



MDR Limited

mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2017

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	1Q-17	1Q-16	Inc/(Dec) %
Revenue	1	72,879	76,010	-4%
Cost of sales	1	<u>(66,067)</u>	<u>(69,175)</u>	-4%
Gross profit	1	6,812	6,835	0%
Other income	2	163	432	-62%
Administrative expenses	3	(4,854)	(5,124)	-5%
Other operating expenses	4	(2,076)	(1,943)	7%
Finance costs	5	<u>(24)</u>	<u>(19)</u>	26%
Total expenses		<u>(6,954)</u>	<u>(7,086)</u>	-2%
Operating profit before share of profit of associate and income tax		<u>21</u>	<u>181</u>	-88%
Share of profit of associate		-	1	N.M.
Profit before income tax		<u>21</u>	<u>182</u>	-88%
Income tax expense	6	<u>(34)</u>	<u>(89)</u>	-62%
(Loss) Profit for the period		<u>(13)</u>	<u>93</u>	N.M.
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		<u>(40)</u>	<u>204</u>	N.M.
Other comprehensive (loss) income for the period, net of tax		<u>(40)</u>	<u>204</u>	N.M.
Total comprehensive (loss) income for the period		<u><u>(53)</u></u>	<u><u>297</u></u>	N.M.
Profit (Loss) attributable to:				
Owners of the Company		188	(169)	N.M.
Non-controlling interests		<u>(201)</u>	<u>262</u>	N.M.
Total comprehensive (loss) income		<u><u>(13)</u></u>	<u><u>93</u></u>	N.M.
Total comprehensive (loss) income attributable to:				
Owners of the Company		115	(7)	N.M.
Non-controlling interests		<u>(168)</u>	<u>304</u>	N.M.
		<u><u>(53)</u></u>	<u><u>297</u></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 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 and spare parts are as follows:

In S\$'000	1Q-17	1Q-16
Revenue		
AMS	7,932	7,488
DMS	63,287	66,798
DPAS	1,660	1,724
	<u>72,879</u>	<u>76,010</u>
Cost of Goods Sold and Spare Parts		
AMS	(6,257)	(5,916)
DMS	(58,590)	(62,015)
DPAS	(1,220)	(1,244)
	<u>(66,067)</u>	<u>(69,175)</u>
Gross Profit		
AMS	1,675	1,572
DMS	4,697	4,783
DPAS	440	480
	<u>6,812</u>	<u>6,835</u>
GP%		
AMS	21%	21%
DMS	7%	7%
DPAS	27%	28%
	<u>9%</u>	<u>9%</u>

Note 2 Other income consists of the following:

In S\$'000	1Q-17	1Q-16
Interest income	32	46
Rental income	-	6
Wage credit	121	314
Others	10	66
	<u>163</u>	<u>432</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	1Q-17	1Q-16
Staff Cost		
AMS	1,207	1,313
DMS	2,065	2,136
DPAS	244	224
Management and HQ support staff costs (including Directors' fees)	539	529
	<u>4,055</u>	<u>4,202</u>

AMS recorded an 18% decline in repair volume in 1Q-17 compared to 1Q-16; as such AMS staff costs had decreased accordingly, due to lower headcount required to support the operations.

Note 4 Other operating expenses consist of the following:

In S\$'000	1Q-17	1Q-16
Rental expenses	1,274	1,315
Depreciation expenses	201	387
Plant and equipment written off	56	57
(Gain) Loss on disposal of plant and equipment	(67)	4
Allowance for doubtful trade receivables	81	-
Allowance for inventories	102	126
Provision for closure costs	198	-
Foreign currency exchange loss	231	54
	<u>2,076</u>	<u>1,943</u>

Lower allowance for inventories in 1Q-17 was due to a lower general stock provision made against its handset inventory.

Provision for closure costs relates to the estimated costs to be incurred in relation to closure of the Myanmar business operations.

Note 5 Finance costs

Finance costs comprise interests on finance leases.

Note 6 Income tax expenses

The tax expense provision is calculated for profitable subsidiaries.

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

In S\$'000	Notes	Group		Company	
		31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
ASSETS					
Current assets					
Cash and bank balances		36,039	30,817	20,475	22,090
Trade receivables	1	14,791	20,867	2,870	3,554
Other receivables and prepayments	2	4,606	5,401	15,432	14,119
Inventories	3	18,431	20,232	1,662	2,092
Assets classified as held for sale	4	181	-	-	-
Total current assets		<u>74,048</u>	<u>77,317</u>	<u>40,439</u>	<u>41,855</u>
Non-current assets					
Investment in subsidiaries		-	-	20,835	20,835
Investment in an associate		13	14	-	-
Plant and equipment		9,779	4,271	366	391
Goodwill		2,798	2,798	-	-
Other receivables and prepayment	2	-	839	-	-
Total non-current assets		<u>12,590</u>	<u>7,922</u>	<u>21,201</u>	<u>21,226</u>
Total assets		<u><u>86,638</u></u>	<u><u>85,239</u></u>	<u><u>61,640</u></u>	<u><u>63,081</u></u>
Current liabilities					
Bank loans		398	-	-	-
Trade payables	5	9,367	13,572	1,923	2,888
Other payables	6	7,508	7,341	976	947
Current portion of finance leases		545	570	85	83
Income tax payable		28	7	-	-
Total current liabilities		<u>17,846</u>	<u>21,490</u>	<u>2,984</u>	<u>3,918</u>
Non-current liabilities					
Bank loans		5,242	-	-	-
Finance leases		847	991	28	50
Deferred tax liabilities		116	118	-	-
Total non-current liabilities		<u>6,205</u>	<u>1,109</u>	<u>28</u>	<u>50</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		290	311	290	311
Foreign currency translation reserve		(898)	(825)	-	-
Accumulated losses		(87,724)	(87,933)	(95,336)	(94,872)
Equity attributable to owners of the Company		<u>64,461</u>	<u>64,346</u>	<u>58,628</u>	<u>59,113</u>
Non-controlling interests		(1,874)	(1,706)	-	-
Total equity		<u>62,587</u>	<u>62,640</u>	<u>58,628</u>	<u>59,113</u>
Total liabilities and equity		<u><u>86,638</u></u>	<u><u>85,239</u></u>	<u><u>61,640</u></u>	<u><u>63,081</u></u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 March 2017 is 22 days (31 December 2016: 22 days).

2 Other receivables and prepayments

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

S\$'000	31-Mar-17	31-Dec-16
Rental deposits	1,377	1,413
Other receivables	2,268	2,758
Prepayments – current	433	776
Prepayments – non-current	-	258
Deposits for the purchase of property – non-current	-	581

Other receivables of \$2.3 million as at 31 March 2017 comprised mainly of \$1.2 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.4 million as at 31 March 2017 comprised mainly of deposits for the purchase of raw materials and equipment spare parts of \$0.2 million and prepayment of the last 2 months equipment hire purchase instalments of \$0.1 million for DPAS operation.

3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2017 is 26 days (31 December 2016: 24 days).

Group inventories as at 31 March 2017 stood at \$18.4 million (31 December 2016: \$20.2 million) with the decrease in inventory holding due mainly to the cessation of prepaid cards distribution and DPAS businesses in Myanmar.

4 Assets classified as held for sale

In March 2017, the Group has ceased the business operations for Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Company Ltd. The plant and equipment, which are expected to be sold within twelve months, have been classified as assets held for sale.

5 Trade payables

The Group's trade payables turnover as at 31 March 2017 is 16 days (31 December 2016: 15 days).

6 Other payables

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

S\$'000	31-Mar-17	31-Dec-16
Advertising, promotion and sell through funds from principals	1,957	1,485
Accrued staff costs	1,036	1,169
Other accrued operating expenses	963	981

1(b)(ii) Aggregate amount of Group's borrowings and debt securities**Amount repayable in one year or less, or on demand**

As at 31-Mar-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
943	-	570	-

Amount repayable after one year

As at 31-Mar-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
6,089	-	991	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.4 million on certain motor vehicles and machinery, and bank loans of \$5.6 million secured against fixed deposits and an open legal mortgage over a commercial property in Malaysia.

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	1Q-17	1Q-16
Operating activities		
Profit before income tax	21	182
Adjustments for:		
Depreciation expense	383	387
Interest expense	24	19
Interest income	(32)	(46)
Allowance for doubtful trade receivables	81	-
(Gain) Loss on disposal of plant and equipment	(67)	4
Plant and equipment written off	56	57
Provision for closure costs	198	-
Allowance for inventories	102	126
Net foreign exchange loss	84	190
Operating cash flows before movements in working capital	850	919
Trade receivables	5,995	925
Other receivables and prepayments	405	(120)
Inventories	1,699	(4,732)
Trade payables	(4,205)	4,712
Other payables	(23)	(1,116)
Cash generated from operations	4,720	588
Interest received	32	46
Income tax refund	375	206
Net cash generated from operating activities	5,128	840
Investing activities		
Proceeds from disposal of plant and equipment	394	9
Purchase of plant and equipment	(5,775)	(135)
Net cash used in investing activities	(5,381)	(126)
Financing activities		
Interest paid	(24)	(19)
Repayment of obligations under finance leases	(140)	(104)
Cash pledged	(1,400)	-
Repayment of bank borrowings	(44)	-
Proceeds from bank borrowings	5,684	-
Net cash generated from (used in) financing activities	4,076	(123)
Net increase in cash and cash equivalents	3,823	591
Cash and cash equivalents at beginning of period	30,778	30,809
Cash and cash equivalents at end of period (Note A)	34,601	31,400

Note

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

In S\$'000	1Q-17	1Q-16
Cash	36,039	31,441
Less: Cash pledged	(1,438)	(41)
Cash and cash equivalents	34,601	31,400

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 Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
Group								
Balance as at 1 January 2017	153,652	(859)	311	(825)	(87,933)	64,346	(1,706)	62,640
Total comprehensive income (loss) for the period								
Profit (Loss) for the period	-	-	-	-	188	188	(201)	(13)
Other comprehensive (loss) income for the period	-	-	-	(73)	-	(73)	33	(40)
Total	-	-	-	(73)	188	115	(168)	(53)
Transactions with owners, recognised directly in equity								
Transfer between reserves upon expiry of share options	-	-	(21)	-	21	-	-	-
Total	-	-	(21)	-	21	-	-	-
Balance as at 31 March 2017	<u>153,652</u>	<u>(859)</u>	<u>290</u>	<u>(898)</u>	<u>(87,724)</u>	<u>64,461</u>	<u>(1,874)</u>	<u>62,587</u>
Balance as at 1 January 2016	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731
Total comprehensive income (loss) 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 options	-	-	(5)	-	5	-	-	-
Total	-	-	(5)	-	5	-	-	-
Balance as at 31 March 2016	<u>153,652</u>	<u>(859)</u>	<u>311</u>	<u>(510)</u>	<u>(90,042)</u>	<u>62,552</u>	<u>(1,524)</u>	<u>61,028</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>
Balance as at 1 January 2017	153,652	22	311	(94,872)	59,113
Loss for the period, representing total comprehensive loss for the period	-	-	-	(485)	(485)
Transactions with owners, recognised directly in equity					
Transfer between reserves upon expiry of share options	-	-	(21)	21	-
Total	-	-	(21)	21	-
Balance as at 31 March 2017	<u>153,652</u>	<u>22</u>	<u>290</u>	<u>(95,336)</u>	<u>58,628</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	<u>153,652</u>	<u>22</u>	<u>311</u>	<u>(95,709)</u>	<u>58,276</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 31 March 2017 and 31 March 2016.

As at 31 March 2017, the Company's issued and paid-up capital was \$153,652,141 (Q1-16: \$153,652,141) divided into 12,528,241,084 (Q1-16: 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 31 March 2017, there were 32,605,000 (31 March 2016: 43,485,000) outstanding share options which would entitle the holders to subscribe for a total of 32,605,000 (31 March 2016: 43,485,000) ordinary shares. If exercised, these share options represent approximately 0.26% of the share capital consisting of 12,528,241,084 issued shares at 31 March 2017.

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

	Number of ordinary shares	
	31-Mar-17	31-Dec-16
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 2016.

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 2017, 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 (Losses) per ordinary share <i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	1Q-17 Cents	1Q-16 Cents
- Basic	0.002	(0.001)
- Fully diluted	<u>0.002</u>	<u>(0.001)</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 (1Q-16: 12,528,241,084).

In 1Q-17, 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 1Q-16 and 1Q-17, the share options were antidilutive and hence disregarded in the calculation of diluted earnings (losses) 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	
	31-Mar-17 Cents	31-Dec-16 Cents	31-Mar-17 Cents	31-Dec-16 Cents
Net Asset Value ("NAV") per share	<u>0.51</u>	<u>0.51</u>	<u>0.47</u>	<u>0.47</u>

The NAV per share as at 31 March 2017 is calculated based on 12,528,241,084 (31 December 2016: 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 revenue decreased by 4% from \$76 million in 1Q-16 to \$72.9 million in 1Q-17, due mainly to the decrease in revenue from DMS business from \$66.8 million to \$63.3 million. The decline in DMS revenue was however mitigated by a 5% increase in AMS revenue from \$7.5 million in 1Q-16 to \$7.9 million in 1Q-17. Despite an 18% decline in AMS repair volume in 1Q17, AMS revenue was higher due mainly to more out-of-warranty repairs.

Gross margins for AMS and DMS businesses remained at 21% and 7% respectively, quarter-on-quarter. Gross margins for DPAS business declined 1% from 28% in 1Q-16 to 27% in 1Q-17, due mainly to the reclassification of plant and machinery depreciation expense to cost of goods sold. Overall the Group's gross profit margin for 1Q-17 remained unchanged at 9%.

With the cessation of business operations for Pixio Myanmar Co.,Ltd and MDR Golden Myanmar Sea Company Ltd in March 2017, the Group recognized an impairment loss of \$56,000 for its plant and equipment, provision for doubtful trade receivables of \$82,000 and provision for closure costs of \$198,000. An allowance of \$306,000 for advances owing from Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Company Ltd was provided by the Company.

The Group registered a net loss of \$13,000 for 1Q-17 compared to net profits of \$93,000 in 1Q-16, due mainly to the provision of closure costs of \$198,000.

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

Despite the muted economic conditions in Singapore and Malaysia, the Group's AMS, DMS and DPAS operations have performed better than expected in 1Q17. Barring unforeseen circumstances, we expect these three business segments to continue to deliver positive results.

Notwithstanding the Group's exit from the Myanmar market, we remain committed to continue to explore new businesses and markets both within and outside of Singapore.

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 recommended 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	\$'000 111	\$'000 -

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 1Q-17, 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 31 March 2017, the balance of proceeds were \$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 May 2017

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 first quarter 2017 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 May 2017