



mDR Limited

Third Quarter Financial Statements for the Period Ended 30 September 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	3Q-16	3Q-15	Inc/(Dec) %	YTD-16	YTD-15	Inc/(Dec) %
Revenue	1	80,628	79,685	1%	232,623	233,088	0%
Cost of sales	1	<u>(73,015)</u>	<u>(72,288)</u>	1%	<u>(211,177)</u>	<u>(210,680)</u>	0%
Gross profit	1	7,613	7,397	3%	21,446	22,408	-4%
Other income	2	60	177	-66%	553	757	-27%
Administrative expenses	3	(5,006)	(5,030)	0%	(14,959)	(15,334)	-2%
Other operating expenses	4	(1,777)	(1,964)	-10%	(5,053)	(5,644)	-10%
Finance costs	5	<u>(31)</u>	<u>(23)</u>	35%	<u>(78)</u>	<u>(103)</u>	-24%
Total expenses		(6,814)	(7,017)	-3%	(20,090)	(21,081)	-5%
Operating profit before share of profit of associate and income tax		<u>859</u>	<u>557</u>	54%	<u>1,909</u>	<u>2,084</u>	-8%
Share of profit (loss) of associate		<u>2</u>	<u>(1)</u>	N.M	<u>5</u>	<u>(10)</u>	N.M
Profit before income tax		861	556	55%	1,914	2,074	-8%
Income tax expense	6	<u>(171)</u>	<u>(98)</u>	74%	<u>(430)</u>	<u>(173)</u>	N.M
Profit for the period		690	458	51%	1,484	1,901	-22%
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Currency translation differences arising on consolidation		<u>(99)</u>	<u>(339)</u>	-71%	<u>6</u>	<u>(546)</u>	N.M
Other comprehensive (loss) profit for the period, net of tax		<u>(99)</u>	<u>(339)</u>	-71%	<u>6</u>	<u>(546)</u>	N.M
Total comprehensive income for the period		<u>591</u>	<u>119</u>	N.M	<u>1,490</u>	<u>1,355</u>	10%
Profit (Loss) attributable to:							
Owners of the Company		757	1,043	-27%	1,124	2,691	-58%
Non-controlling interests		<u>(67)</u>	<u>(585)</u>	-89%	<u>360</u>	<u>(790)</u>	N.M
Total comprehensive income		<u>690</u>	<u>458</u>	51%	<u>1,484</u>	<u>1,901</u>	-22%
Total comprehensive income (loss) attributable to:							
Owners of the Company		683	766	-11%	1,100	2,225	-51%
Non-controlling interests		<u>(92)</u>	<u>(647)</u>	-86%	<u>390</u>	<u>(870)</u>	N.M
		<u>591</u>	<u>119</u>	N.M	<u>1,490</u>	<u>1,355</u>	10%

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	3Q-16	3Q-15	YTD-16	YTD-15
Revenue				
AMS	7,542	5,644	22,559	15,406
DMS	71,146	72,381	204,456	212,626
DPAS	1,940	1,660	5,608	5,056
	<u>80,628</u>	<u>79,685</u>	<u>232,623</u>	<u>233,088</u>
Cost of goods sold				
AMS	(5,688)	(4,143)	(17,423)	(10,891)
DMS	(65,907)	(67,111)	(189,593)	(196,780)
DPAS	(1,420)	(1,034)	(4,161)	(3,009)
	<u>(73,015)</u>	<u>(72,288)</u>	<u>(211,177)</u>	<u>(210,680)</u>
Gross profit				
AMS	1,854	1,501	5,136	4,515
DMS	5,239	5,270	14,863	15,846
DPAS	520	626	1,447	2,047
	<u>7,613</u>	<u>7,397</u>	<u>21,446</u>	<u>22,408</u>
GP%				
AMS	25%	27%	23%	29%
DMS	7%	7%	7%	7%
DPAS	27%	38%	26%	40%
	<u>9%</u>	<u>9%</u>	<u>9%</u>	<u>10%</u>

Gross margin for DPAS declined from 38% to 27% quarter-on-quarter and from 40% to 26% year-on-year, due mainly to the reclassification of plant and machinery depreciation expense of \$0.2 million in 3Q-16 and \$0.5 million for YTD-16 from other operating expenses to cost of goods sold.

Note 2 Other income consists of the following:

In S\$'000	3Q-16	3Q-15	YTD-16	YTD-15
Interest income	40	44	125	97
Rental income	-	34	6	160
Bad debts recovered - trade	-	21	12	24
Liabilities written back	-	3	-	20
Wage credit	-	-	314	305
Others	20	75	96	151
	<u>60</u>	<u>177</u>	<u>553</u>	<u>757</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-16	3Q-15	YTD-16	YTD-15
Staff Cost				
AMS	1,201	1,095	3,708	3,272
DMS	2,174	2,244	6,370	7,004
DPAS	181	221	638	704
Management and HQ support staff costs (including Directors' fees)	632	585	1,752	1,684
	<u>4,188</u>	<u>4,145</u>	<u>12,468</u>	<u>12,664</u>

The increase in AMS's staff cost was due mainly to the recruitment of part timers to support the increase in repair volume.

Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	3Q-16	3Q-15	YTD-16	YTD-15
Rental expenses	1,278	1,318	3,833	4,250
Depreciation expenses	204	336	672	1,189
Plant and equipment written off	5	48	74	59
Loss (Gain) on disposal of plant and equipment	3	2	(6)	3
Reversal of impairment on plant and equipment	-	-	(1)	-
Allowance (Reversal) of allowance for doubtful trade receivables	67	-	67	(364)
Reversal of allowance for doubtful other receivables	-	-	-	(193)
Bad debts written off - trade	2	1	2	1
Bad debts written off - non-trade	13	-	13	-
Allowance for inventories	125	374	326	712
Inventories written off	-	15	-	26
(Reversal) of provision for shop closure costs	(3)	-	(3)	-
Foreign exchange loss (gain)	83	(130)	76	(39)
	<u>1,777</u>	<u>1,964</u>	<u>5,053</u>	<u>5,644</u>

Lower allowance for inventories in 3Q-16 was due mainly to a lower stock provision made against its handset inventory.

Lower depreciation expense in 3Q-16 and YTD-16 was due to the reclassification of depreciation of plant and equipment from the DPAS business amounting to \$196,000 in 3Q-16 and \$537,000 for YTD-16 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

The higher income tax expense for YTD-16 as compared to YTD-15 was due to reversal of over provision of taxation in 2Q-15 and 3Q-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-Sep-16	31-Dec-15	30-Sep-16	31-Dec-15
ASSETS					
Current assets					
Cash and bank balances		33,106	30,849	22,712	19,154
Trade receivables	1	15,578	18,763	3,045	2,873
Other receivables and prepayments	2	5,226	5,877	11,514	17,437
Inventories	3	20,647	17,541	2,146	1,735
Total current assets		<u>74,557</u>	<u>73,030</u>	<u>39,417</u>	<u>41,199</u>
Non-current assets					
Investment in subsidiaries		-	-	20,895	20,895
Investment in an associate		14	8	-	-
Plant and equipment		4,468	4,190	327	382
Goodwill		2,798	2,798	-	-
Prepayments	2	83	86	-	-
Total non-current assets		<u>7,363</u>	<u>7,082</u>	<u>21,222</u>	<u>21,277</u>
Total assets		<u>81,920</u>	<u>80,112</u>	<u>60,639</u>	<u>62,476</u>
Current liabilities					
Trade payables	4	11,413	10,204	2,071	2,214
Other payables	5	7,069	7,545	996	1,244
Current portion of finance leases		581	419	83	80
Income tax payable		360	175	-	-
Total current liabilities		<u>19,423</u>	<u>18,343</u>	<u>3,150</u>	<u>3,538</u>
Non-current liabilities					
Finance leases		1,151	887	71	133
Deferred tax liabilities		125	151	-	-
Total non-current liabilities		<u>1,276</u>	<u>1,038</u>	<u>71</u>	<u>133</u>
Capital, reserves and non-controlling interests					
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		(696)	(672)	-	-
Accumulated losses		(89,749)	(89,878)	(96,567)	(95,185)
Equity attributable to owners of the Company		<u>62,659</u>	<u>62,559</u>	<u>57,418</u>	<u>58,805</u>
Non-controlling interests		(1,438)	(1,828)	-	-
Total equity		<u>61,221</u>	<u>60,731</u>	<u>57,418</u>	<u>58,805</u>
Total liabilities and equity		<u>81,920</u>	<u>80,112</u>	<u>60,639</u>	<u>62,476</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 September 2016 is 20 days (31 December 2015: 25 days).

2 Other receivables and prepayments

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

S\$'000	30-Sep-16	31-Dec-15
Rental deposits	1,408	1,518
Other receivables	2,672	3,449
Prepayments - current	585	618
Prepayments – non-current	83	86

Other receivables of \$2.7 million as at 30 September 2016 comprised mainly of \$1.4 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.7 million as at 30 September 2016 comprised mainly of prepaid rentals for premises of \$0.2 million.

3 Inventories

The Group's inventory turnover for the quarter ended 30 September 2016 is 24 days (31 December 2015: 22 days).

Group inventories as at 30 September 2016 stood at \$20.6 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 September 2016 is 14 days (31 December 2015: 17 days).

5 Other payables

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

S\$'000	30-Sep-16	31-Dec-15
Advertising, promotion and sell through funds from principals	1,629	1,411
Accrued staff costs	1,192	1,270
Other accrued operating expenses	939	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-Sep-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
581	-	419	-

Amount repayable after one year

As at 30-Sep-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,151	-	887	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.7 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**

In S\$'000	3Q-16	3Q-15	YTD-16	YTD-15
Operating activities				
Profit before income tax	861	556	1,914	2,074
Adjustments for:				
Depreciation expenses	400	336	1,209	1,189
Interest expenses	31	23	78	103
Interest income	(40)	(44)	(125)	(97)
Loss (Gain) on disposal of plant and equipment	3	2	(6)	3
Plant and equipment written off	5	48	74	59
Liabilities written back	-	(3)	-	(20)
Allowance for inventories	125	374	326	712
Inventories written off	-	15	-	26
Allowance for doubtful trade receivables	67	-	67	-
Bad debts written off (trade)	2	1	2	1
Bad debts written off (non-trade)	13	-	13	-
Reversal of impairment on plant and equipment	-	-	(1)	-
Reversal of provision for shop closure costs	(3)	-	(3)	-
Reversal of allowance for doubtful trade receivables	-	-	-	(364)
Reversal of allowance for doubtful non-trade receivables	-	-	-	(193)
Share of (profit) loss of an associate	(2)	1	(5)	10
Employee share-based payments	-	9	-	30
Net foreign exchange (gain) loss	(77)	(254)	18	(400)
Operating cash flows before movements in working capital	1,385	1,064	3,561	3,133
Trade receivables	1,561	1,394	3,116	8,657
Other receivables and prepayments	520	232	274	2,897
Inventories	321	(2,860)	(3,432)	(4,902)
Trade payables	(10)	5,764	1,209	(2,424)
Other payables	216	677	(379)	(1,452)
Cash generated from operations	3,993	6,271	4,349	5,909
Income tax refund (paid)	23	(10)	96	(387)
Interest received	40	44	125	97
Net cash from operating activities	4,056	6,305	4,570	5,619
Investing activities				
Proceeds from disposal of plant and equipment	(9)	15	44	139
Purchase of plant and equipment (Note A)	(366)	(1,209)	(829)	(1,647)
Acquisition of investment in an associate	-	-	-	(15)
Net cash used in investing activities	(375)	(1,194)	(785)	(1,523)
Financing activities				
Interest paid	(31)	(23)	(78)	(103)
Repayment of obligations under finance leases	(140)	(118)	(372)	(377)
Dividends paid to shareholders	-	-	(1,000)	-
Dividends paid to non-controlling interest	(78)	-	(78)	-
Repayment of bank borrowings	-	-	-	(2,550)
Net cash used in financing activities	(249)	(141)	(1,528)	(3,030)
Net increase in cash and cash equivalents	3,432	4,970	2,257	1,066
Cash and cash equivalents at beginning of period	29,634	27,795	30,809	31,699
Cash and cash equivalents at end of period	33,066	32,765	33,066	32,765

Notes

A. Purchase of plant and equipment:

In 3Q-16, the Group acquired plant and equipment with an aggregate cost of \$366,000 (3Q-15: \$1,209,000) using internal funding.

For YTD-16, the Group acquired plant and equipment with an aggregate cost of \$1,654,000 (YTD-15: \$1,647,000) of which \$825,000 (2015: \$Nil) was acquired under finance lease arrangements.

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

In S\$'000	3Q-16	3Q-15
Cash	33,106	32,804
Less: Cash pledged	(40)	(39)
Cash and cash equivalents	<u>33,066</u>	<u>32,765</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	<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>
Balance as at 1 January 2016	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731
Total comprehensive income for the period								
(Loss) Profit for the period	-	-	-	-	(169)	(169)	262	93
Other comprehensive income for the period	-	-	-	162	-	162	42	204
Total	-	-	-	162	(169)	(7)	304	297
Transactions with owners, recognised directly in equity								
Transfer between reserves upon expiry of share option	-	-	(5)	-	5	-	-	-
Total	-	-	(5)	-	5	-	-	-
Balance as at 31 March 2016	153,652	(859)	311	(510)	(90,042)	62,552	(1,524)	61,028
Total comprehensive income for the period								
Profit for the period	-	-	-	-	536	536	165	701
Other comprehensive income (loss) for the period	-	-	-	(112)	-	(112)	13	(99)
Total	-	-	-	(112)	536	424	178	602
Transactions with owners, recognised directly in equity								
Dividends	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Balance as at 30 June 2016	153,652	(859)	311	(622)	(90,506)	61,976	(1,346)	60,630
Total comprehensive income for the period								
Profit (Loss) for the period	-	-	-	-	757	757	(67)	690
Other comprehensive loss for the period	-	-	-	(74)	-	(74)	(25)	(99)
Total	-	-	-	(74)	757	683	(92)	591
Balance as at 30 September 2016	153,652	(859)	311	(696)	(89,749)	62,659	(1,438)	61,221

<u>In S\$'000</u> Group	<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>
Balance as at 1 January 2015	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
Total comprehensive income for the period								
Profit for the period	-	-	-	-	684	684	50	734
Other comprehensive loss for the period	-	-	-	(156)	-	(156)	(48)	(204)
Total	-	-	-	(156)	684	528	2	530
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	11	-	-	11	-	11
Total	-	-	11	-	-	11	-	11
Balance as at 31 March 2015	153,652	(859)	288	(100)	(93,254)	59,727	(769)	58,958
Total comprehensive income for the period								
Profit (Loss) for the period	-	-	-	-	964	964	(255)	709
Other comprehensive income (loss) for the period	-	-	-	(33)	-	(33)	30	(3)
Total	-	-	-	(33)	964	931	(225)	706
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	10	-	-	10	-	10
Total	-	-	10	-	-	10	-	10
Balance as at 30 June 2015	153,652	(859)	298	(133)	(92,290)	60,668	(994)	59,674
Total comprehensive income for the period								
Profit (Loss) for the period	-	-	-	-	1,043	1,043	(585)	458
Other comprehensive loss for the period	-	-	-	(277)	-	(277)	(62)	(339)
Total	-	-	-	(277)	1,043	766	(647)	119
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	9	-	-	9	-	9
Total	-	-	9	-	-	9	-	9
Balance as at 30 September 2015	153,652	(859)	307	(410)	(91,247)	61,443	(1,641)	59,802

<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>
Balance as at 1 January 2016	153,652	22	316	(95,185)	58,805
Loss for the period, representing total comprehensive loss for the period	-	-	-	(529)	(529)
Transactions with owners, recognised directly in equity					
Transfer between reserves upon expiry of share options	-	-	(5)	5	-
Total	-	-	(5)	5	-
Balance as at 31 March 2016	153,652	22	311	(95,709)	58,276
Loss for the period, representing total comprehensive loss for the period	-	-	-	(3)	(3)
Transactions with owners, recognised directly in equity					
Dividends	-	-	-	(1,000)	(1,000)
Total	-	-	-	(1,000)	(1,000)
Balance as at 30 June 2016	153,652	22	311	(96,712)	57,273
Profit for the period, representing total comprehensive income for the period	-	-	-	145	145
Balance as at 30 September 2016	<u>153,652</u>	<u>22</u>	<u>311</u>	<u>(96,567)</u>	<u>57,418</u>
Balance as at 1 January 2015	153,652	22	277	(96,227)	57,724
Profit for the period, representing total comprehensive income for the period	-	-	-	118	118
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	11	-	11
Total	-	-	11	-	11
Balance as at 31 March 2015	153,652	22	288	(96,109)	57,853
Loss for the period, representing total comprehensive loss for the period	-	-	-	(194)	(194)
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	10	-	10
Total	-	-	10	-	10
Balance as at 30 June 2015	153,652	22	298	(96,303)	57,669
Profit for the period, representing total comprehensive income for the period	-	-	-	172	172
Transactions with owners, recognised directly in equity					
Recognition of share-based payments	-	-	9	-	9
Total	-	-	9	-	9
Balance as at 30 September 2015	<u>153,652</u>	<u>22</u>	<u>307</u>	<u>(96,131)</u>	<u>57,850</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 September 2016 and 30 September 2015.

As at 30 September 2016, the Company's issued and paid-up capital was \$153,652,141 (3Q-15: \$153,652,141) divided into 12,528,241,084 (3Q-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 September 2016, there were 43,485,000 (30 September 2015: 45,155,000) outstanding share options which would entitle the holders to subscribe for a total of 43,485,000 (30 September 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 September 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-Sep-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

Earnings per ordinary share <i>(based on consolidated net profit attributable to equity holders of the Company)</i>	3Q-16 cents	3Q-15 cents	YTD-16 cents	YTD-15 cents
- Basic	0.006	0.008	0.009	0.021
- Fully diluted	<u>0.006</u>	<u>0.008</u>	<u>0.009</u>	<u>0.021</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 (3Q-15: 12,528,241,084).

In 3Q-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 3Q-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-Sep-16 Cents	31-Dec-15 Cents	30-Sep-16 Cents	31-Dec-15 Cents
Net Asset Value ("NAV") per share	<u>0.50</u>	<u>0.50</u>	<u>0.46</u>	<u>0.47</u>

The NAV per share as at 30 September 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 quarter-on-quarter revenue registered a 1% increase to \$80.6 million, while its year-on-year revenue remained relatively unchanged. Higher revenues from the AMS business for 3Q16 and YTD-16 arising from higher repair volume mitigated the decline in 3Q-16 and YTD-16 DMS revenues of 2% and 4% respectively.

Quarter-on-quarter gross profit margin remained unchanged at 9%, while the year-on-year gross profit margin declined from 10% to 9%. AMS margins were lower in both 3Q-16 and YTD-16 due to higher cost of repairs. DPAS margins were also lower due mainly to the reclassification of plant and machinery depreciation expense to cost of goods sold and the higher imported raw material costs arising from the weaker Ringgit.

Other operating expenses reduced by \$0.2 million from \$2.0 million in 3Q-15 to \$1.8 million in 3Q-16, due mainly to rationalisation of our retail outlets.

The Group's 3Q-16 net profits increased by \$0.2 million from \$0.5 million in 3Q-15 to \$0.7 million in 3Q-16, arising from the higher sales and lower expenses incurred. YTD-16 net profits however were lower by 22% compared to YTD-15, in view of a reversal of over-provision for taxation for YTD-15 and lower overall gross profits for YTD-16.

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 muted global and local economic sentiments are expected to put a dampener on the performance of the Group's local and overseas businesses for the rest of the financial year. However, the Group believes that it will remain resilient and relevant. Its strong partnerships with its principals and customers will stand the Group in good stead in the midst of a challenging and competitive operating environment. Barring any unforeseen circumstances, the Group expects to deliver a positive performance for FY 2016.

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	\$'000 332	\$'000 -
Total	332	-

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 3Q-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 September 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
11 November 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 third 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, 11 November 2016