



mDR Limited

First Half Financial Statements for the Period Ended 30 June 2020

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	1H-20	1H-19	Inc/(Dec) %
Continuing operations				
Revenue	1	86,348	136,339	-37%
Cost of sales	1	<u>(74,936)</u>	<u>(119,770)</u>	-37%
Gross profit	1	11,412	16,569	-31%
Other income	2	1,846	489	278%
Administrative expenses	3	(8,787)	(9,539)	-8%
Other operating expenses	4	(3,313)	(3,350)	-1%
Finance costs	5	<u>(669)</u>	<u>(622)</u>	8%
Total expenses		<u>(12,769)</u>	<u>(13,511)</u>	-5%
Operating profit before share of profit of associate and income tax				
		489	3,547	-86%
Share of profit of associate		<u>2</u>	<u>3</u>	-33%
Profit before income tax				
Income tax credit (expense)	6	491	3,550	-86%
		<u>17</u>	<u>(286)</u>	N.M.
Profit for the period from continuing operations		508	3,264	-84%
Discontinued operations				
Loss for the period from discontinued operations	7	<u>(16)</u>	<u>-</u>	N.M.
Profit for the period		492	3,264	-85%
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		<u>(26,984)</u>	<u>(435)</u>	N.M.
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising on consolidation		<u>(94)</u>	<u>(33)</u>	N.M.
Other comprehensive loss for the period, net of tax		<u>(27,078)</u>	<u>(468)</u>	N.M.
Total comprehensive (loss) income for the period		<u>(26,586)</u>	<u>2,796</u>	N.M.
Profit attributable to:				
Owners of the Company		520	3,234	-84%
Non-controlling interests		<u>(28)</u>	<u>30</u>	N.M.
Total comprehensive income		<u>492</u>	<u>3,264</u>	-85%
Total comprehensive (loss) income attributable to:				
Owners of the Company		(26,567)	2,766	N.M.
Non-controlling interests		<u>(19)</u>	<u>30</u>	N.M.
		<u>(26,586)</u>	<u>2,796</u>	N.M.

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) and 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:

In S\$'000	1H-20	1H-19
Revenue		
AMS	8,443	10,134
DMS	72,582	119,614
DPAS	1,325	3,110
Investment	3,998	3,481
	<u>86,348</u>	<u>136,339</u>
Cost of Goods Sold and Spare Parts		
AMS	(6,189)	(7,394)
DMS	(67,574)	(110,102)
DPAS	(1,173)	(2,274)
Investment	-	-
	<u>(74,936)</u>	<u>(119,770)</u>
Gross Profit		
AMS	2,254	2,740
DMS	5,008	9,512
DPAS	152	836
Investment	3,998	3,481
	<u>11,412</u>	<u>16,569</u>
GP%		
AMS	27%	27%
DMS	7%	8%
DPAS	11%	27%
Investment	100%	100%
	<u>13%</u>	<u>12%</u>

Note 2 Other income consists of the following:

In S\$'000	1H-20	1H-19
Interest income on fixed deposits	3	18
Rental income	307	308
<u>Government grants:</u>		
Wage credit	95	61
Job support scheme	945	-
Property tax rebate	250	-
Foreign workers levy rebate	127	-
Insurance compensation	73	-
Gain on disposal of plant and equipment	3	26
Others	43	76
	<u>1,846</u>	<u>489</u>

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.

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	1H-20	1H-19
Staff Cost		
AMS	1,503	1,914
DMS	2,826	3,568
DPAS	282	340
Management and HQ support staff costs (including Directors' fees)	<u>3,029</u>	<u>2,157</u>
	<u><u>7,640</u></u>	<u><u>7,979</u></u>

The decrease in staff costs in AMS, DMS and DPAS division was mainly due to the decrease in headcount. Lower headcount is required to support the operations due to the COVID-19 pandemic. However, it was partially offset by the increase in staff costs for management and HQ support.

Note 4 Other operating expenses consist of the following:

In S\$'000	1H-20	1H-19
Rental expenses	1	500
Depreciation expenses - plant and equipment	540	494
Depreciation expenses - right-of-use assets	1,812	2,053
Plant and equipment written off	14	2
Reversal of allowance for impairment of right-of-use assets	(68)	-
Allowance for impairment of plant and equipment	59	-
Loss allowance (Reversal of loss allowance) for trade receivables	2	(26)
Loss allowance for other receivables	67	-
Loss on disposal of investment in debt securities	263	-
Allowance for inventories	519	188
Inventories written off	80	-
Foreign currency exchange loss	<u>24</u>	<u>139</u>
	<u><u>3,313</u></u>	<u><u>3,350</u></u>

Reduced rental expenses were mainly due to rental subsidies received from retail malls due to COVID-19 pandemic.

Reversal of allowance for impairment of right-of-use asset of \$258,000 for a non-performing outlet of DMS business, due to the surrender of its lease with a replacement tenant taking over the said outlet. However, it was partially offset by the impairment of right-of-use asset of \$190,000, for the lease of a non-performing outlet of DMS business.

Allowance for impairment of plant and equipment of \$59k pertains to the impairment of renovation for the non-performing outlet of DMS business.

Higher allowance for inventories in 1H-20 was due to a higher stock provision made against its handset and cosmetics inventories.

Inventories written off pertained to damaged raw materials due to the flooding incident that affected DPAS division.

Note 5 Finance costs consist of the following:

In S\$'000	1H-20	1H-19
Interest expense on bank loans	516	406
Interest expense on lease liabilities	144	195
Interest expense on lease liabilities from financial institutions	9	21
	<u>669</u>	<u>622</u>

Note 6 Income tax (credit) expenses

The tax expense provision is calculated for profitable subsidiaries. The income tax credit pertained to prior year adjustment.

Note 7 Income statement for discontinued operations

In S\$'000	1H-20	1H-19
Revenue	-	-
Cost of sales	-	-
Gross Profit	<u>-</u>	<u>-</u>
Administrative expenses	-	-
Other operating expenses	(16)	-
Loss before income tax	<u>(16)</u>	<u>-</u>
Income tax expense	-	-
Loss for the period from discontinued operations	<u>(16)</u>	<u>-</u>
Loss attributable to:		
Owners of the Company	1	-
Non-controlling interests	(17)	-
	<u>(16)</u>	<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, 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	
		30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
ASSETS					
Current assets					
Cash and bank balances		16,404	7,129	1,151	1,072
Trade receivables	1	9,248	23,237	1,625	2,416
Other receivables and prepayments	2	10,423	10,811	24,256	32,301
Inventories	3	23,445	35,399	1,065	1,402
Investment in debt securities	6	22,802	20,249	22,802	20,249
Income tax recoverable		164	103	-	-
Total current assets		82,486	96,928	50,899	57,440
Non-current assets					
Other receivables and prepayments	2	755	860	48	47
Investment in subsidiaries	10	-	-	18,869	19,970
Investment in an associate		23	20	-	-
Property, plant and equipment		2,782	3,320	955	1,089
Right-of-use assets	4	11,414	13,235	176	527
Investment in equity securities	5	77,660	90,610	77,660	90,610
Investment in debt securities	6	3,357	29,579	3,357	29,579
Deferred tax assets		127	127	125	125
Total non-current assets		96,118	137,751	101,190	141,947
Total assets		178,604	234,679	152,089	199,387
Current liabilities					
Bank overdrafts and loans	7	35,741	58,155	32,072	51,004
Trade payables	8	8,912	13,613	1,173	1,789
Other payables	9	5,730	4,302	2,004	1,098
Lease liabilities		2,623	3,379	163	456
Lease liabilities from financial institutions		283	326	36	45
Income tax payable		1	9	-	-
Total current liabilities		53,290	79,784	35,448	54,392
Non-current liabilities					
Lease liabilities		2,373	3,620	39	122
Lease liabilities from financial institutions		63	131	26	39
Deferred tax liabilities		281	306	-	-
Total non-current liabilities		2,717	4,057	65	161

In S\$'000	Notes	Group		Company	
		30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Capital, reserves and non-controlling interests					
Share capital		154,455	154,455	154,455	154,455
Treasury shares		(1,670)	(15)	(1,670)	(15)
Capital reserve		(325)	(325)	22	22
Investment revaluation reserve		(32,086)	(8,479)	(32,086)	(8,479)
Property revaluation reserve		751	751	-	-
Foreign currency translation reserve		(64)	39	-	-
Retained earnings/ (Accumulated losses)		3,061	5,918	(4,145)	(1,149)
Equity attributable to owners of the Company		124,122	152,344	116,576	144,834
Non-controlling interests		(1,525)	(1,506)	-	-
Total equity		122,597	150,838	116,576	144,834
Total liabilities and equity		178,604	234,679	152,089	199,387

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 June 2020 is 34 days (31 December 2019: 30 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	30-Jun-20	31-Dec-19
Rental deposits (current)	361	334
Other receivables	6,460	7,652
Loan receivables from third parties	3,360	2,432
Prepayments	152	308

Other receivables of \$6.5 million as at 30 June 2020 comprised mainly of \$2.1 million to be received from principals and operators in relation to sell through, sell in, advertising and promotion support and \$3.1 million advance payment for inventory purchase.

The increase in loan receivables from third parties is mainly due to a new loan of \$1 million extended to another third party.

Other receivables and prepayments (non-current)

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

3 Inventories

The Group's inventory turnover as at 30 June 2020 is 71 days (31 December 2019: 46 days).

Higher inventory turnover days is mainly due to the temporary closure of businesses for both retail and distribution divisions during the Circuit Breaker imposed by the government.

4 Right-of-use assets

The right-of-use assets as at 30 June 2020 were mainly related to leasehold land and building of \$7.1 million and leases of its office premises, retail outlets and service centres of \$4.3 million. It included an allowance of impairment for the lease of a non-performing outlet of \$190,000.

5 Investment in equity securities

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

In 1H-20, the Group has invested \$16.4 million and disposed \$5.7 million of equity securities. With the increase in market volatility during the period, the Group's exposure to equity price risk led to unrealised fair value decrease of \$27.0 million in 1H-20.

As at 30 June 2020, the Group invested in investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Real estate	34.8%
Infrastructure	19.4%
Agriculture	14.1%
Sports	11.9%
Transportation	8.7%
Leisure and hospitality	6.9%
Commodities	4.2%
TOTAL	100.0%

Below is the key information of the investment securities as at 30 June 2020:

By Market Concentration	%
\$1 billion and above	81.7%
\$500 million to \$1 billion	14.8%
\$200 million to \$500 million	3.5%
\$200 million and below	0.0%
TOTAL	100.0%

By Geographical (based on market value)	%
SGX	98.2%
HKEX	1.8%
TOTAL	100.0%

By Currencies (based on market value)	%
SGD	79.6%
USD	18.6%
HKD	1.8%
TOTAL	100.0%

Weighted portfolio Information (based on simple weighted average calculation)

Market Capitalisation	\$2.50 billion
Dividend Yield	5.74%
5-year Beta	0.974
P/B	0.46x
EV/EBITDA	15.44x
Debt/EBITDA	8.99x

(Data derived from SGX "Stock Screener" or Yahoo Finance as at 30 June 2020)

6 Investment in debt securities

In 1H-20, the Group has redeemed and disposed \$12.2 million and \$12.5 million respectively in debt securities.

The total investment in debt securities of \$26.2 million recorded as at 30 June 2020 is inclusive of a loss allowance of \$1.9 million due to the significant increase in credit risk of a debt security.

As at 30 June 2020, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors:

Business Sectors	%
Advanced technologies and innovation services	68.9%
Real estate	14.0%
Consumer products	10.2%
Agriculture	6.9%
TOTAL	100.0%

Below is the key information of the bonds as at 30 June 2020:

By Geographical (based on purchase consideration)	%
SGX	23.5%
HKEX	76.5%
TOTAL	100.0%

By Currencies (based on purchase consideration)	%
USD	86.7%
SGD	13.3%
TOTAL	100.0%

By Credit Rating (based on purchase consideration)	%
BBB	7.6%
BB	12.0%
BB-	80.4%
TOTAL	100.0%

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

Weighted portfolio Information (based on simple weighted average calculation)	
Yield to Maturity	7.6%
Duration	0.64 years

The Group has classified debt securities which will mature within 12 months from 30 June 2020 under current assets.

7 Bank loans

Bank overdrafts and loans comprised mainly of bank loans of \$3.7 million secured for the financing of property in Malaysia for DPAS operations, term loans and bank overdrafts of \$8.7 million and \$23.3 million respectively for the investment in equity and debt securities.

8 Trade payables

The Group's trade payables turnover as at 30 June 2020 is 27 days (31 December 2019: 17 days).

Higher trade payables turnover days mainly pertained to higher volume of purchases on credit terms made towards end of June 2020.

9 Other payables

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

S\$'000	30-Jun-20	31-Dec-19
Advertising, promotion and sell through funds from principals	1,504	786
Accrued staff costs	1,205	544
Other accrued operating expenses	793	562

The higher accrued staff costs were mainly due to general bonus provision made for the year.

Company level

10 Investment in subsidiaries

The decrease in investment in subsidiaries is mainly due to impairment of investment in the Malaysian subsidiary amounting to \$1.1 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 30-Jun-20		As at 31-Dec-19	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
36,024	-	55,171	3,310

Amount repayable after one year

As at 30-Jun-20		As at 31-Dec-19	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
63	-	131	-

Details of collateral

The secured borrowings comprise mainly of outstanding finance lease of \$0.3 million on certain motor vehicles and machinery, bank loan of \$3.7 million secured against an open legal mortgage over a commercial property in Malaysia and term loan and bank overdrafts of \$32.1 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	1H-20	1H-19
Operating activities		
Profit before income tax from continuing operations	491	3,550
Loss before income tax from discontinued operations	(16)	-
	<u>475</u>	<u>3,550</u>
Adjustments for:		
Depreciation of plant and equipment	770	772
Depreciation of right-of-use assets	1,897	2,139
Interest expenses	669	622
Interest income from fixed deposits	(3)	(18)
Interest income from loan to a third party	(201)	(157)
Interest income from investment in debt securities	(1,077)	(706)
Dividend income	(2,720)	(2,618)
Gain on disposal of plant and equipment	(3)	(26)
Loss on disposal of investment in debt securities	263	-
Plant and equipment written off	14	2
Reversal of allowance for impairment of right-of-use assets	(68)	-
Allowance for impairment of plant and equipment	59	-
Allowance for inventories	519	188
Inventories written off	80	-
Loss allowance (Reversal of loss allowance) for trade receivables	2	(26)
Loss allowance for other receivables	67	-
Share of profit of an associate	(2)	(3)
Net foreign exchange (gain) loss	(614)	68
	<u> </u>	<u> </u>
Operating cash flows before movements in working capital	127	3,787
Trade receivables	13,987	4,535
Other receivables and prepayments	633	(909)
Inventories	11,355	(6,584)
Trade payables	(4,691)	6,757
Other payables	1,381	(1,143)
	<u>22,792</u>	<u>6,443</u>
Cash generated from operations	22,792	6,443
Income tax (paid) refund	(64)	182
Interest received	3	18
	<u> </u>	<u> </u>
Net cash from operating activities	<u>22,731</u>	<u>6,643</u>
Investing activities		
Proceeds from disposal of plant and equipment	19	16
Purchase of plant and equipment (Note A)	(304)	(515)
Proceeds from disposal of investment securities	2,332	19,377
Purchase of investment securities	(16,366)	(567)
Purchase of debt securities	-	(49,171)
Proceeds from disposal of debt securities	24,864	-
Loan to a third party	(1,000)	(2,500)
Repayment of loan from a third party	101	-
Interest received from loan to a third party	201	157
Interest received from debt securities	1,443	110
Dividend income from investment securities	2,720	2,618
	<u>14,010</u>	<u>(30,475)</u>
Net cash from (used in) investing activities	<u>14,010</u>	<u>(30,475)</u>
Financing activities		
Proceeds from issuance of ordinary shares, net	-	235
Purchase of treasury shares	(1,655)	(3)
Interest paid	(639)	(612)
Repayment of lease liabilities	(1,900)	(2,051)
Repayment of lease liabilities from financial institutions	(109)	(181)
Uplift of cash pledged	-	49
Dividends paid to shareholders	-	(2,004)
Repayment of bank borrowings	(52,272)	(50,217)
Proceeds from bank borrowings	29,110	80,105
	<u>(27,465)</u>	<u>25,321</u>
Net cash (used in) from financing activities	<u>(27,465)</u>	<u>25,321</u>

In S\$'000	1H-20	1H-19
Net increase in cash and cash equivalents	9,276	1,489
Cash and cash equivalents at beginning of period	7,129	8,447
Effects of exchange rate changes on the balance of cash held in foregin currencies	(1)	1
Cash and cash equivalents at end of period	<u>16,404</u>	<u>9,937</u>

Note

A. Purchase of property, plant and equipment:

In 1H-20, the Group acquired plant and equipment with an aggregate cost of \$304,000 (1H-19: \$ 521,000) of which \$Nil (YTD-19: \$6,000) was acquired under finance lease arrangements.

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	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Property revaluation 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 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>
Balance as at 31 December 2018	220,312	-	(325)	(5,868)	751	39	(84,609)	130,300	(1,504)	128,796
Adjustment on adoption of 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 (loss) for the period										
Profit for the period	-	-	-	-	-	-	3,234	3,234	30	3,264
Loss on disposal of investment securities transferred between reserves	-	-	-	366	-	-	(366)	-	-	-
Other comprehensive income for the period	-	-	-	(435)	-	(33)	-	(468)	-	(468)
Total	-	-	-	(69)	-	(33)	2,868	2,766	30	2,796
Transactions with owners, recognised directly in equity										
Issue of shares pursuant to rights cum warrants issue	235	-	-	-	-	-	-	235	-	235
Purchase of treasury shares	-	(3)	-	-	-	-	-	(3)	-	(3)
Capital reduction*	(94,220)	-	-	-	-	-	94,220	-	-	-
Dividends	-	-	-	-	-	-	(2,004)	(2,004)	-	(2,004)
Total	(93,985)	(3)	-	-	-	-	92,216	(1,772)	-	(1,772)
Balance as at 30 June 2019	<u>126,327</u>	<u>(3)</u>	<u>(325)</u>	<u>(5,937)</u>	<u>751</u>	<u>6</u>	<u>10,130</u>	<u>130,949</u>	<u>(1,481)</u>	<u>129,468</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

* 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	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>(Accumulated losses) Retained earnings</u>	<u>Total</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	-	-	-	3,377	(3,377)	-
Other comprehensive loss for the period	-	-	-	(26,984)	-	(26,984)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,607)</u>	<u>(2,996)</u>	<u>(26,603)</u>
Transactions with owners, recognised directly in equity						
Purchase of treasury shares	-	(1,655)	-	-	-	(1,655)
Total	<u>-</u>	<u>(1,655)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,655)</u>
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>
Balance as at 31 December 2018	220,312	-	22	(5,868)	(92,977)	121,489
Adjustment on adoption of 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>(93,021)</u>	<u>121,445</u>
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,012	2,012
Loss on disposal of investment securities	-	-	-	366	(366)	-
Other comprehensive loss for the period	-	-	-	(435)	-	(435)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69)</u>	<u>1,646</u>	<u>1,577</u>
Transactions with owners, recognised directly in equity						
Issue of shares pursuant to rights cum warrants issue	235	-	-	-	-	235
Purchase of treasury shares	-	(3)	-	-	-	(3)
Capital reduction*	(94,220)	-	-	-	94,220	-
Dividends	-	-	-	-	(2,004)	(2,004)
Total	<u>(93,985)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>92,216</u>	<u>(1,772)</u>
Balance as at 30 June 2019	<u>126,327</u>	<u>(3)</u>	<u>22</u>	<u>(5,937)</u>	<u>841</u>	<u>121,250</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.

* 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

1(d)(ii) 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 29 June 2020), the Company bought back 1,653,488,200 ordinary shares during 1H-20. The amount paid, including brokerage fees, totaled \$1,655,803 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 2020. 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.

In 1H-19, the Company issued an additional 178,016,000 new ordinary shares through conversion of 213,659,000 Tranche 2 warrants at \$0.0011. As a result, the total number of ordinary shares in issue was 65,136,936,197 of which 2,480,800 was held by the Company as treasury shares as at 30 June 2019. The treasury shares held represents 0.004% 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 \$126,326,930 as at 30 June 2019.

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 30 June 2020 is as follows:

30-Jun-20

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

49,732,237,977

Tranche 1 warrants expired on 17 December 2018 and Tranche 2 warrants expired on 17 December 2019.

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 2020, 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	
	30-Jun-20	31-Dec -19
Total number of issued shares	90,707,739,719	90,707,739,719
Less: Treasury shares	<u>(1,667,998,300)</u>	<u>(14,510,100)</u>
Total number of issued shares excluding treasury shares	<u>89,039,741,419</u>	<u>90,693,229,619</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 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 2019 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 2019.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards (“FRS”) for accounting periods beginning 1 January 2020, where applicable.

The adoption of new / revised FRS and INT FRS does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior period.

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 (loss) attributable to equity holders of the Company)</i>	1H-20 cents	1H-19 cents
From continuing and discontinued operations:		
- Basic	0.001	0.005
- Fully diluted	<u>0.001</u>	<u>0.004</u>
From continuing operations:		
- Basic	0.001	0.005
- Fully diluted	<u>0.001</u>	<u>0.004</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 during the period of 89,301,769,604 (1H-19: 65,065,405,047).

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 89,301,769,604 (1H-19: 72,687,622,961).

In 1H-20, the Tranche 3 warrants were antidilutive and hence disregarded in the calculation of diluted earnings per share.

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	
	30-Jun-20 Cents	31-Dec-19 Cents	30-Jun-20 Cents	31-Dec-19 Cents
Net Asset Value (“NAV”) per share	<u>0.14</u>	<u>0.17</u>	<u>0.13</u>	<u>0.16</u>

The NAV per share as at 30 June 2020 is calculated based on 89,039,741,419 (excluding 1,667,998,300 ordinary shares held as treasury shares) (31 December 2019: 90,693,229,619 ordinary shares, excluding 14,510,100 ordinary shares held as treasury 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 revenue decreased by 37% from \$136.3 million in 1H-19 to \$86.3 million in 1H-20, mainly due to the decrease in revenue from DMS, AMS and DPAS business that resulted from the COVID-19 pandemic outbreak.

Revenue from DMS business decreased by 39% from \$119.6 million in 1H-19 to \$72.6 million in 1H-20, mainly due to lower sales volume generated from retail operations. The retail stores were temporarily closed for the operations 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 8% to 7% compared to the previous corresponding period.

Revenue from AMS business decreased by 17% from \$10.1 million in 1H-19 to \$8.4 million in 1H-20, due to lower repair volumes even though service centres remained operational during the Circuit Breaker Period. Gross margin remained at 27% compared to previous corresponding period.

Revenue from DPAS business decreased by 57% from \$3.1 million in 1H-19 to \$1.3 million in 1H-20 and the gross margin decreased by 16% from 27% in 1H-19 to 11% in 1H-20, mainly due to the temporary closure of operations amid the outbreak of COVID-19 but overheads continued to be incurred. DPAS business was closed since mid-March 2020 as Malaysia's Government announced a Movement Control Order to minimise the spread of COVID-19, which came into effect on 18 March 2020 and later extended it until 9 June 2020.

Revenue from Investment segment, in contrast increased by 15% from \$3.5 million in 1H-19 to \$4.0 million in 1H-20, mainly due to the increase in coupon interest income from investment in bonds by \$0.4 million. Higher coupon interest income from investment in bonds in 1H-20, was mainly due to the cumulative effect from the investments made since first quarter of 2019 from the utilization of the rights cum warrants proceeds and leverage.

Other operating income increased by \$1.4 million, mainly due to the various support measures from the Singapore Government such as Job Support Scheme of \$0.9 million, property tax rebates of \$0.3 million and foreign workers levy rebates of \$0.1 million, as well as insurance claims of \$0.1 million for the damaged equipment and raw materials due to the flooding incident that affected DPAS division.

Administrative expenses decreased by \$0.8 million, mainly due to the decrease in staff cost by \$0.3 million and related outlet/office running costs such as credit card charges, utilities and communication costs of \$0.2 million.

Other operating expenses decreased only by \$0.04 million, even though there were savings from reduced rental expenses by \$0.5 million from the rental assistance and/or rental subsidies from the malls, net reversal of impairment loss of right-of-use assets of \$0.1 million for a non-performing outlet of DMS business and decrease in depreciation of right-of-use assets by \$0.2 million. The decrease was partially offset by the loss on disposal of investment in debt securities of \$0.3 million, higher allowance for inventories by \$0.3 million and inventories written off of \$0.1 million pertaining to the raw material that was damaged during the flooding incident at the premises of the DPAS division in April 2020. There was no material impact to DPAS division as the properties and equipment are adequately insured.

The COVID-19 pandemic outbreak has impacted the Group's results. In view of the decline in sales in 1H-20 and impairments for inventories and right-of-use assets, the Group's net profits decreased by \$2.8 million from \$3.3 million in 1H-19 to \$0.5 million in 1H-20.

Cash Flows

The Group registered cash and cash equivalents of \$16.4 million as at 30 June 2020, representing an inflow of \$9.3 million since 31 December 2019.

Cashflow from operating activities

Net cash inflow of \$22.7 million in 1H-20 arose mainly from positive operating cash flows before movements in working capital of \$0.1 million and changes in working capital of \$22.7 million which resulted mainly from reduced trade receivables and inventories.

Cashflow from investing activities

Net cash inflow of \$14.0 million in 1H-20 was attributable to proceeds from disposal of debt securities and equity securities of \$24.9 million and \$2.3 million respectively, interest income received from investment in debt securities of \$1.4 million and dividend income received from investment in equity securities of \$2.7 million. This was partially offset by the purchase of \$16.4 million of equity securities and loan to a third party of \$1.0 million.

Cashflow from financing activities

Net cash outflow of \$27.5 million in 1H-20, mainly due to net repayment of bank borrowings of \$23.2 million, repayment of lease liabilities of \$2.0 million, purchase of treasury shares of \$1.7 million and interest expense of \$0.6 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

The global economic downturn amidst the COVID-19 crisis and the resulting uncertainties may exert pressure on the Group's revenue and profits for FY2020.

The Investment division is progressively reallocating its investment mix, with a view to hold up to 100% equities in the investment portfolio to take advantage of the bearish market. Dividend income will remain the main revenue source for the division, though such income for FY2020 may be lower than expected, as companies are expected to be conservative in dividend payouts due to the economic downturn.

DMS operations were affected during the circuit breaker period. Retail operations under DMS business resumed operations under Phase 2 (Safe Transition) on 19 June 2020. In the current economic climate due to the pandemic, weaker consumer spending is expected for the rest of FY2020. Coupled with the termination of M1's distribution business (which will cease from 19 September 2020), DMS division's performance would be adversely impacted. The division is currently restructuring its business operations to continue to stay relevant in the industry.

DPAS division resumed operations on 10 June 2020 after the Movement Control Order was lifted in Malaysia. With the economy contracting due to the COVID-19 pandemic, private consumption is expected to generally decline. As DPAS is dependent on the advertising expenditure of its clients which would be affected by a sharp slowdown in the economy, the division is expected to be negatively impacted in 2H-20.

The on-going pandemic situation and the uncertain economic outlook may impact the future earnings of the Group in the near-term. In particular, any further disruptions to business operations from COVID-19 related restrictions or control orders, will affect the performance of DMS and DPAS operations. Notwithstanding this, the Group remains cautious and is committed to exercising cost discipline in its businesses and strengthening its revenue streams in the long term.

11. 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	First and Interim
Dividend Type	Cash
Dividend per share	\$0.0000307 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

12. If no dividend has been declared/recommendedd, 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.

13. 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	192	-
Total	192	-

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.

14. Use of proceeds

As at 30 June 2020, 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	<u><u>-</u></u>

¹Aggregate proceeds from Rights and conversion of Warrants as at 30 June 2020.

15. Confirmation of Undertakings under Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules.

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer
14 August 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 first half 2020 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mark Leong Kei Wei
Chairman of Audit and Risk Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 14 August 2020