



mDR Limited

Fourth Quarter Financial Statements for the Period Ended 31 December 2019

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

In S\$'000	Notes	4Q-19	4Q-18	Inc/(Dec) %	YTD-19	YTD-18	Inc/(Dec) %
Continuing operations							
Revenue	1	75,825	72,437	5%	285,691	264,869	8%
Cost of sales	1	(68,231)	(65,328)	4%	(253,136)	(238,107)	6%
Gross profit	1	7,594	7,109	7%	32,555	26,762	22%
Other income	2	278	59	371%	984	354	178%
Administrative expenses	3	(4,523)	(5,244)	-14%	(18,884)	(18,291)	3%
Other operating expenses	4	(2,143)	(1,290)	66%	(6,868)	(5,798)	18%
Finance costs	5	(498)	(138)	261%	(1,535)	(422)	264%
Total expenses		(7,164)	(6,672)	7%	(27,287)	(24,511)	11%
Operating profit before impairment, share of profit of associate and income tax		708	496	43%	6,252	2,605	140%
Allowance for impairment of non-current assets	6	(571)	-	N.M.	(571)	-	N.M.
Loss allowance on investment in debt securities	7	(1,851)	-	N.M.	(1,851)	-	N.M.
Impairment loss on goodwill of a subsidiary	8	(2,798)	-	N.M.	(2,798)	-	N.M.
Operating (loss) profit before share of profit of associate and income tax		(4,512)	496	N.M.	1,032	2,605	-60%
Share of profit (loss) of associate		1	(11)	N.M.	6	(9)	N.M.
(Loss) Profit before income tax		(4,511)	485	N.M.	1,038	2,596	-60%
Income tax credit (expense)	9	394	278	42%	3	(13)	-123%
(Loss) Profit for the period from continuing operations		(4,117)	763	N.M.	1,041	2,583	-60%
Discontinued operations							
Loss for the period from discontinued operations	10	(2)	(28)	-93%	(5)	(91)	-95%
(Loss) Profit for the period		(4,119)	735	N.M.	1,036	2,492	-58%
Other comprehensive income (loss)							
Items that will not be reclassified subsequently to profit or loss							
Net fair value changes in equity securities carried at fair value through other comprehensive income		4,127	(1,052)	492%	(2,977)	(4,018)	-26%
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising on consolidation		4	(11)	136%	4	10	-60%
Other comprehensive income (loss) for the period, net of tax		4,131	(1,063)	489%	(2,973)	(4,008)	-26%
Total comprehensive loss for the period		12	(328)	-104%	(1,937)	(1,516)	28%

In S\$'000	Notes	4Q-19	4Q-18	Inc/(Dec) %	YTD-19	YTD-18	Inc/(Dec) %
(Loss) Profit attributable to:							
Owners of the Company		(4,092)	776	N.M.	1,026	2,536	-60%
Non-controlling interests		(27)	(41)	-34%	10	(44)	N.M.
Total comprehensive (loss) income		<u>(4,119)</u>	<u>735</u>	N.M.	<u>1,036</u>	<u>2,492</u>	-58%
Total comprehensive income (loss) attributable to:							
Owners of the Company		37	(268)	-114%	(1,951)	(1,530)	28%
Non-controlling interests		(25)	(60)	-58%	14	14	0%
		<u>12</u>	<u>(328)</u>	-104%	<u>(1,937)</u>	<u>(1,516)</u>	28%

N.M. : Not Meaningful

1(a)(i) Breakdown and explanatory notes to the income statement

Note 1 Revenue, cost of sales 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 are as follows:

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Revenue				
AMS	4,528	5,263	19,864	24,240
DMS	68,571	65,309	253,048	232,847
DPAS	1,248	1,460	5,793	6,153
Investment	1,478	405	6,986	1,629
	<u>75,825</u>	<u>72,437</u>	<u>285,691</u>	<u>264,869</u>
Cost of goods sold				
AMS	(3,357)	(3,874)	(14,598)	(18,138)
DMS	(64,071)	(60,458)	(234,429)	(215,716)
DPAS	(803)	(996)	(4,109)	(4,253)
Investment	-	-	-	-
	<u>(68,231)</u>	<u>(65,328)</u>	<u>(253,136)</u>	<u>(238,107)</u>
Gross profit				
AMS	1,171	1,389	5,266	6,102
DMS	4,500	4,851	18,619	17,131
DPAS	445	464	1,684	1,900
Investment	1,478	405	6,986	1,629
	<u>7,594</u>	<u>7,109</u>	<u>32,555</u>	<u>26,762</u>
GP%				
AMS	26%	26%	27%	25%
DMS	7%	7%	7%	7%
DPAS	36%	32%	29%	31%
Investment	100%	100%	100%	100%
	<u>10%</u>	<u>10%</u>	<u>11%</u>	<u>10%</u>

Note 2 Other income consists of the following:

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Interest income on fixed deposits	9	13	30	134
Dividend income from associate	-	12	-	12
Rental income	150	5	608	20
Liabilities (Reversal of liabilities) written back	-	-	6	(50)
Wage credit	-	-	61	113
Gain on disposal of plant and equipment	-	-	35	3
Gain on disposal of right-of-use assets	9	-	9	-
Gain on disposal of investment in debt securities	67	-	84	-
Others	43	29	151	122
	<u>278</u>	<u>59</u>	<u>984</u>	<u>354</u>

Higher rental income in 4Q-19 and YTD-19 was due to the recovery of rental support from principal, classified as other income in 4Q-19 and YTD-19, whereas the rental support was recorded net of rental expenses in 4Q-18 and YTD-18, following the adoption of SFRS (I) 16 Leases on 1 January 2019, as explained in Section 5.

Note 3 Administrative expenses

The administrative expenses mainly comprise staff cost.

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Staff Cost				
AMS	831	1,049	3,667	4,152
DMS	1,629	1,911	7,033	7,160
DPAS	169	170	676	676
Management and HQ support staff costs (including Directors' fees)	1,091	1,325	4,353	3,389
	<u>3,720</u>	<u>4,455</u>	<u>15,729</u>	<u>15,377</u>

AMS recorded an 18% decrease in repair revenue in YTD-19 compared to YTD-18, mainly due to a decrease in repair volume; as such AMS staff costs had reduced accordingly, due to lower headcount required to support the operations.

The increase in staff costs for management and HQ support in YTD-19 was mainly due to the transfer of headcount from DMS since 3Q-18, annual salary increment and other performance related adjustments.

Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Rental expenses	257	1,109	1,010	4,393
Depreciation of property, plant and equipment	262	224	1,051	878
Depreciation of right-of-use assets	1,023	-	4,063	-
Plant and equipment written off	10	9	13	51
Reversal of impairment of plant and equipment	-	(2)	-	(2)
Loss allowance (Reversal of loss allowance) for trade receivables	4	43	(25)	52
Loss allowance for other receivables	66	-	66	-
Bad debts written off - trade	5	-	5	-
Allowance for inventories	108	9	537	360
Foreign exchange loss (gain)	408	(102)	148	66
	<u>2,143</u>	<u>1,290</u>	<u>6,868</u>	<u>5,798</u>

Lower rental expenses in 4Q-19 and YTD-19 mainly pertains to the adoption of SFRS (I) 16 which requires lessees to recognise new assets and liabilities under an on-balance sheet accounting model and details are explained in Section 5.

Higher allowance for inventories in 4Q-19 and YTD-19 was mainly due to higher stock provision made against slow moving inventory balances held.

Note 5 Finance costs

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Interest expense on bank loans	407	127	1,135	364
Interest expense on lease liabilities	84	11	364	58
Interest expense on lease liabilities from financial institutions	7	-	36	-
	<u>498</u>	<u>138</u>	<u>1,535</u>	<u>422</u>

Following the adoption of SFRS (I) 16 Leases on 1 January 2019, the Group recognises interest expenses on the lease liabilities which resulted in the increases in 4Q-19 and YTD-19.

Note 6 Allowance for impairment of non-current assets

The allowance for impairment of non-current assets pertains to the impairment of right-of-use asset (lease of retail outlet) of \$480,000 and renovation of \$91,000, from a non-performing outlet of DMS business.

Note 7 Loss allowance on investment in debt securities

The loss allowance on investment in debt securities arose from a significant increase in credit risk of a debt security as at year end.

Note 8 Impairment loss on goodwill of a subsidiary

The impairment loss on goodwill is related to the goodwill that arose from the acquisition of a subsidiary in Malaysia for DPAS business in 2013.

The Group has adopted the discounted cash flow method for the evaluation of the goodwill impairment for the financial year ended 31 December 2019.

The goodwill was impaired in full, mainly due to the decrease in revenue and reduced gross margin achieved by the subsidiary, which affects the future profitability projections for DPAS business.

Note 9 Income tax expense

The tax expense provision is calculated for profitable subsidiaries.

Note 10 Income statement for discontinued operations

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Revenue	-	-	-	-
Cost of sales	-	-	-	(40)
Gross (loss) profit	-	-	-	(40)
Other operating income	-	-	-	-
Administrative expenses	-	-	-	-
Other operating expenses	(2)	(28)	(5)	(51)
Loss before income tax	(2)	(28)	(5)	(91)
Income tax expense	-	-	-	-
Loss for the period from discontinued operations	(2)	(28)	(5)	(91)
Loss attributable to:				
Owners of the Company	-	(1)	-	(36)
Non-controlling interests	(2)	(27)	(5)	(55)
	(2)	(28)	(5)	(91)

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, with the latter 2 entities having ceased their business operations in March 2017.

1(b)(i) Statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

In S\$'000	Notes	Group		Company	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
ASSETS					
Current assets					
Cash and bank balances		7,129	8,447	1,072	1,082
Trade receivables	1	23,237	23,768	2,416	1,522
Other receivables and prepayments	2	10,811	5,220	32,301	28,917
Inventories	3	35,399	29,921	1,402	1,174
Investment in debt securities	8	20,249	-	20,249	-
Income tax recoverable		103	401	-	-
Total current assets		96,928	67,757	57,440	32,695
Non-current assets					
Investment in subsidiaries	13	-	-	19,970	20,835
Investment in an associate		20	14	-	-
Property, plant and equipment	4	3,404	11,097	1,089	885
Right-of-use assets	5	13,151	-	527	-
Goodwill	6	-	2,798	-	-
Investment in equity securities	7	90,610	79,054	90,610	79,054
Investment in debt securities	8	29,579	-	29,579	-
Deposits	2	860	-	47	-
Cash pledged		-	49	-	-
Deferred tax assets		127	-	125	-
Total non-current assets		137,751	93,012	141,947	100,774
Total assets		234,679	160,769	199,387	133,469
Current liabilities					
Bank overdrafts and loans	9	58,155	14,626	51,004	8,986
Trade payables	10	13,613	10,779	1,789	1,515
Other payables	11	4,302	5,450	1,098	1,372
Lease liabilities	12	3,498	-	505	-
Lease liabilities from financial institutions		326	335	45	36
Income tax payable		9	8	-	-
Total current liabilities		79,903	31,198	54,441	11,909
Non-current liabilities					
Lease liabilities	12	3,501	-	73	-
Lease liabilities from financial institutions		131	411	39	71
Deferred tax liabilities		306	364	-	-
Total non-current liabilities		3,938	775	112	71
Capital, reserves and non-controlling interests					
Share capital		154,455	220,312	154,455	220,312
Treasury shares		(15)	-	(15)	-
Capital reserve		(325)	(325)	22	22
Investment revaluation reserve		(8,479)	(5,868)	(8,479)	(5,868)
Property revaluation reserve		751	751	-	-
Foreign currency translation reserve		39	39	-	-
Retained earnings (Accumulated losses)		5,918	(84,609)	(1,149)	(92,977)
Equity attributable to owners of the Company		152,344	130,300	144,834	121,489
Non-controlling interests		(1,506)	(1,504)	-	-
Total equity		150,838	128,796	144,834	121,489
Total liabilities and equity		234,679	160,769	199,387	133,469

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 December 2019 is 30 days (31 December 2018: 31 days).

2 Other receivables and prepayments

Other receivables and prepayments (current)

The Group's other receivables and prepayments mainly consist of the following:

S\$'000	31-Dec-19	31-Dec-18
Rental deposits (current)	334	1,105
Other receivables	7,019	3,509
Loan receivables from a third party	2,432	-
Prepayments	308	319

The decrease in rental deposits is mainly due to the reclassification of long term rental deposits to non-current assets.

Other receivables of \$7.0 million as at 31 December 2019 comprised mainly of \$5.7 million to be received from principals and operators in relation to cost recovery of handsets issued on behalf, sell through, advertising and promotion support.

Deposits (non-current)

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

3 Inventories

The Group's inventory turnover for the quarter ended 31 December 2019 is 46 days (31 December 2018: 37 days).

The higher inventory turnover days mainly resulted from the higher volume of handsets purchased in December 2019 for an incentive programme.

4 Property, plant and equipment

Property, plant and equipment reduced by \$7.7 million mainly due to the reclassification of leasehold land and building of \$7.3 million to right-of-use assets under SFRS (I) 16 Leases and the impairment of renovation of \$91,000 of a non-performing outlet.

5 Right-of-use assets

The Group recognised right-of-use assets of \$13.2 million on the adoption of SFRS (I) 16 Leases as disclosed in Section 5, on 1 January 2019. It included an allowance of impairment for the lease of a non-performing outlet of \$480,000.

The right-of-use assets as at 31 December 2019 were mainly related to leasehold land and building, leases of its office premises, retail outlets and service centres.

6 Goodwill

The decrease in goodwill is mainly due to impairment in goodwill of subsidiary in Malaysia amounting to \$2.8 million.

7 Investment in equity securities

Investment in equity securities pertain to the investment in marketable securities during the period.

In 4Q-19, the Group has invested \$30.3 million in equity securities and there was no disposal made in the quarter. In YTD-19, total investment in equity securities amounted to \$33.9 million while the Group disposed \$19.7 million of equity securities.

As at 31 December 2019, the Group invested in investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Real estate	31.1%
Infrastructure	23.8%
Agriculture	16.9%
Sports	10.0%
Leisure and hospitality	7.3%
Transportation	6.2%
Commodities	4.7%
TOTAL	100.0%

Below is the key information of the investment securities as at 31 December 2019:

By Market Concentration	%
\$1 billion and above	87.6%
\$500 million to \$1 billion	10.0%
\$200 million to \$500 million	2.4%
\$200 million and below	0.0%
TOTAL	100.0%

By Exchange (based on primary listing and market value)	%
SGX	98.0%
HKEX	2.0%
TOTAL	100.0%

By Currencies (based on market value)	%
SGD	75.4%
USD	22.6%
HKD	2.0%
TOTAL	100.0%

Weighted portfolio information (based on simple weighted average calculation)	
Market Capitalisation	\$2.93 billion
Dividend Yield	5.34%
5-year Beta	0.750
P/B	0.64x
EV/EBITDA	16.28x
Debt/EBITDA	10.75x

(Data derived from SGX "Stock Screener" or Yahoo Finance as at 31 December 2019)

8 Investment in debt securities

In 4Q-19, the Group has invested \$0.6 million in debt securities and redeemed \$5.6 million of debt securities. In YTD-19, total investment in debt securities amounted to \$60.0 million while the Group redeemed \$8.3 million of debt securities.

The total investment in debt securities of \$49.8 million recorded as at 31 December 2019 is inclusive of a loss allowance of \$1.9 million due to the significant increase in credit risk of a debt security as at year end.

As at 31 December 2019, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors:

Business Sectors	%
Real estate	49.8%
Advanced technologies and innovation services	35.9%
Consumer products	10.6%
Agriculture	3.7%
TOTAL	100.0%

Below is the key information of the bonds as at 31 December 2019:

By Exchange (based on purchase consideration)	%
SGX	58.8%
HKEX	41.2%
TOTAL	100.0%

By Currencies (based on purchase consideration)	%
USD	92.8%
SGD	7.2%
TOTAL	100.0%

By Credit Rating (based on purchase consideration)	%
BBB	5.2%
BB	11.3%
BB-	36.1%
B+	11.5%
B-	35.9%
TOTAL	100.0%

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

Weighted portfolio Information (based on simple weighted average calculation)	
Yield to Maturity	5.8%
Duration	0.82 years

The Group has classified debt securities which will mature within 12 months from 31 December 2019 under current assets.

9 Bank overdrafts and loans

Bank overdrafts and loans comprised mainly of bank loans of \$3.8 million secured for the financing of property in Malaysia for DPAS operations, term loans and bank overdrafts of \$29.3 million and \$21.7 million respectively for the investment in equity and debt securities and working capital.

10 Trade payables

The Group's trade payables turnover as at 31 December 2019 is 17 days (31 December 2018: 17 days).

11 Other payables

The Group's other payables mainly consist of the following:

S\$'000	31-Dec-19	31-Dec-18
Advertising, promotion and sell through funds from principals	786	1,372
Accrued staff costs	544	1,390
Other accrued operating expenses	562	874

The decrease in accrued staff costs is mainly due to no performance bonus provision made as at 31 December 2019.

12 Lease liabilities

The significant increase in lease liabilities in the period mainly pertained to the adoption of SFRS (I) 16 Leases as disclosed in Section 5, on 1 January 2019.

Company level

13 Investment in subsidiaries

The decrease in investment in subsidiaries is mainly due to impairment of investment in Malaysian subsidiary amounting to \$0.9 million.

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Dec-19		As at 31-Dec-18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
55,171	3,310	14,961	-

Amount repayable after one year

As at 31-Dec-19		As at 31-Dec-18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
131	-	411	-

Details of collateral

The secured borrowings comprise mainly of outstanding finance lease of \$0.5 million on certain motor vehicles and machinery, bank loan of \$3.8 million secured against an open legal mortgage over a commercial property in Malaysia and term loan and bank overdrafts of \$51.0 million secured against the equity and debt securities.

1(c) **A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Operating activities				
(Loss) Profit before income tax from continuing operations	(4,511)	485	1,038	2,596
Loss before income tax from discontinued operations	(2)	(28)	(5)	(91)
	<u>(4,513)</u>	<u>457</u>	<u>1,033</u>	<u>2,505</u>
Adjustments for:				
Depreciation of property, plant and equipment	374	401	1,559	1,648
Depreciation of right-of-use assets	1,066	-	4,234	-
Interest expenses	498	138	1,535	422
Interest income from fixed deposits	(9)	(13)	(30)	(134)
Interest income from loan to a third party	(94)	-	(345)	(319)
Interest income from investment in debt securities	(789)	-	(2,315)	-
Dividend income from an associate	-	(12)	-	(12)
Gain on disposal of plant and equipment	-	-	(35)	(3)
Gain on disposal of right-of-use asset	(9)	-	(9)	-
Gain on disposal of debt securities	(67)	-	(84)	-
Plant and equipment written off	10	9	13	51
Allowance for (Reversal of) impairment on plant and equipment	91	(2)	91	(2)
Allowance for impairment loss of right-of-use assets	480	-	480	-
Loss allowance on investment in debt securities	1,851	-	1,851	-
Impairment loss on goodwill of a subsidiary	2,798	-	2,798	-
Liabilities written back	-	-	(6)	-
Allowance for inventories	108	9	537	360
Loss (Reversal of) allowance for trade receivables	4	43	(25)	52
Loss allowance for non-trade receivables	66	-	66	-
Bad debts written off - trade	5	-	5	-
Share of (profit) loss of an associate	(1)	11	(6)	9
Net foreign exchange loss (gain)	562	(97)	303	76
Operating cash flows before movements in working capital	<u>2,431</u>	<u>944</u>	<u>11,650</u>	<u>4,653</u>
Trade receivables	890	1,034	551	(1,590)
Other receivables and prepayments	1,311	1,095	(3,087)	(1,134)
Inventories	(3,025)	(9,744)	(6,015)	(11,356)
Trade payables	(7,484)	(7,762)	2,836	(1,089)
Other payables	(159)	673	(1,166)	(712)
Cash (used in) generated from operations	<u>(6,036)</u>	<u>(13,760)</u>	<u>4,769</u>	<u>(11,228)</u>
Income tax refund (paid)	57	38	189	(107)
Interest received	9	13	30	134
Interest received from debt securities	322	-	1,160	-
Interest received from loan to a third party	94	-	345	551
Net cash (used in) from operating activities	<u>(5,554)</u>	<u>(13,709)</u>	<u>6,493</u>	<u>(10,650)</u>
Investing activities				
Proceeds from disposal of plant and equipment	3	16	45	20
Purchase of plant and equipment (Note A)	(102)	(318)	(1,328)	(1,504)
Proceeds from disposal of investment securities	-	-	19,377	-
Purchase of investment securities	(30,289)	(62,477)	(33,910)	(69,838)
Proceeds from disposal of debt securities	5,609	-	8,346	-
Purchase of debt securities	(585)	-	(60,020)	-
Loan to a third party	-	-	(2,500)	-
Repayment of loan from a third party	69	-	69	3,600
Dividend income from an associate	-	12	-	12
Net cash used in investing activities	<u>(25,295)</u>	<u>(62,767)</u>	<u>(69,921)</u>	<u>(67,710)</u>

In S\$'000	4Q-19	4Q-18	YTD-19	YTD-18
Financing activities				
Proceeds from issuance of ordinary shares, net	27,958	35,590	28,363	66,660
Purchase of treasury shares	(12)	-	(15)	-
Interest paid	(336)	(137)	(1,345)	(379)
Repayment of lease liabilities	(1,035)	-	(4,108)	-
Repayment of lease liabilities from financial institutions	(83)	(105)	(341)	(491)
Changes in cash pledged	-	(9)	49	1,391
Dividends paid to shareholders	-	-	(4,008)	(1,000)
Repayment of bank borrowings	(36,195)	(19,202)	(119,949)	(20,895)
Proceeds from bank borrowings	39,825	25,280	163,463	29,944
Net cash from financing activities	30,122	41,417	62,109	75,230
Net decrease in cash and cash equivalents	(727)	(35,059)	(1,319)	(3,130)
Cash and cash equivalents at beginning of period	7,854	43,508	8,447	11,579
Effects of exchange rate changes on the balance of cash held in foreign currencies	2	(2)	1	(2)
Cash and cash equivalents at end of period (Note B)	7,129	8,447	7,129	8,447

Note

A. Purchase of property, plant and equipment:

In 4Q-19, the Group acquired plant and equipment with an aggregate cost of \$136,000 (4Q-18: \$ 409,000) of which \$34,000 (4Q-18: \$91,000) was acquired under finance lease arrangements.

In YTD-19, the Group acquired plant and equipment with an aggregate cost of \$1,381,000 (YTD-18: \$ 1,627,000) of which \$53,000 (YTD-18: \$123,000) was acquired under finance lease arrangements.

B. Cash and cash equivalent at end of period comprise of:

In S\$'000	4Q-19	4Q-18
Cash	7,129	8,496
Less: Cash pledged	-	(49)
Cash and cash equivalents	<u>7,129</u>	<u>8,447</u>

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>In S\$'000</u> Group	Share capital	Treasury shares	Capital reserve	Investment revaluation reserve	Property revaluation reserve	Share options reserve	Currency translation reserve	(Accumulated losses) Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
Balance as at 31 December 2018	220,312	-	(325)	(5,868)	751	-	39	(84,609)	130,300	(1,504)	128,796
Effects of adopting SFRS (I) 16*	-	-	-	-	-	-	-	(345)	(345)	(7)	(352)
Balance as at 1 January 2019	220,312	-	(325)	(5,868)	751	-	39	(84,954)	129,955	(1,511)	128,444
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	1,548	1,548	18	1,566
Loss on disposal of investment securities transferred between reserves	-	-	-	366	-	-	-	(366)	-	-	-
Other comprehensive income for the period	-	-	-	2,947	-	-	82	-	3,029	1	3,030
Total	-	-	-	3,313	-	-	82	1,182	4,577	19	4,596
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	39	-	-	-	-	-	-	-	39	-	39
Purchase of treasury shares	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Total	39	(3)	-	-	-	-	-	-	36	-	36
Balance as at 31 March 2019	220,351	(3)	(325)	(2,555)	751	-	121	(83,772)	134,568	(1,492)	133,076
Total comprehensive loss for the period											
Profit for the period	-	-	-	-	-	-	-	1,686	1,686	12	1,698
Other comprehensive loss for the period	-	-	-	(3,382)	-	-	(115)	-	(3,497)	(1)	(3,498)
Total	-	-	-	(3,382)	-	-	(115)	1,686	(1,811)	11	(1,800)
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	196	-	-	-	-	-	-	-	196	-	196
Capital reduction*	(94,220)	-	-	-	-	-	-	94,220	-	-	-
Dividends	-	-	-	-	-	-	-	(2,004)	(2,004)	-	(2,004)
Total	(94,024)	-	-	-	-	-	-	92,216	(1,808)	-	(1,808)
Balance as at 30 June 2019	126,327	(3)	(325)	(5,937)	751	-	6	10,130	130,949	(1,481)	129,468

<u>In S\$'000</u> Group	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Property revaluation reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>(Accumulated losses) Retained earnings</u>	<u>Attributable to equity holders of the Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance as at 30 June 2019	126,327	(3)	(325)	(5,937)	751	-	6	10,130	130,949	(1,481)	129,468
Total comprehensive loss for the period											
Profit for the period	-	-	-	-	-	-	-	1,884	1,884	7	1,891
Other comprehensive (loss) income for the period	-	-	-	(6,669)	-	-	31	-	(6,638)	2	(6,636)
Total	-	-	-	(6,669)	-	-	31	1,884	(4,754)	9	(4,745)
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	170	-	-	-	-	-	-	-	170	-	170
Dividends	-	-	-	-	-	-	-	(2,004)	(2,004)	-	(2,004)
Total	170	-	-	-	-	-	-	(2,004)	(1,834)	-	(1,834)
Balance as at 30 September 2019	<u>126,497</u>	<u>(3)</u>	<u>(325)</u>	<u>(12,606)</u>	<u>751</u>	<u>-</u>	<u>37</u>	<u>10,010</u>	<u>124,361</u>	<u>(1,472)</u>	<u>122,889</u>
Total comprehensive income for the period											
(Loss) Profit for the period	-	-	-	-	-	-	-	(4,092)	(4,092)	(27)	(4,119)
Other comprehensive income for the period	-	-	-	4,127	-	-	2	-	4,129	2	4,131
Total	-	-	-	4,127	-	-	2	(4,092)	37	(25)	12
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	27,958	-	-	-	-	-	-	-	27,958	-	27,958
Purchase of treasury shares	-	(12)	-	-	-	-	-	-	(12)	-	(12)
Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(9)	(9)
Total	27,958	(12)	-	-	-	-	-	-	27,946	(9)	27,937
Balance as at 31 December 2019	<u>154,455</u>	<u>(15)</u>	<u>(325)</u>	<u>(8,479)</u>	<u>751</u>	<u>-</u>	<u>39</u>	<u>5,918</u>	<u>152,344</u>	<u>(1,506)</u>	<u>150,838</u>

* The Group has adopted SFRS (I) 16 on 1 January 2019 and adjusted the opening retained earnings by the cumulative effect of initially applying the standards. Please refer to Section 5 for further details.

* Upon completion of the capital reduction on 14 June 2019, the share capital of the Company was reduced by the cancellation of the share capital to the extent of the accumulated losses of the Company up to 31 December 2017 of \$94,219,774.

<u>In S\$'000</u> Group	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Property revaluation reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>(Accumulated losses) Retained earnings</u>	<u>Attributable to equity holders of the Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance as at 31 December 2017	153,652	-	(859)	(1,850)	751	145	(738)	(85,465)	65,636	(1,518)	64,118
Adoption of the SFRS (I)	-	-	-	-	-	-	825	(825)	-	-	-
Balance as at 1 January 2018	153,652	-	(859)	(1,850)	751	145	87	(86,290)	65,636	(1,518)	64,118
Total comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	756	756	28	784
Other comprehensive (loss) income for the period	-	-	-	(1,543)	-	-	122	-	(1,421)	(1)	(1,422)
Total	-	-	-	(1,543)	-	-	122	756	(665)	27	(638)
Balance as at 31 March 2018	153,652	-	(859)	(3,393)	751	145	209	(85,534)	64,971	(1,491)	63,480
Total comprehensive loss for the period											
Profit (loss) for the period	-	-	-	-	-	-	-	576	576	(43)	533
Other comprehensive (loss) income for the period	-	-	-	(1,393)	-	-	(20)	-	(1,413)	9	(1,404)
Total	-	-	-	(1,393)	-	-	(20)	576	(837)	(34)	(871)
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	31,166	-	-	-	-	-	-	-	31,166	-	31,166
Expense in relation to issuance of right shares	(319)	-	-	-	-	-	-	-	(319)	-	(319)
Dividends	-	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Transfer between reserves upon expiry of share options	-	-	-	-	-	(145)	-	145	-	-	-
Total	30,847	-	-	-	-	(145)	-	(855)	29,847	-	29,847
Balance as at 30 June 2018	184,499	-	(859)	(4,786)	751	-	189	(85,813)	93,981	(1,525)	92,456
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	428	428	12	440
Other comprehensive (loss) income for the period	-	-	-	(30)	-	-	(158)	-	(188)	69	(119)
Total	-	-	-	(30)	-	-	(158)	428	240	81	321
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	232	-	-	-	-	-	-	-	232	-	232
Expense in relation to issuance of right shares	(9)	-	-	-	-	-	-	-	(9)	-	(9)
Waiver of loan from third party	-	-	534	-	-	-	-	-	534	-	534
Total	223	-	534	-	-	-	-	-	757	-	757
Balance as at 30 September 2018	184,722	-	(325)	(4,816)	751	-	31	(85,385)	94,978	(1,444)	93,534

In S\$'000	Share capital	Treasury shares	Capital reserve	Investment revaluation reserve	Property revaluation reserve	Share options reserve	Currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
Group											
Balance as at 30 September 2018	184,722	-	(325)	(4,816)	751	-	31	(85,385)	94,978	(1,444)	93,534
Total comprehensive loss for the period											
Profit (Loss) for the period	-	-	-	-	-	-	-	776	776	(41)	735
Other comprehensive (loss) income for the period	-	-	-	(1,052)	-	-	8	-	(1,044)	(19)	(1,063)
Total	-	-	-	(1,052)	-	-	8	776	(268)	(60)	(328)
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	35,590	-	-	-	-	-	-	-	35,590	-	35,590
Total	35,590	-	-	-	-	-	-	-	35,590	-	35,590
Balance as at 31 December 2018	220,312	-	(325)	(5,868)	751	-	39	(84,609)	130,300	(1,504)	128,796

<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Share options reserve</u>	<u>(Accumulated losses) Retained earnings</u>	<u>Total</u>
Balance as at 31 December 2018	220,312	-	22	(5,868)	-	(92,977)	121,489
Adoption of the SFRS (I) 16*	-	-	-	-	-	(44)	(44)
Balance as at 1 January 2019	<u>220,312</u>	<u>-</u>	<u>22</u>	<u>(5,868)</u>	<u>-</u>	<u>(93,021)</u>	<u>121,445</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	849	849
Loss on disposal of investment securities	-	-	-	366	-	(366)	-
Other comprehensive income for the period	-	-	-	2,947	-	-	2,947
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,313</u>	<u>-</u>	<u>483</u>	<u>3,796</u>
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	39	-	-	-	-	-	39
Purchase of treasury shares	-	(3)	-	-	-	-	(3)
Total	<u>39</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Balance as at 31 March 2019	<u>220,351</u>	<u>(3)</u>	<u>22</u>	<u>(2,555)</u>	<u>-</u>	<u>(92,538)</u>	<u>125,277</u>
Total comprehensive loss for the period							
Profit for the period	-	-	-	-	-	1,163	1,163
Other comprehensive loss for the period	-	-	-	(3,382)	-	-	(3,382)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,382)</u>	<u>-</u>	<u>1,163</u>	<u>(2,219)</u>
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	196	-	-	-	-	-	196
Capital reduction*	(94,220)	-	-	-	-	94,220	-
Dividends	-	-	-	-	-	(2,004)	(2,004)
Total	<u>(94,024)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,216</u>	<u>(1,808)</u>
Balance as at 30 June 2019	<u>126,327</u>	<u>(3)</u>	<u>22</u>	<u>(5,937)</u>	<u>-</u>	<u>841</u>	<u>121,250</u>
Total comprehensive loss for the period							
Profit for the period	-	-	-	-	-	1,610	1,610
Other comprehensive loss for the period	-	-	-	(6,669)	-	-	(6,669)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,669)</u>	<u>-</u>	<u>1,610</u>	<u>(5,059)</u>
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	170	-	-	-	-	-	170
Dividends	-	-	-	-	-	(2,004)	(2,004)
Total	<u>170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,004)</u>	<u>(1,834)</u>
Balance as at 30 September 2019	<u>126,497</u>	<u>(3)</u>	<u>22</u>	<u>(12,606)</u>	<u>-</u>	<u>447</u>	<u>114,357</u>
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(1,596)	(1,596)
Other comprehensive loss for the period	-	-	-	4,127	-	-	4,127
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,127</u>	<u>-</u>	<u>(1,596)</u>	<u>2,531</u>
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	27,958	-	-	-	-	-	27,958
Purchase of treasury shares	-	(12)	-	-	-	-	(12)
Total	<u>27,958</u>	<u>(12)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,946</u>
Balance as at 31 December 2019	<u>154,455</u>	<u>(15)</u>	<u>22</u>	<u>(8,479)</u>	<u>-</u>	<u>(1,149)</u>	<u>144,834</u>

* The Company has adopted SFRS (I) 16 on 1 January 2019 and adjusted the opening retained earnings by the cumulative effect of initially applying the standards. Please refer to Section 5 for further details.

* Upon completion of the capital reduction on 14 June 2019, the share capital of the Company was reduced by the cancellation of the share capital to the extent of the accumulated losses of the Company up to 31 December 2017 of \$94,219,774

<u>In S\$'000</u> Company	Share capital	Treasury shares	Capital reserve	Investment revaluation reserve	Share options reserve	(Accumulated losses) Retained earnings	Total
Balance as at 1 January 2018	153,652	-	22	(1,850)	145	(94,220)	57,749
Total comprehensive loss for the period							
Profit for the period	-	-	-	-	-	436	436
Other comprehensive loss for the period	-	-	-	(1,543)	-	-	(1,543)
Total	-	-	-	(1,543)	-	436	(1,107)
Balance as at 31 March 2018	<u>153,652</u>	<u>-</u>	<u>22</u>	<u>(3,393)</u>	<u>145</u>	<u>(93,784)</u>	<u>56,642</u>
Total comprehensive loss for the period							
Profit for the period	-	-	-	-	-	165	165
Other comprehensive loss for the period	-	-	-	(1,393)	-	-	(1,393)
Total	-	-	-	(1,393)	-	165	(1,228)
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	31,166	-	-	-	-	-	31,166
Expense in relation to issuance of right shares	(319)	-	-	-	-	-	(319)
Dividends	-	-	-	-	-	(1,000)	(1,000)
Transfer between reserves upon expiry of share options	-	-	-	-	(145)	145	-
Total	30,847	-	-	-	(145)	(855)	29,847
Balance as at 30 June 2018	<u>184,499</u>	<u>-</u>	<u>22</u>	<u>(4,786)</u>	<u>-</u>	<u>(94,474)</u>	<u>85,261</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	206	206
Other comprehensive loss for the period	-	-	-	(30)	-	-	(30)
Total	-	-	-	(30)	-	206	176
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	232	-	-	-	-	-	232
Expense in relation to issuance of right shares	(9)	-	-	-	-	-	(9)
Total	223	-	-	-	-	-	223
Balance as at 30 September 2018	<u>184,722</u>	<u>-</u>	<u>22</u>	<u>(4,816)</u>	<u>-</u>	<u>(94,268)</u>	<u>85,660</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,291	1,291
Other comprehensive loss for the period	-	-	-	(1,052)	-	-	(1,052)
Total	-	-	-	(1,052)	-	1,291	239
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	35,590	-	-	-	-	-	35,590
Total	35,590	-	-	-	-	-	35,590
Balance as at 31 December 2018	<u>220,312</u>	<u>-</u>	<u>22</u>	<u>(5,868)</u>	<u>-</u>	<u>(92,977)</u>	<u>121,489</u>

1(d)(ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 29 April 2019), the Company bought back 12,029,300 ordinary shares during 4Q-19. The amount paid, including brokerage fees, totaled \$12,046 and was deducted against shareholders' equity.

Share Capital and Treasury Shares

In 4Q-19, the Company issued an additional 25,416,301,750 new ordinary shares through conversion of 25,416,301,750 Tranche 2 warrants at \$0.0011. As a result, the total number of ordinary shares in issue was 90,707,739,719 of which 14,510,100 was held by the Company as treasury shares as at 31 December 2019. The treasury shares held represents 0.016% of the total number of issued shares (excluding treasury shares). With the completion of the capital reduction on 14 June 2019 and the issuance of new ordinary shares through the conversion of Tranche 2 warrants, the share capital was \$154,454,814 as at 31 December 2019.

In 4Q-18, the Company issued an additional 35,586,102,954 new ordinary shares through conversion of 35,548,375,654 Tranche 1 warrants at \$0.001 and 37,727,300 Tranche 2 warrants at \$0.0011. As a result, the Company's issued and paid-up capital increased to \$220,311,678 divided into 64,923,277,197 shares as at 31 December 2018.

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.

The number of shares that may be issued on conversion of the Group's outstanding warrants as at 31 December 2019:

31-Dec-19

Tranche 3 warrants, \$0.0070 per warrant expiring on 17 June 2021

49,732,237,977

There were 25,416,301,750 Tranche 2 warrants exercised in the quarter ended 31 December 2019. Tranche 1 warrants and T2 warrants expired on 17 December 2018 and 17 December 2019 respectively.

Share options

The Company had a share option scheme known as mDR Limited Share Option Scheme 2003 which was approved by members of the Company at the Extraordinary General Meeting held on 13 January 2003. The Scheme expired on 12 January 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

Following the expiry of the share options in May 2018, there will be no valid and exercisable option under the scheme.

Share Award Scheme

On 28 September 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan. As at 31 December 2019, no share award had been granted.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Number of ordinary shares	
	31-Dec -19	31-Dec-18
Total number of issued shares	90,707,739,719	64,923,277,197
Less: Treasury shares	(14,510,100)	-
Total number of issued shares excluding treasury shares	<u>90,693,229,619</u>	<u>64,923,277,197</u>

1(d)(iv) 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(d)(v) 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 standard

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 2018 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2018 except as explained in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Application of SFRS (I) 16 Leases

SFRS (I) 16, Leases takes effect from financial year beginning on 1 January 2019. This standard requires lessees to adopt a single lease accounting model with most leases recognised in balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments. Recognition exemptions for low value assets and short term leases can be applied. The standard continues to adopt dual accounting lease model for lessor accounting.

The Group and the Company have applied SFRS (I) 16 using modified retrospective approach, with the cumulative effect of initial application amounting to \$345,000 and \$44,000 respectively as an adjustment to the opening retained earnings (net of deferred tax) as at 1 January 2019. The comparative information has not been restated and to be reported under FRS 17.

Subsequent to initial recognition, the Group and the Company depreciate the right-of-use assets over the lease term and recognise interest expenses on the lease liabilities.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per ordinary share <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	4Q-19 cents	4Q-18 cents	YTD-19 cents	YTD-18 cents
From continuing and discontinued operations:				
- Basic	(0.006)	0.003	0.001	0.010
- Fully diluted	(0.006)	0.002	0.001	0.005

From continuing operations:

- Basic	(0.006)	0.003	0.001	0.010
- Fully diluted	<u>(0.006)</u>	<u>0.002</u>	<u>0.001</u>	<u>0.005</u>

From discontinued operations:

- Basic	-	-	-	-
- Fully diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 66,444,955,451 (4Q-18: 25,374,248,301).

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 72,913,894,066 (4Q-18: 22,388,118,590).

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31-Dec -19 Cents	31-Dec-18 Cents	31-Dec-19 Cents	31-Dec-18 Cents
Net Asset Value ("NAV") per share	<u>0.17</u>	<u>0.20</u>	<u>0.16</u>	<u>0.19</u>

The NAV per share as at 31 December 2019 is calculated based on 90,693,229,619 (excluding 14,510,100 ordinary shares held as treasury shares) (31 December 2018: 64,923,277,197) ordinary shares.

8. 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 4Q-19 revenue increased by 5% from \$72.4 million in 4Q-18 to \$75.8 million in 4Q-19, with a 8% increase year-on-year from \$264.9 million to \$285.7 million. The increase was mainly due to higher revenue from Investment and DMS business segments. Overall, the Group's gross margin remained at 10% quarter-on-quarter and increased by 1% from 10% to 11% year-on-year.

Revenue from Investment segment increased by 265% quarter-on-quarter from \$0.4 million in 4Q-18 to \$1.5 million in 4Q-19 and 329% year-on-year from \$1.6 million to \$7.0 million, mainly from dividend income received from investment in marketable securities of \$0.6 million in 4Q-19 and \$4.3 million in YTD-19 respectively, and coupon interest income from investment in bonds of \$0.8 million in 4Q-19 and \$2.3 million in YTD-19 respectively. Higher dividend income received from investment in marketable securities in 4Q-19, was mainly due to the cumulative effect from the investments made since 2Q-18 from the utilization of the rights cum warrants proceeds and leverage. Part of the warrants proceeds were also utilised towards investment in bonds since 1Q-19, which earned coupon interest income that contributed to the increase in investment revenue.

Revenue from DMS business increased by 5% and 9% quarter-on-quarter and year-on-year respectively from \$65.3 million in 4Q-18 to \$68.6 million in 4Q-19 and from \$232.8 million in YTD-18 to \$253.0 million in YTD-19, mainly due to higher sales volume generated from its retail operations. Gross margin for DMS business remained at 7% quarter-on-quarter and year-on-year.

Revenue from DPAS business decreased by 15% quarter-on-quarter and 6% year-on-year, from \$1.5 million in 4Q-18 to \$1.2 million in 4Q-19 and from \$6.2 million in YTD-18 to \$5.8 million in YTD-19, mainly due to slow market demand. DPAS business registered lower revenue in YTD-19, mainly due to once-off General Election jobs recorded in first half of 2018. Gross margin for DPAS business increased by 4% quarter-on-quarter from 32% in 4Q-18 to 36% in 4Q-19, mainly due to the adjustment of maintenance fees of its machineries. However, overall gross margin decreased by 2% year-on-year from 31% in YTD-18 to 29% in YTD-19, mainly due to more jobs with lower-margin being taken up to gain market share in the weakened industry.

Revenue from AMS business decreased by 14% quarter-on-quarter and 18% year-on-year, from \$5.3 million in 4Q-18 to \$4.5 million in 4Q-19 and from \$24.2 million in YTD-18 to \$19.9 million in YTD-19, due to lower repair volumes. Gross margin remained at 26% quarter-on-quarter and increased by 2% year-on-year from 25% in YTD-18 to 27% in YTD-19, mainly from a change in product mix and higher support from principals compared to previous period.

Administrative expenses decreased by \$0.7 million quarter-on-quarter, mainly due to a decrease in staff cost as there was no performance bonus provision made as of year-end.

Other operating expenses increased by \$0.8 million from \$1.3 million in 4Q-18 to \$2.1 million in 4Q-19, mainly due to foreign exchange losses and higher depreciation of right-of-use assets.

Finance expenses increased by \$0.4 million quarter-on-quarter and \$1.1 million year-on-year, mainly on the recognition of interest expense on lease liabilities due to the adoption of SFRS (I) 16 Leases, which increased by \$0.1 million and \$0.3 million in 4Q-19 and YTD-19 respectively, coupled with higher interest expenses on bank loans by \$0.3 million in 4Q-19 and \$0.8 million in YTD-19.

The Group's 4Q-19 net profits decreased by \$4.8 million from net profit of \$0.7 million in 4Q-18 to net loss of \$4.1 million in 4Q-19 and YTD-19 net profits reduced from \$2.5 million in YTD-18 to \$1.0 million, mainly due to one-off impairment of \$3.4 million in total, for right-of-use assets and goodwill amounting to \$0.6 million and \$2.8 million respectively and loss allowance of \$1.9 million on investment in debt securities as explained in Note 6 to 8.

Excluding these one-off non cash impairments, the Group would have generated net profits of \$1.1 million in 4Q-19 which is 45% higher than \$0.8 million in 4Q-18 and \$6.3 million in YTD-19, an increase of 142% as compared to \$2.6 million in YTD-18, from its continuing operations.

\$S'000	4Q-19	4Q-18	Inc/(Dec) %	YTD-19	YTD-18	Inc/(Dec) %
Profit for the period from continuing operations	(4,117)	763	<i>N.M.</i>	1,041	2,583	-60%
<u>One-off adjustments during the year:</u>						
Allowance for impairment of non-current assets	571	-	<i>N.M.</i>	571	-	<i>N.M.</i>
Loss allowance on investment in debt securities	1,851	-	<i>N.M.</i>	1,851	-	<i>N.M.</i>
Impairment loss on goodwill of a subsidiary	2,798	-	<i>N.M.</i>	2,798	-	<i>N.M.</i>
Adjusted profit for the period from continuing operations	1,103	763	45%	6,261	2,583	142%

Cash Flows

The Group registered cash and cash equivalents of \$7.1 million as at 31 December 2019, representing an outflow of \$1.3 million since 31 December 2018.

Cashflow from operating activities

Net cash outflow of \$5.6 million in 4Q-19 arose mainly from positive operating cash flows before movements in working capital of \$2.4 million and offset by changes in working capital of \$8.5 million resulted from higher inventories and lower trade payables. However net cash inflow of \$6.5 million was reported for FY2019 after negative changes in working capital of \$6.9 million.

Cashflow from investing activities

Net cash outflow of \$25.3 million in 4Q-19 was mainly due to investment in debt securities and equity securities of \$0.6 million and \$30.3 million respectively, partially offset by the proceeds from disposal of debt securities of \$5.6 million. Net cash outflow in FY2019 of \$69.9 million was mainly due to purchase of \$60.0 million of debt securities and \$33.9 million of equity securities and loan to a third party of \$2.5 million, partially funded by the proceeds from disposal of equity and debt securities of \$19.4 million and \$8.3 million respectively.

Cashflow from financing activities

Net cash inflow of \$20.1 million in 4Q-19 was attributable to the proceeds from issuance of ordinary shares of \$28.0 million and net bank borrowings received of \$3.6 million. This was offset by the repayment of lease liabilities of \$1.1 million. In FY2019, net cash inflow amounted to \$62.1 million and mainly from the proceeds from issuance of ordinary shares of \$28.4 million and net bank borrowings received of \$43.5 million, after offsetting dividends payments of \$4.0 million and repayment of lease liabilities of \$4.1 million.

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

Not applicable

10. 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

Tranche 2 Warrants expired in December 2019. A majority of the proceeds raised from the warrants have been invested in marketable securities, and we expect higher dividend income contribution from the investments in FY2020. However, the COVID-19 outbreak and uncertainties in the global economy may exert pressure on the Group's profit targets for FY2020. We expect a steady stream of coupon interest income from the invested debt securities to cushion the fluctuating dividend income from the equity securities in the coming quarters.

As retail operations form the bulk of DMS business, we expect DMS division's performance to be impacted by the competitive pressures from the challenging retail environment and the economic effects of the COVID-19 outbreak.

Economic growth in Malaysia is projected to remain modest in FY2020. With the political instability and impact from the COVID-19 outbreak, DPAS division's performance is expected to be subdued as the division is dependent on the advertising expenditure of its clients which is usually guided by the state of the economy and consumer sentiments. DPAS division will continue to work on increasing its market share and gaining new customers through its pricing strategy.

The Group is also actively exploring potential investment opportunities to build new revenue streams and to improve shareholders' returns.

11. A breakdown of sales as follows:-

In S\$'000	FY2019	FY2018	Inc/(Dec)
Continuing operation			
Sales reported for first half year	136,339	125,013	9%
Operating profit after tax before deducting non-controlling interests reported for first half year	3,264	1,382	136%
Sales reported for second half year	149,352	139,856	7%
Operating (loss) profit after tax before deducting non-controlling interests reported for second half year	(2,228)	1,201	N.M.
Discontinued operation			
Sales reported for first half year	-	-	N.M.
Operating loss after tax before deducting non-controlling interests reported for first half year	-	(65)	-100%
Sales reported for second half year	-	-	N.M.
Operating loss after tax before deducting non-controlling interests reported for second half year	(5)	(26)	-81%

12. 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?

Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend per share	\$0.0000308 per share
Dividend Amount	\$2.0 million (approximate)
Tax rate	Tax exempt (One-Tier tax)

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the period, mainly due to the allowance for impairment made in 4Q-19 that significantly reduced the profits of the Company.

14. Segment revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

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 skin care 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 chief operating decision maker for the purposes of resource allocation and assessment of the segment information.

(a) Segment revenues and results

FY2019 \$'000	<----Continuing Operation----->						Total
	AMS	DMS	DPAS	Investment	Discontinue d Operation	Unallocate d	
Segment revenue							
External	19,864	253,048	5,793	6,986	-	-	285,691
Inter-segment	-	-	-	-	-	-	-
	<u>19,864</u>	<u>253,048</u>	<u>5,793</u>	<u>6,986</u>	<u>-</u>	<u>-</u>	<u>285,691</u>
Segment result	657	(47)	417	2,712	-	(2,602)	1,137
Net foreign exchange loss							(154)
Gain on disposal of plant and equipment							35
Gain on disposal of right-of-use assets							9
Profit before income tax & share of associate results							<u>1,027</u>
Share of profit of associate							<u>6</u>
							<u>1,033</u>
Income tax credit							<u>3</u>
Net profits for the year							<u>1,036</u>
Segment assets	<u>9,167</u>	<u>72,847</u>	<u>11,700</u>	<u>140,437</u>	<u>401</u>	<u>127</u>	<u>234,679</u>
Segment liabilities	<u>(3,295)</u>	<u>(24,371)</u>	<u>(4,729)</u>	<u>(51,004)</u>	<u>(127)</u>	<u>(315)</u>	<u>(83,841)</u>
Other segment information							
Capital expenditure – property, plant and equipment	454	865	62	-	-	-	1,381
Capital expenditure - right-of-use assets	364	2,770	121	-	-	-	3,255
Depreciation – property, plant and equipment	235	770	553	-	-	-	1,559
Depreciation – right-of-use assets	653	3,410	171	-	-	-	4,234

FY2018
\$'000

<----Continuing Operation----->

	AMS	DMS	DPAS	Investment	Discontinued Operation	Unallocated	Total
Segment revenue							
External	24,240	232,847	6,153	1,629	-	-	264,869
Inter-segment	-	-	-	-	-	-	-
	<u>24,240</u>	<u>232,847</u>	<u>6,153</u>	<u>1,629</u>	<u>-</u>	<u>-</u>	<u>264,869</u>
Segment result	96	549	421	488	(40)	248	2,628
	2						
Net foreign exchange loss							(117)
Gain on disposal of plant and equipment							3
Profit before income tax & share of associate results							<u>2,514</u>
Share of loss of associate							<u>(9)</u>
							<u>2,505</u>
Income tax expense							<u>(13)</u>
Net profits for the year							<u>2,492</u>

Segment assets

	<u>5,025</u>	<u>60,788</u>	<u>15,483</u>	<u>79,054</u>	<u>405</u>	<u>14</u>	<u>160,769</u>
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Segment liabilities

	<u>(2,817)</u>	<u>(14,034)</u>	<u>(5,638)</u>	<u>(8,986)</u>	<u>(126)</u>	<u>(372)</u>	<u>(31,973)</u>
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Other segment information

Capital expenditure – property, plant and equipment	558	831	238	-	-	-	1,627
Depreciation – property, plant and equipment	163	649	836	-	-	-	1,648
Reversal of impairment of plant and equipment	-	(2)	-	-	-	-	(2)

(b) Geographical information

	Revenue from external customers	
	FY2019 \$'000	FY2018 \$'000
Continuing Operation		
Singapore	279,898	258,716
Malaysia	5,793	6,153
	<u>285,691</u>	<u>264,869</u>
Discontinued Operation		
Myanmar	-	-
	<u>285,691</u>	<u>264,869</u>

	Non-current assets	
	FY2019 \$'000	FY2018 \$'000
Continuing Operation		
Singapore	129,569	81,430
Malaysia	7,841	11,236
	137,410	92,666
Discontinued Operation		
Myanmar	341	346
	137,751	93,012

15. Interested Person Transactions

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	403	-
Total	403	-

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.

16. Use of proceeds

As at 31 December 2019, the proceeds from the Rights cum Warrants Issue have been utilized in accordance with its stated use and the breakdown is as follows:

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 31 December 2019.

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

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, any, during the year
Ong Ghim Chwee	55	Brother of Ong Ghim Choon (Group Executive Director and Chief Executive Officer)	Director (Accessories and Logistics) of Distribution Management Solutions Pte Ltd since January 2006.	No change

18. 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
27 February 2020**

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 fourth quarter 2019 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, 27 February 2020