



mDR Limited

**Second Quarter Financial Statements for the Period Ended 30 June 2016**

**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	2Q-16	2Q-15	Inc/(Dec) %	YTD-16	YTD-15	Inc/(Dec) %
<b>Revenue</b>	1	75,985	78,544	-3%	151,995	153,403	-1%
Cost of sales	1	(68,987)	(71,007)	-3%	(138,162)	(138,392)	0%
<b>Gross profit</b>	1	6,998	7,537	-7%	13,833	15,011	-8%
Other income	2	61	250	-76%	493	580	-15%
Administrative expenses	3	(4,829)	(5,309)	-9%	(9,953)	(10,304)	-3%
Other operating expenses	4	(1,333)	(1,738)	-23%	(3,276)	(3,680)	-11%
Finance costs	5	(28)	(29)	-3%	(47)	(80)	-41%
Total expenses		(6,190)	(7,076)	-13%	(13,276)	(14,064)	-6%
<b>Operating profit before share of profit (losses) of associate and income tax</b>		869	711	22%	1,050	1,527	-31%
Share of profit (losses) of associate		2	(9)	N.M	3	(9)	N.M
<b>Profit before income tax</b>		871	702	24%	1,053	1,518	-31%
Income tax (expense) credit	6	(170)	7	N.M	(259)	(75)	N.M
<b>Profit for the period</b>		701	709	-1%	794	1,443	-45%
<b>Other comprehensive income</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation differences arising on consolidation		(99)	(3)	N.M	105	(207)	N.M
<b>Other comprehensive (loss) profit for the period, net of tax</b>		(99)	(3)	N.M	105	(207)	N.M
<b>Total comprehensive income for the period</b>		602	706	-15%	899	1,236	-27%
<b>Profit (Loss) attributable to:</b>							
Owners of the Company		536	964	-44%	367	1,648	-78%
Non-controlling interests		165	(255)	N.M	427	(205)	N.M
<b>Total comprehensive income</b>		701	709	-1%	794	1,443	-45%
<b>Total comprehensive income (loss) attributable to:</b>							
Owners of the Company		424	931	-54%	417	1,459	-71%
Non-controlling interests		178	(225)	N.M	482	(223)	N.M
		602	706	-15%	899	1,236	-27%

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 three business segments – After Market Services (AMS), Distribution Management Solutions (DMS) and Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS).

The breakdown of revenue and cost of goods sold are as follows:

In S\$'000	2Q-16	2Q-15	YTD-16	YTD-15
<b>Revenue</b>				
AMS	7,529	5,118	15,017	9,762
DMS	66,512	71,799	133,310	140,245
DPAS	1,944	1,627	3,668	3,396
	<u>75,985</u>	<u>78,544</u>	<u>151,995</u>	<u>153,403</u>
<b>Cost of goods sold</b>				
AMS	(5,819)	(3,543)	(11,735)	(6,748)
DMS	(61,671)	(66,445)	(123,686)	(129,669)
DPAS	(1,497)	(1,019)	(2,741)	(1,975)
	<u>(68,987)</u>	<u>(71,007)</u>	<u>(138,162)</u>	<u>(138,392)</u>
<b>Gross profit</b>				
AMS	1,710	1,575	3,282	3,014
DMS	4,841	5,354	9,624	10,576
DPAS	447	608	927	1,421
	<u>6,998</u>	<u>7,537</u>	<u>13,833</u>	<u>15,011</u>
<b>GP%</b>				
AMS	23%	31%	22%	31%
DMS	7%	7%	7%	8%
DPAS	23%	37%	25%	42%
	<u>9%</u>	<u>10%</u>	<u>9%</u>	<u>10%</u>

Gross margin for DPAS declined from 37% to 23% quarter-on-quarter and from 42% to 25% year-on-year, due mainly to the reclassification of plant and machinery depreciation expense of \$0.3 million from other operating expenses to cost of goods sold.

### Note 2 Other income consists of the following:

In S\$'000	2Q-16	2Q-15	YTD-16	YTD-15
Interest income	39	27	85	53
Rental income	-	58	6	126
Bad debts recovered - trade	12	-	12	3
Liabilities written back	-	1	-	17
Wage credit	-	124	314	305
Others	10	40	76	76
	<u>61</u>	<u>250</u>	<u>493</u>	<u>580</u>

### Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	2Q-16	2Q-15	YTD-16	YTD-15
<b>Staff Cost</b>				
AMS	1,194	1,122	2,507	2,177
DMS	2,060	2,349	4,196	4,760
DPAS	233	242	457	483
Management and HQ support staff costs (including Directors' fees)	591	564	1,120	1,099
	<u>4,078</u>	<u>4,277</u>	<u>8,280</u>	<u>8,519</u>

The decrease in DMS's staff cost is due mainly to lower staff headcount arising from the closure of certain retail outlets.

#### Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	2Q-16	2Q-15	YTD-16	YTD-15
Rental expenses	1,240	1,333	2,555	2,932
Depreciation expenses	81	395	468	853
Plant and equipment written off	12	10	69	11
(Gain) loss on disposal of plant and equipment	(13)	-	(9)	1
Reversal of impairment on plant and equipment	(1)	-	(1)	-
Reversal of allowance for doubtful trade receivables	-	(334)	-	(364)
Reversal of allowance for doubtful other receivables	-	(201)	-	(193)
Allowance for inventories	75	150	201	338
Inventories written off	-	-	-	11
Foreign exchange (gain) loss	(61)	385	(7)	91
	<u>1,333</u>	<u>1,738</u>	<u>3,276</u>	<u>3,680</u>

Lower allowance for inventories in 2Q-16 was due mainly to a lower stock provision made against its handset inventory.

Lower depreciation expense in 2Q-16 was due to the reclassification of depreciation of plant and equipment from the DPAS business amounting to \$341,000 from other operating expenses to cost of goods sold.

#### Note 5 Finance costs

Finance costs comprise interest on finance leases and short-term bank borrowings.

#### Note 6 Income tax (expense) credit

The higher income tax expense in 2Q-16 and YTD-16 as compared to corresponding periods in 2015 is due to reversal of over provision of taxation in 2Q-15.

**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-16	31-Dec-15	30-Jun-16	31-Dec-15
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		29,674	30,849	21,777	19,154
Trade receivables	1	17,208	18,763	3,299	2,873
Other receivables and prepayments	2	5,893	5,877	12,258	17,437
Inventories	3	21,093	17,541	2,187	1,735
<b>Total current assets</b>		<u>73,868</u>	<u>73,030</u>	<u>39,521</u>	<u>41,199</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	20,895	20,895
Investment in an associate		12	8	-	-
Plant and equipment		4,562	4,190	336	382
Goodwill		2,798	2,798	-	-
Prepayments	2	82	86	-	-
<b>Total non-current assets</b>		<u>7,454</u>	<u>7,082</u>	<u>21,231</u>	<u>21,277</u>
<b>Total assets</b>		<u>81,322</u>	<u>80,112</u>	<u>60,752</u>	<u>62,476</u>
<b>Current liabilities</b>					
Trade payables	4	11,423	10,204	2,621	2,214
Other payables	5	6,941	7,545	684	1,244
Current portion of finance leases		570	419	82	80
Income tax payable		297	175	-	-
<b>Total current liabilities</b>		<u>19,231</u>	<u>18,343</u>	<u>3,387</u>	<u>3,538</u>
<b>Non-current liabilities</b>					
Finance leases		1,334	887	92	133
Deferred tax liabilities		127	151	-	-
<b>Total non-current liabilities</b>		<u>1,461</u>	<u>1,038</u>	<u>92</u>	<u>133</u>
<b>Capital, reserves and non-controlling interests</b>					
Share capital		153,652	153,652	153,652	153,652
Capital reserve		(859)	(859)	22	22
Share options reserve		311	316	311	316
Foreign currency translation reserve		(622)	(672)	-	-
Accumulated losses		(90,506)	(89,878)	(96,712)	(95,185)
<b>Equity attributable to owners of the Company</b>		<u>61,976</u>	<u>62,559</u>	<u>57,273</u>	<u>58,805</u>
Non-controlling interests		(1,346)	(1,828)	-	-
<b>Total equity</b>		<u>60,630</u>	<u>60,731</u>	<u>57,273</u>	<u>58,805</u>
<b>Total liabilities and equity</b>		<u>81,322</u>	<u>80,112</u>	<u>60,752</u>	<u>62,476</u>

## **Notes**

### **1 Trade receivables**

The Group's trade receivables turnover as at 30 June 2016 is 21 days (31 December 2015: 25 days).

### **2 Other receivables and prepayments**

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

<b>S\$'000</b>	<b>30-Jun-16</b>	<b>31-Dec-15</b>
Rental deposits	1,469	1,518
Other receivables	3,579	3,449
Prepayments - current	484	618
Prepayments – non-current	82	86

Other receivables of \$3.6 million as at 30 June 2016 comprised mainly of \$1.8 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.6 million as at 30 June 2016 comprised mainly of prepaid rentals for premises of \$0.3 million.

### **3 Inventories**

The Group's inventory turnover for the quarter ended 30 June 2016 is 25 days (31 December 2015: 22 days).

Group inventories as at 30 June 2016 stood at \$21.1 million (31 December 2015: \$17.5 million) with the increase in inventory holding due mainly to the purchase of prepaid cards towards period end to meet market demand, and higher inventory of prepaid cards held by our growing Myanmar prepaid cards business.

### **4 Trade payables**

The Group's trade payables turnover as at 30 June 2016 is 14 days (31 December 2015: 17 days).

### **5 Other payables**

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>30-June-16</b>	<b>31-Dec-15</b>
Advertising, promotion and sell through funds from principals	1,442	1,411
Other payables to third parties	339	567
Accrued staff costs	889	1,270
Rebates owing to franchisees	311	376
Accrued purchases	165	332
Provision for restructuring costs	3	123
Other accrued operating expenses	1,366	896

**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-June-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
570	-	419	-

**Amount repayable after one year**

As at 30-June-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,334	-	887	-

**Details of collateral**

The secured borrowings comprise of outstanding finance lease of \$1.9 million on certain motor vehicles and machinery.

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**

<b>In S\$'000</b>	<b>2Q-16</b>	<b>2Q-15</b>	<b>YTD-16</b>	<b>YTD-15</b>
<b>Operating activities</b>				
Profit before income tax	871	702	1,053	1,518
Adjustments for:				
Depreciation expenses	422	395	809	853
Interest expenses	28	29	47	80
Interest income	(39)	(27)	(85)	(53)
(Gain) Loss on disposal of plant and equipment	(13)	-	(9)	1
Plant and equipment written off	12	10	69	11
Liabilities written back	-	(1)	-	(17)
Allowance for inventories	75	150	201	338
Inventories written off	-	-	-	11
Reversal of impairment on plant and equipment	(1)	-	(1)	-
Reversal of allowance for doubtful trade receivables	-	(334)	-	(364)
Reversal of allowance for doubtful non-trade receivables	-	(201)	-	(193)
Share of (profit) loss of an associate	(2)	9	(3)	9
Employee share-based payments	-	10	-	21
Net foreign exchange (gain) loss	(96)	66	95	(146)
<b>Operating cash flows before movements in working capital</b>	<b>1,257</b>	<b>808</b>	<b>2,176</b>	<b>2,069</b>
Trade receivables	630	2,975	1,555	7,263
Other receivables and prepayments	(126)	3,876	(246)	2,665
Inventories	979	3,361	(3,753)	(2,042)
Trade payables	(3,493)	(7,702)	1,219	(8,188)
Other payables	521	(801)	(595)	(2,129)
<b>Cash (used in) generated from operations</b>	<b>(232)</b>	<b>2,517</b>	<b>356</b>	<b>(362)</b>
Income tax (paid) refund	(133)	(149)	73	(377)
Interest received	39	27	85	53
<b>Net cash (used in) from operating activities</b>	<b>(326)</b>	<b>2,395</b>	<b>514</b>	<b>(686)</b>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	44	124	53	124
Purchase of plant and equipment (Note A)	(328)	(285)	(463)	(438)
Acquisition of investment in an associate	-	(15)	-	(15)
<b>Net cash used in investing activities</b>	<b>(284)</b>	<b>(176)</b>	<b>(410)</b>	<b>(329)</b>
<b>Financing activities</b>				
Interest paid	(28)	(29)	(47)	(80)
Repayment of obligations under finance leases	(128)	(129)	(232)	(259)
Dividends paid to shareholders	(1,000)	-	(1,000)	-
Repayment of bank borrowings	-	(2,000)	-	(2,550)
<b>Net cash used in financing activities</b>	<b>(1,156)</b>	<b>(2,158)</b>	<b>(1,279)</b>	<b>(2,889)</b>
Net (decrease) increase in cash and cash equivalents	(1,766)	61	(1,175)	(3,904)
Cash and cash equivalents at beginning of period	31,400	27,734	30,809	31,699
<b>Cash and cash equivalents at end of period</b>	<b>29,634</b>	<b>27,795</b>	<b>29,634</b>	<b>27,795</b>

## Notes

### **A. Purchase of plant and equipment:**

In 2Q-16, the Group acquired plant and equipment with an aggregate cost of \$1,153,000 (2Q-15: \$ 285,000) of which \$825,000 (2015: \$Nil) was acquired under finance lease arrangements.

In YTD-16, the Group acquired plant and equipment with an aggregate cost of \$1,288,000 (YTD-15: \$438,000) of which \$825,000 (2015: \$Nil) was acquired under finance lease arrangements.

### **B. Cash and cash equivalents at end of period comprise of:**

<b>In S\$'000</b>	<b>2Q-16</b>	<b>2Q-15</b>
Cash	29,674	27,838
Less: Cash pledged	(40)	(43)
Cash and cash equivalents	<u>29,634</u>	<u>27,795</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>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity the</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Group</b>								
<b>Balance as at 1 January 2016</b>	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731
<b>Total comprehensive income for the period</b>								
(Loss) Profit for the period	-	-	-	-	(169)	(169)	262	93
Other comprehensive income for the period	-	-	-	162	-	162	42	204
<b>Total</b>	-	-	-	162	(169)	(7)	304	297
<b>Transactions with owners, recognised directly in equity</b>								
Transfer between reserves upon expiry of share opti	-	-	(5)	-	5	-	-	-
<b>Total</b>	-	-	(5)	-	5	-	-	-
<b>Balance as at 31 March 2016</b>	153,652	(859)	311	(510)	(90,042)	62,552	(1,524)	61,028
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	536	536	165	701
Other comprehensive income for the period	-	-	-	(112)	-	(112)	13	(99)
<b>Total</b>	-	-	-	(112)	536	424	178	602
<b>Transactions with owners, recognised directly in equity</b>								
Dividends	-	-	-	-	(1,000)	(1,000)	-	(1,000)
<b>Total</b>	-	-	-	-	(1,000)	(1,000)	-	(1,000)
<b>Balance as at 30 June 2016</b>	<u>153,652</u>	<u>(859)</u>	<u>311</u>	<u>(622)</u>	<u>(90,506)</u>	<u>61,976</u>	<u>(1,346)</u>	<u>60,630</u>

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity holders</u>	<u>Non-controlling interests</u>	<u>Total</u>
<b>Group</b>								
<b>Balance as at 1 January 2015</b>	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	684	684	50	734
Other comprehensive income for the period	-	-	-	(156)	-	(156)	(48)	(204)
<b>Total</b>	-	-	-	(156)	684	528	2	530
<b>Transactions with owners, recognised directly in equity</b>								
Recognition of share-based payments	-	-	11	-	-	11	-	11
<b>Total</b>	-	-	11	-	-	11	-	11
<b>Balance as at 31 March 2015</b>	153,652	(859)	288	(100)	(93,254)	59,727	(769)	58,958
<b>Total comprehensive loss for the period</b>								
Profit (Loss) for the period	-	-	-	-	964	964	(255)	709
Other comprehensive income for the period	-	-	-	(33)	-	(33)	30	(3)
<b>Total</b>	-	-	-	(33)	964	931	(225)	706
<b>Transactions with owners, recognised directly in equity</b>								
Recognition of share-based payments	-	-	10	-	-	10	-	10
<b>Total</b>	-	-	10	-	-	10	-	10
<b>Balance as at 30 June 2015</b>	<u>153,652</u>	<u>(859)</u>	<u>298</u>	<u>(133)</u>	<u>(92,290)</u>	<u>60,668</u>	<u>(994)</u>	<u>59,674</u>

<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
<b>Balance as at 1 January 2016</b>	153,652	22	316	(95,185)	58,805
Loss for the period, representing total comprehensive loss for the period	-	-	-	(529)	(529)
<b>Transactions with owners, recognised directly in equity</b>					
Transfer between reserves upon expiry of share options	-	-	(5)	5	-
<b>Total</b>	-	-	(5)	5	-
<b>Balance as at 31 March 2016</b>	153,652	22	311	(95,709)	58,276
Loss for the period, representing total comprehensive loss for the period	-	-	-	(3)	(3)
<b>Transactions with owners, recognised directly in equity</b>					
Dividends	-	-	-	(1,000)	(1,000)
<b>Total</b>	-	-	-	(1,000)	(1,000)
<b>Balance as at 30 June 2016</b>	<u>153,652</u>	<u>22</u>	<u>311</u>	<u>(96,712)</u>	<u>57,273</u>
<b>Balance as at 1 January 2015</b>	153,652	22	277	(96,227)	57,724
Profit for the period, representing total comprehensive profit for the period	-	-	-	118	118
<b>Transactions with owners, recognised directly in equity</b>					
Recognition of share-based payments	-	-	11	-	11
<b>Total</b>	-	-	11	-	11
<b>Balance as at 31 March 2015</b>	153,652	22	288	(96,109)	57,853
Loss for the period, representing total comprehensive loss for the period	-	-	-	(194)	(194)
<b>Transactions with owners, recognised directly in equity</b>					
Recognition of share-based payments	-	-	10	-	10
<b>Total</b>	-	-	10	-	10
<b>Balance as at 30 June 2015</b>	<u>153,652</u>	<u>22</u>	<u>298</u>	<u>(96,303)</u>	<u>57,669</u>

**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**

**Issued share capital**

There were no movements in the Company's issued share capital for the quarter ended 30 June 2016 and 30 June 2015.

As at 30 June 2016, the Company's issued and paid-up capital was \$153,652,141 (2Q-15: \$153,652,141) divided into 12,528,241,084 (2Q-15: 12,528,241,084) shares.

**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.

At 30 June 2016, there were 43,485,000 (30 June 2015: 45,155,000) outstanding share options which would entitle the holders to subscribe for a total of 43,485,000 (30 June 2015: 45,155,000) ordinary shares. If exercised, these share options represent approximately 0.35% of the share capital consisting of 12,528,241,084 issued shares at 30 June 2016.

**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-June-16	31-Dec-15
Issued and paid up	<u>12,528,241,084</u>	<u>12,528,241,084</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

**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 qualifications or emphasis of matter)**

Not applicable

**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 2015.

**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 2016, 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**

<b>Earnings per ordinary share</b> <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	<b>2Q-16</b> <b>cents</b>	<b>2Q-15</b> <b>cents</b>	<b>YTD-16</b> <b>cents</b>	<b>YTD-15</b> <b>cents</b>
- Basic	0.004	0.008	0.003	0.013
- Fully diluted	<u>0.004</u>	<u>0.008</u>	<u>0.003</u>	<u>0.013</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 12,528,241,084 (2Q-15: 12,528,241,084).

In 2Q-16, 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 12,528,241,084.

In 2Q-16, the share options 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-16 Cents	31-Dec-15 Cents	30-Jun-16 Cents	31-Dec-15 Cents
Net Asset Value ("NAV") per share	<u>0.49</u>	<u>0.50</u>	<u>0.46</u>	<u>0.47</u>

The NAV per share as at 30 June 2016 is calculated based on 12,528,241,084 (31 December 2015: 12,528,241,084) 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 2Q-16 revenue decreased by 3% from \$78.5 million in 2Q-15 to \$76.0 million, with a 1% decrease year-on-year from \$153.4 million to \$152.0 million. The decrease in revenue was due mainly to lower sales from its DMS business. Revenue from the AMS and DPAS businesses however increased by 47% and 19% respectively, from \$5.1 million in 2Q-15 to \$7.5 million in 2Q-16, and from \$1.6 million in 2Q-15 to \$1.9 million in 2Q-16 respectively.

The Group's gross profit margin for 2Q-16 and YTD-16 declined to 9%. AMS margins were lower in both 2Q-16 and YTD-16 due to higher cost of repairs.

Gross margin for DPAS declined from 37% in 2Q-15 to 23% in 2Q-16, and from 42% for YTD-15 to 25% for YTD-16, due mainly to the reclassification of plant and machinery depreciation expense of \$0.3 million to cost of goods sold. The increase in its imported raw material costs arising from the weaker Ringgit also resulted in the decrease in gross margin for YTD-16.

Administrative expenses reduced by \$0.5 million from \$5.3 million in 2Q-15 to \$4.8 million in 2Q-16, due mainly to rationalisation of our retail outlets. Higher professional fees by \$0.2 million were also incurred for new projects in 2Q-15.

As such, despite the lower revenue and gross profits in 2Q-16 compared to 2Q-15, the reduced expenses in 2Q-16 resulted in a relatively unchanged net profit position of \$0.7 million for the quarter.

The Group's YTD-16 net profits were lower by 45%, due mainly to the higher profits for YTD-15 arising from the reversal of over-provision for taxation, and lower overall gross profits for YTD-16.

Overall performance of the group for the quarter and YTD-16 was tempered by the performance of our Myanmar businesses. Our Mandalay prepaid cards business continues to show improvement and is profitable for the 1H-16. Our DPAS business in Yangon is yet to gain traction and it is an investment for the future. These two businesses are expected to grow in the long term as the Myanmar economy continues on its expansion path.

**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 and local economic outlook remains uncertain. The Group will continue to strive for greater operational and cost efficiencies across both its local and overseas operations in order to counter the margin pressures on its various businesses. Barring unforeseen circumstances, the Group is cautiously optimistic of its performance for the rest of the financial year.

**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?

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommend for the period.

**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)
Pacific Organisation Pte Ltd - Rental expenses	\$'000  221	\$'000  -
Total	221	-

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**

In 2Q-16, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

As at 30 June 2016, the balance of proceeds was \$13,912,000.

**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**  
**12 August 2016**



**Negative Assurance Confirmation under Rule 705(5) of the Listing Manual**

We, Ng Tiak Soon 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 second quarter 2016 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Ng Tiak Soon  
Chairman of Audit Committee

Ong Ghim Choon  
Chief Executive Officer

Singapore, 12 August 2016