

DIGITAL MICRO PTE. LTD.
AND ITS SUBSIDIARIES
Company Registration No 201615589W

**Directors' Statement and Consolidated Financial Statements
for the Financial Year ended 31 December 2020**

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

I N D E X

	PAGE
GENERAL INFORMATION	1
DIRECTORS' STATEMENT	2
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	4
STATEMENTS OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
STATEMENTS OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOW	13
NOTES TO THE FINANCIAL STATEMENTS	15

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

GENERAL INFORMATION

DIRECTORS

Markus Prommik
Dennis Poh Wei Song (Appointed on 7 October 2020)

COMPANY SECRETARIES

Noraza Binte Zainal (Appointed on 17 July 2020)
Fairoza Begum D/O Barakat Ali (Appointed on 7 October 2020)

**REGISTERED OFFICE
AND PRINCIPAL PLACE OF BUSINESS**

1B Trengganu Street
Singapore 058455

BANKER

DBS Bank

AUDITOR

JSL & Associates (Appointed on 6 May 2021)
Chartered Accountants

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

**DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Digital Micro Pte. Ltd. ("the Company") and its subsidiaries ("the Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2020.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended on that date; and
- b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement is:

Markus Prommik
Dennis Poh Wei Song

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the 'Act'), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

Name of directors	Direct interest	
	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company		
<i>Ordinary shares</i>		
Markus Prommik	86,000	60,200
<i>Preference shares</i>		
Markus Prommik	-	1,453

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

SHARE OPTIONS

Pursuant to the Board Meeting held on 30 November 2020, the directors granted 13,270 share options to Kangro Pte. Ltd. in year 2020 to subscribe for 13,270 Class B shares in the Group at an exercise price of US\$10.72 per share in accordance with the share option agreement (the "Agreement").

The options granted on 30 September 2020 do not satisfy the exercise criteria. As such, the grantees of these options do not have the right to participate by virtue of the options in any share issue of the Group. The Group has no legal or constructive obligation to repurchase or redeem the options.

Except as disclosed above, during the financial year, there were:


- no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.
- no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.
- no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDITOR


Pursuant to an Extraordinary General Meeting on 6 May 2021, JSL & Associates was appointed as auditor of the Company.

JSL & Associates has expressed its willingness to accept re-appointment as auditor.

The Board of Directors,



Markus Prommik
Director



Dennis Poh Wei Song
Director

Date,

31/08/2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL MICRO PTE. LTD.

Report on the Audit of the Financial Statements*Opinion*

We have audited the financial statements of Digital Micro Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income, and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (SFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements for the financial year ended 31 December 2019 were unaudited.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL MICRO PTE. LTD.
(CONTINUED)**

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIGITAL MICRO PTE. LTD.
(CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

JSL & Associates

JSL & Associates
Public Accountants and
Chartered Accountants

Singapore, **31 AUG 2021**

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Group		Company	
	Note	2020	2019	2020	2019
		US\$	US\$	US\$	US\$
ASSETS					
Non-current assets					
Plant and equipment	4	34,323	64,284	-	-
Intangible assets	5	36,052	64,900	36,052	64,900
Right of use assets	6	62,708	-	-	-
Investment in subsidiaries	7	-	-	2,786,084	899,926
		<u>133,083</u>	<u>129,184</u>	<u>2,822,136</u>	<u>964,826</u>
Current assets					
Trade and other receivables	8	746,696	717,758	22,743	2,681
Prepayments		6,175	3,900	-	-
Amount due from subsidiary	9	-	-	-	2,333
Prepaid tax	10	-	4,197	-	-
Deferred tax assets		8,143	8,965	-	-
Cash and cash equivalents	11	128,984	65,841	84,067	1,224
		<u>889,998</u>	<u>800,661</u>	<u>106,810</u>	<u>6,238</u>
Total assets		<u><u>1,023,081</u></u>	<u><u>929,845</u></u>	<u><u>2,928,946</u></u>	<u><u>971,064</u></u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the company					
Share capital	12	2,380,000	62,510	2,380,000	62,510
Convertible notes	13	325,000	150,000	325,000	150,000
Stock warrants	14	50,000	275,000	50,000	275,000
(Accumulated losses) / Retained earnings		(2,699,323)	(1,690,746)	34,551	399,888
Foreign currency translation reserve	15	118,454	43,135	-	-
		<u>174,131</u>	<u>(1,160,101)</u>	<u>2,789,551</u>	<u>887,398</u>
Non-controlling interests		<u>16,425</u>	<u>9,358</u>	<u>-</u>	<u>-</u>
		<u><u>190,556</u></u>	<u><u>(1,150,743)</u></u>	<u><u>2,789,551</u></u>	<u><u>887,398</u></u>
Current liabilities					
Trade and other payables	16	213,407	159,262	36,187	32,104
Contract liabilities	17	-	-	25,781	51,562
Borrowings	18	516,649	1,883,405	-	-
Amount due to subsidiary	9	-	-	77,427	-
Lease liabilities		63,549	-	-	-
Post-employment benefits obligation	19	37,014	35,861	-	-
Income tax payables		1,906	2,060	-	-
		<u>832,525</u>	<u>2,080,588</u>	<u>139,395</u>	<u>83,666</u>
Total equity and liabilities		<u><u>1,023,081</u></u>	<u><u>929,845</u></u>	<u><u>2,928,946</u></u>	<u><u>971,064</u></u>

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Group	
		2020 US\$	2019 US\$
Revenue	20	2,250,392	1,871,741
Revenue - prior year overprovision		-	(77,343)
		<u>2,250,392</u>	<u>1,794,398</u>
Cost of services		<u>(310,340)</u>	<u>(408,171)</u>
Gross profit		1,940,052	1,386,227
Other income	21	61,006	145,560
Other operating expenses		(2,960,483)	(2,447,926)
Finance costs	22	(24,083)	-
Loss before tax	23	<u>(983,508)</u>	<u>(916,139)</u>
Income tax expense	24	(1,065)	(1,454)
Loss for the year		<u>(984,573)</u>	<u>(917,593)</u>
Other comprehensive income			
Currency translation difference arising from consolidation		75,411	39,288
Re-measurement loss on post-employment benefit obligation		(2,154)	(10,018)
Related tax		395	2,504
Other comprehensive income for the year, net of tax		<u>73,652</u>	<u>31,774</u>
Total comprehensive loss for the year		<u>(910,921)</u>	<u>(885,819)</u>
Loss attributable to:			
Equity holders of the Company		(991,812)	(966,939)
Non-controlling interest		7,239	49,346
		<u>(984,573)</u>	<u>(917,593)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(917,988)	(943,123)
Non-controlling interest		7,067	57,304
		<u>(910,921)</u>	<u>(885,819)</u>

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Group

	Share capital US\$	Convertible notes US\$	Stock warrants US\$	Accumulated losses US\$	Foreign currency translation reserve US\$	Total US\$	Non-Controlling Interest US\$	Total US\$
At 1 January 2019	62,510	150,000	125,000	(717,420)	12,932	(366,978)	(47,946)	(414,924)
Loss for the year	-	-	-	(966,939)	-	(966,939)	49,346	(917,593)
Other comprehensive income								
- Foreign currency translation differences - foreign operations	-	-	-	-	30,203	30,203	9,085	39,288
- Re-measurement loss on post-employment benefit obligation	-	-	-	(8,515)	-	(8,515)	(1,503)	(10,018)
- Related tax	-	-	-	2,128	-	2,128	376	2,504
Total comprehensive income for the year	-	-	-	(6,387)	30,203	23,816	7,958	31,774
Transactions with owners, recognised directly in equity								
<u>Contribution by and distribution to owners</u>								
- Issuance of stock warrants	-	-	150,000	-	-	150,000	-	150,000
At 31 December 2019	62,510	150,000	275,000	(1,690,746)	43,135	(1,160,101)	9,358	(1,150,743)

The accompanying notes form an integral part of these financial statements.

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group (Continued)

	Share capital	Convertible notes	Stock warrants	Accumulated losses	Foreign currency translation reserve	Total	Non-Controlling Interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2020	62,510	150,000	275,000	(1,690,746)	43,135	(1,160,101)	9,358	(1,150,743)
Loss for the year	-	-	-	(991,812)	-	(991,812)	7,239	(984,573)
Other comprehensive income								
- Foreign currency translation differences - foreign operations	-	-	-	-	75,319	75,319	92	75,411
- Re-measurement loss on post-employment benefit obligation	-	-	-	(1,831)	-	(1,831)	(323)	(2,154)
- Related tax	-	-	-	336	-	336	59	395
Total comprehensive income for the year	-	-	-	(1,495)	75,319	73,824	(172)	73,652

The accompanying notes form an integral part of these financial statements.

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group (Continued)

	Share capital US\$	Convertible notes US\$	Stock warrants US\$	Accumulated losses US\$	Foreign currency translation reserve US\$	Total US\$	Non-Controlling Interest US\$	Total US\$
Transactions with owners, recognised directly in equity								
Contribution by and distribution to owners								
- Issuance of stock warrants	-	-	-	-	-	-	-	-
- Issuance of shares	2,317,490	-	-	-	-	2,317,490	-	2,317,490
- Convert to share capital	-	(225,000)	(225,000)	-	-	(450,000)	-	(450,000)
- Issuance of convertible notes	-	400,000	-	-	-	400,000	-	400,000
- Dividends paid (Note 25)	-	-	-	(15,270)	-	(15,270)	-	(15,270)
	2,317,490	175,000	(225,000)	(15,270)	-	2,252,220	-	2,252,220
At 31 December 2020	2,380,000	325,000	50,000	(2,699,323)	118,454	174,131	16,425	190,556

The accompanying notes form an integral part of these financial statements.

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company

	Share capital US\$	Convertible notes US\$	Stock warrants US\$	Retained earnings / earnings / (Accumulated losses) US\$	Total US\$
At 1 January 2019	62,510	150,000	125,000	(42,115)	295,395
Total comprehensive income for the year	-	-	-	442,003	442,003
Transactions with owners, recognised directly in equity					
<u>Contribution by and distribution to owner</u>					
Issuance of stock warrants	-	-	150,000	-	150,000
Total transactions with owner	-	-	150,000	-	150,000
At 31 December 2019	62,510	150,000	275,000	399,888	887,398
Total comprehensive loss for the year	-	-	-	(350,067)	(350,067)
Transactions with owners, recognised directly in equity					
<u>Contribution by and distribution to owner</u>					
Issuance of share capital	2,317,490	-	-	-	2,317,490
Convert to share capital	-	(225,000)	(225,000)	-	(450,000)
Issuance of convertible notes	-	400,000	-	-	400,000
Dividends paid (Note 25)	-	-	-	(15,270)	(15,270)
Total transactions with owners	2,317,490	175,000	(225,000)	(15,270)	2,252,220
At 31 December 2020	2,380,000	325,000	50,000	34,551	2,789,551

The accompanying notes form an integral part of these financial statements.

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>	<u>2019</u>
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(984,573)	(885,819)
Adjustments for:		
Allowance for impairment of accrued interest	251,826	258,585
Allowance for impairment of due from borrowers	607,809	664,980
Interest expense	24,083	-
Interest income	(227)	(110)
Portfolio write off	26,455	79,501
Depreciation of plant and equipment	18,034	23,592
Depreciation of right of use assets	20,903	-
Amortisation of intangible assets	28,848	40,370
Loss on disposal of plant and equipment	20,887	7,361
Post-employment benefits obligation	1,153	14,327
Unrealised foreign exchange loss / (gain)	74,580	(3,115)
Operating profit before working capital changes	<u>89,778</u>	<u>199,672</u>
Trade and other receivables	(895,026)	(1,232,626)
Amount due from shareholder	(20,000)	-
Prepayments	(2,275)	3,372
Prepaid tax	4,197	-
Trade and other payables	54,145	(1,092,302)
Cash used in operating activities	<u>(769,181)</u>	<u>(2,121,884)</u>
Interest income received	227	110
Income tax refund / (paid)	668	(16,462)
Net cash used in operating activities	<u>(768,286)</u>	<u>(2,138,236)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(9,890)	(17,437)
Purchase of right of use assets	(83,611)	-
Purchase of intangible assets	-	(105,270)
Net cash used in investing activities	<u>(93,501)</u>	<u>(122,707)</u>

DIGITAL MICRO PTE. LTD. AND ITS SUBSIDIARIES
(Incorporated in the Republic of Singapore)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<u>2020</u>	<u>2019</u>
	US\$	US\$
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	2,317,490	-
Convertible notes	175,000	-
Stock warrants	(225,000)	150,000
Borrowings	(1,366,756)	1,883,405
Amount due to director	-	4,255
Interest paid	(24,083)	-
Dividends paid	(15,270)	-
Principal payment of lease liabilities	63,649	-
Net cash generated from financing activities	<u>924,930</u>	<u>2,037,660</u>
Net increase / (decrease) in cash and cash equivalents	63,143	(223,283)
Cash and cash equivalents at beginning of year	65,841	289,124
Effects of exchange rate changes in cash and cash equivalents	-	-
Cash and cash equivalents at end of year (Note 11)	<u>128,984</u>	<u>65,841</u>