-	-	16,474	1,790	18,264
Transactions with owners, recognised directly in equity						
Purchase of treasury shares	-	(503)	-	-	-	(503)
Total	-	(503)	-	-	-	(503)
Balance as at 30 June 2021	<u>154,455</u>	<u>(2,411)</u>	<u>22</u>	<u>(1,062)</u>	<u>(29,389)</u>	<u>121,615</u>
Balance as at 1 January 2020	154,455	(15)	22	(8,479)	(1,149)	144,834
Total comprehensive income for the period						
Profit for the period	-	-	-	-	381	381
Loss on disposal of investment securities transferred between reserves	-	-	-	3,377	(3,377)	-
Other comprehensive loss for the period	-	-	-	(26,984)	-	(26,984)
Total	-	-	-	(23,607)	(2,996)	(26,603)
Transactions with owners, recognised directly in equity						
Purchase of treasury shares	-	(1,655)	-	-	-	(1,655)
Total	-	(1,655)	-	-	-	(1,655)
Balance as at 30 June 2020	<u>154,455</u>	<u>(1,670)</u>	<u>22</u>	<u>(32,086)</u>	<u>(4,145)</u>	<u>116,576</u>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June 2021 S\$'000	6 months ended 30 June 2020 S\$'000
Operating activities		
Profit before income tax from continuing operations	2,240	491
Profit (Loss) before income tax from discontinued operations	37	(16)
	2,277	475
Adjustments for:		
Depreciation of plant and equipment (Note A)	495	770
Depreciation of right-of-use assets (Note A)	1,824	1,897
Interest expenses	460	669
Interest income from fixed deposits	(6)	(3)
Interest income from loans to third parties	(1,466)	(201)
Interest income from investment in debt securities	(85)	(1,077)
Gain on disposal of plant and equipment	(36)	(3)
Gain on disposal of right-of-use assets	(31)	-
(Gain) Loss on disposal of investment in debt securities	(21)	263
Plant and equipment written off	3	14
Reversal of allowance for impairment of right-of-use assets	-	(68)
Allowance for impairment of plant and equipment	-	59
Allowance for inventories	241	519
Inventories written off	-	80
Loss allowance for trade receivables	27	2
Loss allowance for other receivables	-	67
Share of profit of an associate	(3)	(2)
Net foreign exchange gain	(210)	(614)
Operating cash flows before movements in working capital	3,469	2,847
Trade receivables	4,297	13,987
Other receivables and prepayments	139	633
Inventories	4,206	11,355
Trade payables	(2,637)	(4,691)
Other payables	327	1,381
Cash generated from operations	9,801	25,512
Income tax paid	(45)	(64)
Interest received	6	3
Interest received from debt securities	142	1,443
Interest received from loans to third parties	962	201
Net cash from operating activities	10,866	27,095
Investing activities		
Proceeds from disposal of plant and equipment	66	19
Purchase of plant and equipment (Note B)	(770)	(304)
Proceeds from disposal of quoted equity securities	19,494	2,332
Purchase of quoted equity securities	(11,530)	(16,366)
Investment in unquoted equity securities	(1,500)	-
Proceeds from disposal of quoted debt securities	4,025	24,864
Loans to third parties	(24,000)	(1,000)
Repayment of loan from a third party	-	101
Net cash (used in) from investing activities	(14,215)	9,646

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

	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Financing activities		
Purchase of treasury shares	(503)	(1,655)
Interest paid	(460)	(639)
Repayment of lease liabilities	(1,844)	(1,900)
Repayment of lease liabilities from financial institutions	(192)	(109)
Repayment of bank borrowings	(13,061)	(52,272)
Proceeds from bank borrowings	22,483	29,110
Net cash from (used in) financing activities	6,423	(27,465)
Net increase in cash and cash equivalents	3,074	9,276
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	2	(1)
Cash and cash equivalents at end of period	15,400	16,404

Note

A. Depreciation expense:

Included in depreciation expense of \$2,319,000 (30 June 2020: \$2,667,000) in the statement of cash flows is \$2,091,000 (30 June 2020: \$2,352,000) 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 2021, the Group acquired plant and equipment with an aggregate cost of \$972,000 (30 June 2020: \$304,000) of which \$202,000 (30 June 2020: \$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 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 30 June 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 annual financial statements for the year ended 31 December 2020.

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:

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (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 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 30 June 2021 are disclosed in Notes 19 and 20 to the condensed interim consolidated financial statements respectively.

3 SEASONAL OPERATIONS

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

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

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.

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 January 2021 to 30 June 2021 \$'000	<----Continuing Operation----->				Discontinued Operation	Unallocated	Total
	AMS	DMS	DPAS	Investment			
Segment revenue							
External	8,795	81,690	1,310	4,202	-	-	95,997
Inter-segment	-	-	-	-	-	-	-
	<u>8,795</u>	<u>81,690</u>	<u>1,310</u>	<u>4,202</u>	-	-	<u>95,997</u>
Segment result	189	46	41	2,490	-	(561)	2,205
Net foreign exchange gain							2
Gain on disposal of plant and equipment							36
Gain on disposal of right-of-use assets							31
Profits before income tax & share of associate results							<u>2,274</u>
Share of profit of associate							3
Profits before income tax							<u>2,277</u>
Income tax expense							(4)
Net profit for the period							<u>2,273</u>
Segment assets	<u>6,449</u>	<u>55,966</u>	<u>10,727</u>	<u>137,170</u>	<u>342</u>	<u>142</u>	<u>210,796</u>
Segment liabilities	<u>(4,541)</u>	<u>(18,821)</u>	<u>(3,964)</u>	<u>(37,928)</u>	-	<u>(410)</u>	<u>(65,664)</u>
Other segment information							
Capital expenditure – property, plant and equipment	530	438	4	-	-	-	972
Depreciation – property, plant and equipment	163	184	148	-	-	-	495
Depreciation – right-of-use assets	349	1,379	96	-	-	-	1,824
Plant and equipment written off	-	3	-	-	-	-	3
Interest income (recorded under revenue)	-	-	-	(1,551)	-	-	(1,551)
Interest income (recorded under other operating income)	-	(1)	(5)	-	-	-	(6)
Interest expenses	42	141	66	211	-	-	460
Gain on disposal of investment in debt securities	-	-	-	(21)	-	-	(21)
Allowance for (Reversal of allowance for) inventories	45	199	(3)	-	-	-	241
Loss allowance for trade receivables	-	-	27	-	-	-	27

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

4 SEGMENT AND REVENUE INFORMATION (CONT'D)

1 January 2020 to 30 June 2020 \$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	
Segment revenue							
External	8,443	72,582	1,325	3,998	-	-	86,348
Inter-segment	-	-	-	-	-	-	-
	<u>8,443</u>	<u>72,582</u>	<u>1,325</u>	<u>3,998</u>	<u>-</u>	<u>-</u>	<u>86,348</u>
Segment result	488	(884)	(363)	1,714	-	(445)	510
Net foreign exchange loss							(40)
Gain on disposal of plant and equipment							3
Profit before income tax & share of associate results							<u>473</u>
Share of profit of associate							2
Profit before income tax							<u>475</u>
Income tax credit							17
Net profit for the period							<u>492</u>
Segment assets	<u>5,415</u>	<u>54,727</u>	<u>10,872</u>	<u>107,047</u>	<u>416</u>	<u>127</u>	<u>178,604</u>
Segment liabilities	<u>(3,165)</u>	<u>(15,774)</u>	<u>(4,547)</u>	<u>(32,101)</u>	<u>(137)</u>	<u>(283)</u>	<u>(56,007)</u>
Other segment information							
Capital expenditure – property, plant and equipment	21	184	99	-	-	-	304
Depreciation – property, plant and equipment	155	366	249	-	-	-	770
Depreciation – right-of-use assets	351	1,461	85	-	-	-	1,897
Allowance for impairment of plant and equipment	-	59	-	-	-	-	59
Reversal of allowance for impairment of right-of-use assets	-	(68)	-	-	-	-	(68)
Interest income (recorded under revenue)	-	-	-	(1,278)	-	-	(1,278)
Interest income (recorded under other operating income)	-	-	(6)	3	-	-	(3)
Interest expenses	9	162	80	418	-	-	669
Loss on disposal of investment in debt securities	-	-	-	263	-	-	263
Plant and equipment written off	-	14	-	-	-	-	14
Allowance for inventories	129	390	-	-	-	-	519
Inventories written off	-	-	80	-	-	-	80
Loss allowance for trade receivables	-	-	2	-	-	-	2
Loss allowance for other receivables	-	-	-	67	-	-	67

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 2021 \$'000	6 months ended 30 June 2020 \$'000
Continuing Operation		
Singapore	94,687	85,023
Malaysia	1,310	1,325
	<u>95,997</u>	<u>86,348</u>
Discontinued Operation		
Myanmar	-	-
	<u>95,997</u>	<u>86,348</u>
	Non-current assets	
	30 June 2021 \$'000	31 December 2020 \$'000
Continuing Operation		
Singapore	111,482	94,292
Malaysia	8,014	8,361
	<u>119,496</u>	<u>102,653</u>
Discontinued Operation		
Myanmar	340	335
	<u>119,836</u>	<u>102,988</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 2021 and 31 December 2020:

	Group		Company	
	30 June 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000
Financial assets				
Equity instruments, designated as at FVTOCI	97,861	88,196	97,861	88,196
Financial instruments designated as at FVTPL	3,000	1,500	3,000	1,500
Amortised cost (including cash and cash equivalents)	69,495	50,103	58,721	39,149
	<u>170,356</u>	<u>139,799</u>	<u>159,582</u>	<u>128,845</u>
Financial liabilities				
Amortised cost	55,396	48,024	41,124	29,467
Lease liabilities	9,600	4,986	1,627	1,780
	<u>64,996</u>	<u>53,010</u>	<u>42,751</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:

	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Revenue		
AMS	8,795	8,443
DMS	81,690	72,582
DPAS	1,310	1,325
Investment	4,202	3,998
	<u>95,997</u>	<u>86,348</u>
Cost of Goods Sold and Spare Parts		
AMS	(6,566)	(6,189)
DMS	(76,785)	(67,574)
DPAS	(1,093)	(1,173)
Investment	-	-
	<u>(84,444)</u>	<u>(74,936)</u>
Gross Profit		
AMS	2,229	2,254
DMS	4,905	5,008
DPAS	217	152
Investment	4,202	3,998
	<u>11,553</u>	<u>11,412</u>
GP%		
AMS	25%	27%
DMS	6%	7%
DPAS	17%	11%
Investment	100%	100%
	<u>12%</u>	<u>13%</u>

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

7 OTHER OPERATING INCOME

	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Interest income on fixed deposits	6	3
Rental income	758	307
Liabilities written back	3	-
<u>Government grants:</u>		
Wage credit	27	95
Job support scheme	674	945
Property tax rebate	-	250
Foreign workers levy rebate	-	127
Insurance compensation	174	73
Gain on disposal of plant and equipment	36	3
Gain on disposal of right-of-use assets	31	-
Gain on disposal of investment in debt securities	21	-
Others	58	43
	<u>1,788</u>	<u>1,846</u>

Higher rental income in 1H-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 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Rental expenses	196	1
Depreciation expenses - plant and equipment	362	540
Depreciation expenses - right-of-use assets	1,729	1,812
Plant and equipment written off	3	14
Reversal of allowance for impairment of right-of-use assets	-	(68)
Allowance for impairment of plant and equipment	-	59
Loss allowance for trade receivables	27	2
Loss allowance for other receivables	-	67
Loss on disposal of investment in debt securities	-	263
Allowance for inventories	241	519
Inventories written off	-	80
Foreign currency exchange loss	35	24
	<u>2,593</u>	<u>3,313</u>

Rental expenses in 1H-20 were lower mainly due to rental subsidies received from retail malls during the circuit breaker period.

Lower allowance for inventories in 1H-21 was due to a lower stock provision made against handset and cosmetics inventories.

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

9 FINANCE COSTS

	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Interest expense on bank loans	283	516
Interest expense on lease liabilities	168	144
Interest expense on lease liabilities from financial institutions	9	9
	<u>460</u>	<u>669</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 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Current tax	4	-
(Over) Underprovision in respect of prior years:		
- current tax	-	4
- deferred tax	-	(21)
Tax expense (credit)	<u>4</u>	<u>(17)</u>

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

11 INCOME STATEMENT FOR DISCONTINUED OPERATIONS

	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
Revenue	-	-
Cost of sales	-	-
Gross Profit	<u>-</u>	<u>-</u>
Administrative expenses	-	-
Other operating expenses	37	(16)
Profit (Loss) before income tax	<u>37</u>	<u>(16)</u>
Income tax expense	-	-
Profit (Loss) for the period from discontinued operations	<u><u>37</u></u>	<u><u>(16)</u></u>
Profit (Loss) attributable to:		
Owners of the Company	1	1
Non-controlling interests	36	(17)
	<u><u>37</u></u>	<u><u>(16)</u></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 30 June 2021	6 months ended 30 June 2020
	Cents	Cents (Restated)
From continuing and discontinued operations:		
- Basic	0.252	0.100
- Fully diluted	<u>0.252</u>	<u>0.100</u>
From continuing operations:		
- Basic	0.252	0.100
- Fully diluted	<u>0.252</u>	<u>0.100</u>
From discontinued operations:		
- Basic	N.M.	N.M.
- Fully diluted	<u>N.M.</u>	<u>N.M.</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue of 884,741,036 during the period (30 June 2020: 893,017,696).

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 884,741,036 (30 June 2020: 893,017,696).

As at 30 June 2021, all the unexercised warrants had expired. For the six months ended 30 June 2020, the Tranche 3 warrants were antidilutive and hence disregarded in the calculation of diluted earnings per share.

13 NET ASSET VALUE

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	Cents	Cents	Cents	Cents
Net Asset Value ("NAV") per share	<u>16.64</u>	<u>14.35</u>	<u>13.80</u>	<u>11.70</u>

The NAV per share as at 30 June 2021 is calculated based on 881,080,870 (excluding 25,996,683 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 interim dividend has been proposed for the periods ended 30 June 2021 and 30 June 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 period, the Group entered into the following related party transactions:

<u>Nature of transactions</u>	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	S\$'000	S\$'000
<i>Transactions with companies owned by common Directors:</i>		
Rental payments	171	192
<i>Transactions with related parties (Directors of wholly owned subsidiaries):</i>		
Sales of goods	-	(80)
Rental income	(2)	-

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	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Outside parties	7,804	10,631	1,299	1,286
Accrued income	2,294	3,656	64	78
Accrued interest receivables from debt securities	611	669	611	669
Related parties	167	221	-	-
	10,876	15,177	1,974	2,033
Subsidiaries	-	-	207	207
	10,876	15,177	2,181	2,240
Less: Loss allowance for trade receivables	(995)	(973)	(541)	(541)
	9,881	14,204	1,640	1,699

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

Loss allowance for trade receivables of \$27,000 (30 June 2020 : \$2,000) has been determined for the six months ended 30 June 2021 resulting from DPAS segment.

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

17 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	1,607	1,106	188	240
Prepayments	253	255	98	105
Outside parties	6,524	7,447	184	88
Grant receivable	92	284	-	51
Financial asset at FVTPL	1,500	1,500	1,500	1,500
Loan receivables from third parties	27,284	2,360	27,284	2,360
	37,260	12,952	29,254	4,344
Subsidiaries	-	-	22,029	22,419
	37,260	12,952	51,283	26,763
Less: Loss allowance for other receivables				
- subsidiaries	-	-	(3,001)	(3,001)
- others	(226)	(226)	-	-
	(226)	(226)	(3,001)	(3,001)
	37,034	12,726	48,282	23,762
Analysed as:				
Current	35,885	12,263	48,234	23,635
Non-current	1,149	463	48	127
	37,034	12,726	48,282	23,762

Outside parties of \$6.5 million as at 30 June 2021 comprised mainly of \$2.6 million to be received from principals and operators in relation to sell through, sell in, advertising and promotion support and \$1.0 million advance payment for inventory purchase.

Financial asset at FVTPL of \$1.5 million 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 increase in loan receivables from third parties is mainly due to a new loan of \$24 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.

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 2021 S\$'000	31 December 2020 S\$'000	30 June 2021 S\$'000	31 December 2020 S\$'000
Spare parts, handsets, accessories, prepaid cards and skin care products	19,981	24,436	724	897
Raw materials	578	570	-	-
	<u>20,559</u>	<u>25,006</u>	<u>724</u>	<u>897</u>

During the six months ended 30 June 2021, an allowance for inventory obsolescence of \$241,000 (30 June 2020: \$519,000) was made.

19 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with an aggregate cost of \$972,000 (30 June 2020: \$304,000) of which \$202,000 (30 June 2020: \$Nil) was acquired under finance lease arrangements, and disposed of assets with a net book value amounting to \$30,000 (30 June 2020: \$15,000).

As at 30 June 2021, the carry amount of the Group's property, plant and equipment was inclusive of an allowance for impairment of renovation of \$93,000 for certain non-performing outlets of DMS business.

20 RIGHT-OF-USE ASSETS

As at 30 June 2021, the carry amount of the Group's right-of-use assets was related to the leasehold land and building of \$8.0 million and leases of its office premises, retail outlets, service centres and certain plant and equipment of \$8.8 million. The amount was inclusive of an allowance for impairment of \$348,000 for the lease of certain non-performing outlets of DMS business.

Fair value measurement of the Group's leasehold land and building

The Group's leasehold land and building are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's leasehold land and building was performed as at 31 December 2020 by independent valuer, Jones Lang Wootton. 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 2021.

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

21 INVESTMENT IN EQUITY SECURITIES

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Investments in quoted equity instruments designated as at FVTOCI	97,861	88,196	97,861	88,196
Investments in unquoted equity instruments designated as at FVTPL	1,500	-	1,500	-
	<u>99,361</u>	<u>88,196</u>	<u>99,361</u>	<u>88,196</u>

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

During the six months ended 30 June 2021, the Group has invested \$11.5 million (30 June 2020: \$16.4 million) and disposed of certain quoted equity securities with a fair value of \$19.5 million (30 June 2020: \$2.3 million) at the date of disposal. The cumulative gain on disposal of \$1.2 million (30 June 2020: loss on disposal of \$3.4 million) was reclassified from Investment revaluation reserve to accumulated losses.

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 \$17.6 million (30 June 2020: net fair value decrease of \$27.0 million) was recorded for the period ended 30 June 2021.

In April 2021, the Company subscribed for an unquoted equity investment for \$1.5 million with an option to exercise at any time until 31 March 2022, a put option for a portion of the said shareholdings.

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

21 INVESTMENT IN EQUITY SECURITIES (CONT'D)

As at 30 June 2021, the Group invested in quoted investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Real estate	44.8%
Infrastructure	31.0%
Agriculture	16.8%
Leisure and hospitality	3.5%
Commodities	3.9%
TOTAL	100.0%

Below is the key information of the investment securities as at 30 June 2021:

By Market Concentration	%
\$1 billion and above	84.8%
\$500 million to \$1 billion	0.0%
\$200 million to \$500 million	12.0%
\$200 million and below	3.2%
TOTAL	100.0%

By Geographical (based on market value)	%
SGX	97.2%
HKEX	2.8%
TOTAL	100.0%

By Currencies (based on market value)	%
SGD	69.4%
USD	27.8%
HKD	2.8%
TOTAL	100.0%

Weighted portfolio Information (based on simple weighted average calculation)

Market Capitalisation	\$2.58 billion
Dividend Yield	3.35%
5-year Beta	1.056
P/B	0.52x
EV/EBITDA	15.26x
Debt/EBITDA	8.70x

(Data derived from SGX "Stock Screener" or Yahoo Finance as at 30 June 2021)

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

22 INVESTMENT IN DEBT SECURITIES

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted debt securities	28,042	31,905	28,042	31,905
Less: Loss allowance on investment in debt securities	(19,017)	(19,017)	(19,017)	(19,017)
	9,025	12,888	9,025	12,888

The Group measures its quoted debt securities at amortised cost.

During the six months ended 30 June 2021, the Group has redeemed and disposed \$2.6 million (30 June 2020: \$12.2 million) and \$1.3 million (30 June 2020: \$12.5 million) respectively in debt securities.

The total investment in debt securities of \$28.0 million recorded as at 30 June 2021 is inclusive of a loss allowance of \$19.0 million for Tsinghua bond. During the year, the bond issuer defaulted on bonds due on 31 January 2021 held by the Group. Accordingly, investment in the bonds is deemed to be credit impaired and loss allowance is estimated based on the difference between expected recovery and carrying value of the bonds.

As at 30 June 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 bond):

Business Sectors	%
Real estate	100.0%
TOTAL	100.0%

Below is the key information of the bonds as at 30 June 2021:

By Geographical (based on purchase consideration)	%
HKEX	100.0%
TOTAL	100.0%

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

By Credit Rating (based on purchase consideration)	%
BBB	100.0%
TOTAL	100.0%

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

Weighted portfolio Information (based on simple weighted average calculation)	
Yield to Maturity	4.8%
Duration	0.01 years

The Group has classified debt securities which will mature within 12 months from 30 June 2021 under current assets.

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

23 BANK OVERDRAFTS AND LOANS

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Secured - at amortised costs</u>				
Bank overdrafts	30,130	15,504	30,130	15,504
Bank loans	5,819	10,048	2,349	6,374
	<u>35,949</u>	<u>25,552</u>	<u>32,479</u>	<u>21,878</u>
<u>Unsecured - at amortised costs</u>				
Bank loans	5,000	5,000	5,000	5,000
Trust receipts	-	1,000	-	-
	<u>5,000</u>	<u>6,000</u>	<u>5,000</u>	<u>5,000</u>
Total	<u>40,949</u>	<u>31,552</u>	<u>37,479</u>	<u>26,878</u>
Analysed as:				
Current	36,246	26,849	32,776	22,175
Non-current	4,703	4,703	4,703	4,703
	<u>40,949</u>	<u>31,552</u>	<u>37,479</u>	<u>26,878</u>

Bank overdrafts and loans comprised mainly of bank loans of \$3.5 million secured for the financing of property in Malaysia for DPAS operations, term loans and bank overdrafts of \$2.3 million and \$30.1 million respectively for the investment in equity and debt securities and term loans of \$5.0 million for working capital.

The secured borrowings comprise bank loan of \$3.5 million secured against an open legal mortgage over a commercial property in Malaysia and term loan and bank overdrafts of \$32.4 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 2021.

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

24 SHARE CAPITAL

	30 June	<u>Group and Company</u>		
	2021	31 December	30 June	31 December
		2020	2021	2020
			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	-	(89,800,662,166)	-	-
At end of year	<u>907,077,553</u>	<u>907,077,553</u>	<u>154,455</u>	<u>154,455</u>

25 TREASURY SHARES

	30 June	<u>Group and Company</u>		
	2021	31 December	30 June	31 December
		2020	2021	2020
			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	6,307,400	19,544,182	503	1,893
At end of year	<u>25,996,683</u>	<u>19,689,283</u>	<u>2,411</u>	<u>1,908</u>

26 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 30 April 2021), the Company bought back 6,307,400 ordinary shares during 1H-21. The amount paid, including brokerage fees, totaled \$502,695 and was deducted against shareholders' equity.

Share Capital and Treasury Shares

There were no movements in the Company's issued share capital for the period ended 30 June 2021. The total number of ordinary shares in issue was 907,077,553 of which 25,996,683 was held by the Company as treasury shares as at 30 June 2021. The treasury shares held represents 2.95% of the total number of issued shares (excluding treasury shares). The share capital was \$154,454,814 as at 30 June 2021.

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").

There were no movements in the Company's issued share capital for the period ended 30 June 2020. Prior to the Share Consolidation Effective Date, the total number of ordinary shares in issue was 90,707,739,719 of which 1,667,998,300 was held by the Company as treasury shares as at 30 June 2020. The treasury shares held represents 1.87% of the total number of issued shares (excluding treasury shares). The share capital was \$154,454,814 as at 30 June 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 30 June 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.

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 30 June 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 30 June 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	
	30-Jun-21	31-Dec-20
Total number of issued shares	907,077,553	907,077,553
Less: Treasury shares	<u>(25,996,683)</u>	<u>(19,689,283)</u>
Total number of issued shares excluding treasury	<u>881,080,870</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)

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 11% from \$86.3 million in 1H-20 to \$96.0 million in 1H-21, mainly from DMS, AMS and Investment businesses with gradual recovery from the COVID-19 pandemic.

Revenue from DMS business increased by 13% from \$72.6 million in 1H-20 to \$81.7 million in 1H-21 despite the closure of 5 retail outlets since September/October 2020 upon cessation of M1 business on 19 September 2020. The higher revenue resulted from higher sales volume generated from distribution operations. The revenue in 1H-20 was affected by the temporary closure of the retail outlets during the Circuit Breaker Period from 7 April 2020 until 18 June 2020 and resumed operations only on 19 June 2020. Gross margin for DMS business decreased by 1% from 7% to 6% compared to the previous corresponding period.

Revenue from AMS business increased by 4% from \$8.4 million in 1H-20 to \$8.8 million in 1H-21, due to higher repair volumes. Gross margin decreased by 2% from 27% to 25% compared to previous corresponding period mainly resulting from a change in repair mix.

Revenue from Investment segment increased by 5% from \$4.0 million in 1H-20 to \$4.2 million in 1H-21, mainly due to the increase in interest income from loan to third parties by \$1.3 million. The increase was partially offset by the decrease in coupon interest income from investment in bonds by \$1.0 million with the maturity and disposal of certain bonds.

Revenue from DPAS business, in contrast decreased by 1% from \$1.33 million in 1H-20 to \$1.31 million in 1H-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 not been eased to date. Gross margin however increased from 11% in 1H-20 to 17% in 1H-21, mainly due to reduced direct staff costs and outsourcing costs.

Administrative expenses decreased by \$0.7 million, mainly due to the decrease in staff cost by \$0.6 million and related outlet/office running costs such as credit card charges, utilities and communication costs of \$0.1 million. The decrease in staff cost was mainly due to the cessation of M1 distributorship since 19 September 2020 which required lower headcount to support DMS operations and certain cost cutting measures in place to deal with the COVID-19 pandemic.

Other operating expenses decreased by \$0.7 million, mainly due to lower loss allowance for inventories by \$0.3 million, decrease in depreciation of right-of-use assets and plant and equipment by \$0.3 million and decrease in loss on disposal of investment in debt securities by \$0.3 million. The gain on disposal of investment in debt securities in 1H-21 is recorded under 'other operating income' in the income statement. The decrease was partially offset by the increase in rental expenses by \$0.2 million with lesser rental subsidies received from the retail malls in 1H-21 as compared to 1H-20.

Finance expenses decreased by \$0.2 million from \$0.7 million in 1H-20 to \$0.5 million in 1H-21, mainly due to the decrease in interest on bank loans resulting from the repayment of loans and lower interest rates.

The Group's 1H-21 net profits increased by \$1.8 million from \$0.5 million in 1H-20 to \$2.3 million in 1H-21, mainly due to higher revenue and gross profits achieved and lower operating expense incurred.

F. OTHER INFORMATION (CONT'D)

Balance Sheet Analysis

Current assets

Total current assets increased by \$14.1 million from \$76.9 million as at 31 December 2020 to \$91.0 million as at 30 June 2021, mainly due to a new loan of \$24 million extended to a third party company with a tenor of 12 months classified under other receivables and increase in cash and bank balances by \$3.1 million. It was partially offset by the decrease in trade receivables, inventories and investment in debt securities by \$4.3 million, \$4.4 million and \$3.9 million respectively.

Non-current assets

Total non-current assets increased by \$16.8 million from \$103.0 million as at 31 December 2020 to \$119.8 million as at 30 June 2021.

Investment in equity securities increased by \$11.2 million, mainly arose from the net fair value gain of \$17.6 million as at 30 June 2021 and a new investment in unquoted equity securities of \$1.5 million. However, it was partially offset by the disposal of certain quoted equity securities.

Right-of-use assets increased by \$4.5 million, mainly due to renewal of leases of retail outlets and service centres.

Current liabilities

Total current liabilities increased by \$9.1 million from \$46.4 million as at 31 December 2020 to \$55.5 million as at 30 June 2021, mainly due to increase in bank overdrafts and loans by \$9.4 million and lease liabilities by \$2.0 million. It was partially mitigated by the decrease in trade payables by \$2.6 million.

Non-current liabilities

Total non-current liabilities increased by \$2.6 million from \$7.5 million as at 31 December 2020 to \$10.1 million as at 30 June 2021, mainly due to increase in lease liabilities by \$2.6 million, arose from the renewal of leases of retail outlets and service centres.

Cash Flows

The Group registered cash and cash equivalents of \$15.4 million as at 30 June 2021, representing an inflow of \$3.1 million since 31 December 2020.

Cashflow from operating activities

Net cash inflow of \$10.9 million in 1H-21 arose mainly from positive operating cash flows before movements in working capital of \$3.5 million, changes in working capital of \$6.3 million which resulted mainly from reduced trade receivables and inventories and interest income received from loans to third parties of \$1.0 million.

Cashflow from investing activities

Net cash outflow of \$14.2 million in 1H-21 was mainly due to a loan of \$24.0 million extended to a third party, purchase of quoted equity securities of \$11.5 million, investment in unquoted equity securities of \$1.5 million and purchase of plant and equipment of \$0.8 million. This was partially mitigated by the proceeds from disposal of quoted equity securities and quoted debt securities of \$19.5 million and \$4.0 million respectively.

Cashflow from financing activities

Net cash inflow of \$6.4 million in 1H-21 was attributable to net proceeds of bank borrowings of \$9.4 million, partially offset by the repayment of lease liabilities and lease liabilities from financial institutions of \$1.8 million and \$0.2 million respectively, purchase of treasury shares of \$0.5 million and interest expense of \$0.5 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**

In view of the emergence of several clusters and growing number of community cases that led to various movement restrictions in Singapore, and with the political uncertainty and ongoing COVID-19 pandemic crisis in Malaysia, the Group's businesses may be challenging in the coming months.

The investment division is reallocating its investment mix, with a view to hold up to 100% of equities in the investment portfolio. The division will take advantage of the recent bearish market to increase its equity holdings. Dividend income will remain the main revenue source for the division, though the dividend yield is expected to be lower as companies are likely to be conservative in dividend payouts due to the economic downturn and uncertainty.

DMS division's contributions are mainly from its retail and distribution operations which are expected to be modest as the ongoing COVID-19 related restrictions and fluidity of the movement restrictions expose the operations to lower consumer spending. The division is expected to commercially launch its Mobile Virtual Network Operator (MVNO) service in September under the trade name "ZYM" which will offer SIM plans with and without contract. ZYM Mobile will also offer bundled products and other value-added services.

DPAS division's operations are affected since 1 June 2021 when a nationwide lockdown was imposed in Malaysia due to the further deterioration of the COVID-19 pandemic. With the prolonged lockdown and the political uncertainties, DPAS division is expected to be negatively impacted in 2H-21 with likelihood of lower advertising budget from its clients and the uncertainty of full resumption of operations.

With the ongoing pandemic situation and business conditions, the Group remain cautious in its outlook for FY2021, in particular if there are any disruptions to business operations from COVID-19 related restrictions or control orders. Notwithstanding this, the Group is committed to exercising cost discipline in its businesses and will continue to seek 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-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 30 June 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 ¹	\$'000 95,350
Less:	
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)
Balance of net proceeds	-

¹Aggregate proceeds from Rights and conversion of Warrants as at 30 June 2021.

F. OTHER INFORMATION (CONT'D)

11. 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
13 August 2021

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 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, 13 August 2021