Annual Report 2016

mDR Limited
Annual Report 2016

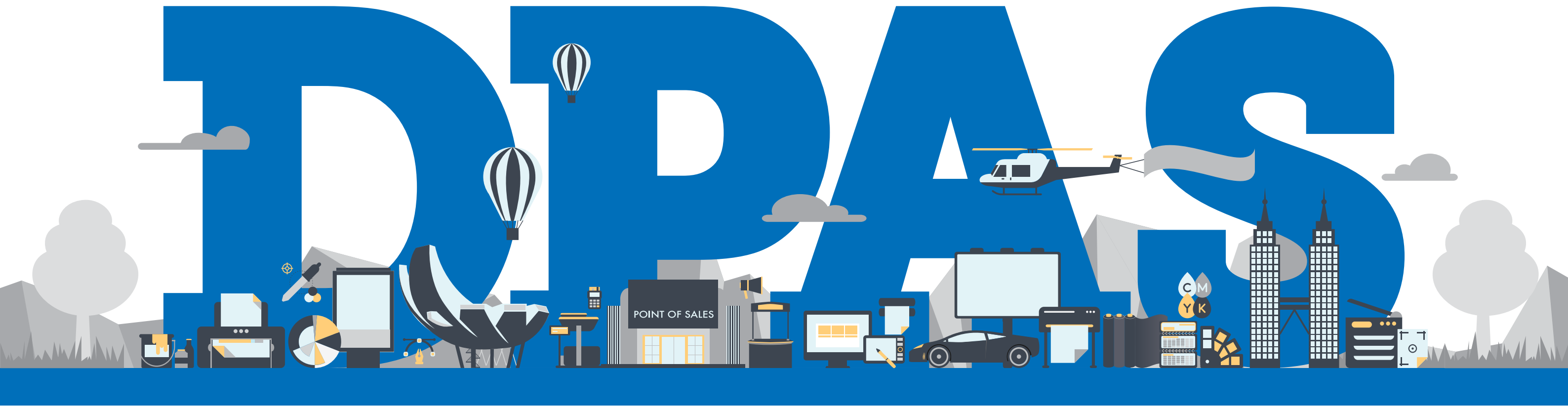
Contents

Distribution Management Solutions

The distribution management solutions (DMS) division contributes the core revenue of the Group. We are one of the largest distributors of mobile phones and lifestyle devices and accessories in Singapore. The DMS division is engaged in the distribution and retail of telecommunication products and services, operation and management of concept stores (Samsung and Huawei) and telecom operator's chain stores (Singtel and M1), and e-commerce business.

After Market Services

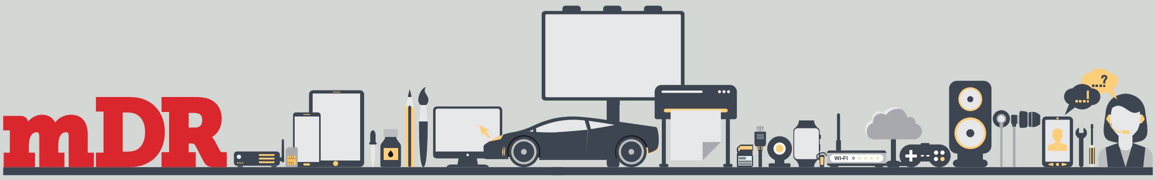
mDR is a pioneer in the after-market services (AMS) business in Singapore. AMS division's offerings include equipment repairs, technical and customer support services.



Digital Inkjet Printing for Out-of-Home Advertising Solutions

The digital inkjet printing for Out-of-Home Advertising Solutions (DPAS) division offers digital inkjet printing for Point-Of-Sale (POS) and Out-Of-Home (OOH) advertising solutions in Malaysia. We have the state-of-the-art equipment to deliver the latest and advanced products in the POS and OOH advertising market. The DPAS Division is known for its fast, reliable and quality products and services.

Corporate Profile

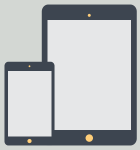


mDR Limited ("mDR")

is an established after-market service provider for mobile phones and various consumer electronics products. mDR was incorporated in Singapore on 21 October 2000, and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on 14 March 2003.

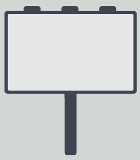
Business Segments

01 Distribution Management Solutions



02 After Market Services

03 Digital Inkjet Printing for Out-Of-Home Advertising Solutions



Corporate Profile

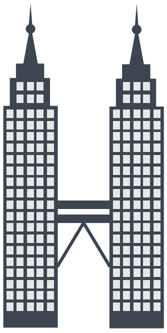
(As at 27 March 2017)

Principals

SAMSUNG	Singtel	M1
ooredoo	HUAWEI	Microsoft
oppo	LG	SONY
ZTE	LEAGOO Smart Phone	MEIZU

Business Network

Singapore



Malaysia

Myanmar

Corporate Profile

About mDR

In Singapore, the mDR Group of companies operates one of the largest network of telecommunications retail stores (including franchised stores), offering M1 and Singtel products and services, such as mobile, fixed and wireless broadband.

The Group's wholly-owned subsidiary Pixio Sdn. Bhd., is a key player in the digital inkjet printing for Point-Of-Sale and Out-Of-Home advertising solutions market in Malaysia.

mDR Group's businesses include:

- Authorised distributor of mobile devices and accessories for brands like Huawei, Leagoo, LG, Meizu, Microsoft, OnePlus, Samsung, Sony and ZTE;
- Key partner of telecommunications service providers, M1 and Singtel, through retail distribution networks under HandphoneShop and 3 Mobile respectively;
- Distribution of Singtel prepaid cards and services in Singapore;
- Owner of GadgetWorld, a chain of lifestyle retail concept stores that offer the latest technology gadgets, mobile and lifestyle accessories;
- Partner of Huawei and Samsung branded retail concept stores in Singapore;
- Owner of HandPhoneShop.com, an e-commerce portal that offers the latest mobile devices, gadgets, and accessories;
- Provider of after-market services to end consumers for Huawei, Samsung and Sony for equipment repairs and technical services in Singapore;
- Provision of digital inkjet printing for Point-Of-Sale and Out-Of Home advertising solutions in Malaysia.

For more information, please visit us at **www.m-dr.com**

Chairman's Statement

The Group performed better than expected in FY2016. This was made possible because of the resilience demonstrated by our management and staff in the face of heightened competition in the market, the strong relationships with our principals, and continued operational and cost efficiencies across both the local and overseas operations.

$318.9m	$3.1m	$61.5m	$55.8m	$30.8m
Revenue	Profit After Tax	Net Tangible Assets	Working Capital	Cash Position

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of mDR Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), I am pleased to present to you our annual report for the financial year ended 31 December 2016.

Global economic growth remained sluggish in 2016. Singapore's full-year GDP registered a modest growth of 1.8%. This is the weakest annual growth rate the Republic has recorded since 2009. Against this backdrop, the Group nevertheless performed better than expected in FY2016. This was made possible because of the resilience demonstrated by management and staff in the face of heightened competition, the strong relationships with our principals, and continued operational and cost efficiencies across both the local and overseas operations.

Financial Review

The Group's year-on-year revenue remained relatively unchanged at $318.9 million. Revenue contribution from the Group's core business, the Distribution Management Solutions ("**DMS**") division stood at $280.5 million, or 88% of the Group's total revenue. This was 3% lower than the FY2015 DMS revenue of $290.0 million, with the decline due mainly to retail operations.

Chairman's Statement

The decline in DMS revenue was mitigated by higher revenue from the After Market Services ("**AMS**") and Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("**DPAS**") divisions. In FY2016 AMS revenue grew by 38% to $30.7 million, arising from a higher repair volume. DPAS revenue grew by 12% from $6.8 million to $7.6 million in FY 2016, on the back of steady and sustained demand for Pixio's high quality products from existing and new customers.

The Group registered net profit after tax of $3.1 million for FY 2016.

The financial position of the Group has strengthened further, with net tangible assets of $61.5 million as at 31 December 2016 (FY2015: $59.8 million). Working capital of the Group registered an increase from $54.7 million to $55.8 million as at 31 December 2016, with a healthy cash position of $30.8 million and no bank borrowings.

Business Operations

Singapore Operations

The DMS division currently operates 11 Singtel stores, 9 M1 stores, 3 GadgetWorld stores and 4 concept stores (3 Samsung stores and 1 Huawei store).

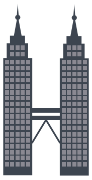
In September last year, we opened a Singtel experiential lite store at Compass One mall. This store is the "go-to store" for Singtel products and services, offering customers a personalised shopping experience. Riding on the tremendous positive customer response at Compass One, we will convert our existing Singtel store at ION into a larger Singtel experiential store from April this year.

In addition to the "bestselling" phone models, since last year we have also expanded the portfolio of brands on offer for sale to include OEMs, such as Leagoo, Meizu, OnePlus and ZTE. These brands have their own following with specific customers and the response has been encouraging.

The Group will continue to work closely with our principals to bring new retail concepts and experience, and the suite of brands to offer wide ranging choices to our customers.

Overseas Operations

Malaysia



Pixio recently completed the purchase of a 66,548 square feet factory at Section 51A Petaling Jaya, Malaysia. Pixio's existing premises are no longer sufficient to house its current operations, and its existing lease is due to expire in March 2017. The purchase of the factory is in line with Pixio's plan to acquire its own premises to house its expanding business needs, as the company enters into new growth areas such as 3D products, which require large operating spaces. With its own premises, Pixio is no longer dependent on a third party for rental premises.

Pixio will continue to grow its core business in Malaysia; although the weak ringgit, political and economic uncertainties were key challenges, Pixio continues to be profitable and grew its revenue in FY 2016, as it capitalized on its established reputation as a fast, reliable and quality service provider to gain new customers and grow its existing customer volume.

Myanmar

As announced previously, Ooredoo changed its business model in Myanmar in March 2017, which is that of the appointment of many small distributors compared to several large distributors in the past to sell its prepaid cards. The management of MDR Golden Myanmar Sea Co. Ltd. ("**MDR Golden**") was of the view that it was not feasible for MDR Golden to operate in the new business model adopted by Ooredoo.

The Group also assessed and considered the continued presence of Pixio Myanmar Co. Ltd. ("**Pixio Myanmar**") in Myanmar. Pixio Myanmar's business was still in an infancy stage. Substantial additional investments would have been required for the business to achieve an economy of scale in business volume. In view of the above, the Group decided that it would not be prudent for Pixio Myanmar to commit to further costs of extending its lease and maintaining a printing operation in Myanmar.

The decision to exit from Myanmar market was painful. However, in the foreseeable future, growth prospects in Myanmar appears limited. The Group's operating performance in the past was tempered by the Myanmar businesses. We believe that with the exit from Myanmar, the Group's overall performance should improve in the future.

Chairman's Message

Note Of Appreciation

I express my sincere thanks to our business partners, shareholders and customers for their support and continued trust. My heartfelt thanks also to my fellow Directors, management and staff for their dedication and efforts.

Dividend

The Board is pleased to propose a first and final dividend amount of up to $1.3 million for shareholders' approval at the forthcoming annual general meeting. The dividend translates to about 42.6% of the Group's net profits in FY2016, and is 30% higher than the last year dividend. Upon approval, the dividend will be paid to shareholders on 23 May 2017.

Future Outlook

Consumer patterns are showing major headwinds in this age of digital disruption. However, mobile devices are increasingly becoming more and more important, immersive and futuristic, with a single device now mostly used for personal and business communication, photography, gaming, virtual reality, shopping and payments. As such, we believe that the mobile distribution and AMS business will continue to be relevant. We will maintain a lean but strategic retail footing and follow a disciplined cost and inventory management. The DPAS business will continue to venture into new growth areas and products.

The uncertain global economy will continue to exert pressure on the Group's profitability. Nonetheless, we remain committed to our on-going strategy to build new revenue streams and markets, by continuing to explore merger and acquisition opportunities both within and outside of Singapore. We look forward to steer the Group to achieve better performance this year.

Philip Eng
Chairman
27 March 2017

Financial Highlights

Year	2016	2015	2014	2013	2012
Revenue ($'000)	**318,857**	318,946	322,186	348,203	319,684
Profits (Loss) before tax ($'000)	**3,167**	3,041	(10,551)	3,345	6,401
Profits (Loss) attributable to owners ($'000)	**2,940**	4,060	(9,675)	3,375	5,516
Earnings (Loss) per share (cents)	**0.02**	0.03	(0.09)	0.04	0.08
Cash balance* ($'000)	**30,817**	30,849	31,744	18,501	17,620
Bank loans ($'000)	**–**	–	2,550	4,000	–
Net tangible assets ($'000)	**61,548**	59,761	56,390	43,999	45,387
Net asset value ($'000)	**64,346**	62,559	59,188	52,063	47,737
Net asset value per share (cents)	**0.51**	0.50	0.47	0.58	0.57

* including pledged cash for 2013, 2014, 2015 and 2016

Board of Directors

Philip Eng Heng Nee

Chairman, Non-Independent & Non-Executive Director
Date of first appointment: 1 June 2005

Mr. Philip Eng is a Non-Executive Chairman of Frasers Centrepoint Asset Management Ltd. and also a Director of several public-listed and private companies. Mr. Eng is currently Singapore's Non-Resident High Commissioner to Canada. He is a graduate of the University of New South Wales with a Bachelor's degree in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

Ong Ghim Choon

Executive Director & Chief Executive Officer
Date of first appointment: 19 August 2009

Mr. Ong is the Chief Executive Officer of the Group since August 2009. Mr. Ong is responsible for the overall supervision and management of the business of the Group. He has extensive experience in the telecommunications industry, having been a pioneer in the establishment and management of several telecommunications companies since 1993, which engaged in the import, export, distribution and retail of telecommunications and related products and accessories.

Quah Ban Huat

Lead Independent & Non-Executive Director
Date of first appointment: 1 May 2014

Mr. Quah is a consultant for KPMG Services Pte Ltd and sits on the board of several public and private companies. Mr. Quah has held various key finance positions in the past including amongst others, as Regional Business Area Controller at Deutsche Bank, Group Finance Director of the IMC Group, Chief Financial Officer of City Gas Pte Ltd, and Rickmers Trust Management Pte Ltd. Mr. Quah is a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants.

Ng Tiak Soon

Independent & Non-Executive Director
Date of first appointment : 12 November 2015

Mr. Ng retired from Ernst & Young, Singapore as a senior audit partner in June 2005. He remained with Ernst & Young as a Senior Advisor until June 2008. Mr Ng is also a Director of two other public-listed companies — Eurosports Global Ltd and 800 Super Holdings Ltd. He is currently a non-practicing member of the Institute of Singapore Chartered Accountants, a member of the Association of Chartered Certified Accountants, UK, and a member of the Singapore Institute of Directors.

Group Structure

(As at 27 March 2017)

- **100%** — **Accord Customer Care Solutions Philippines Inc.** (Philippines)
- **97.53%** — **Distribution Management Solutions Pte. Ltd.** (Singapore)
  - **100%** — **Handphoneshop Pte. Ltd.** (Singapore)
  - **100%** — **SDS Pte. Ltd.** (Singapore)
    - **100%** — **A-Mobile Pte. Ltd.** (Singapore)
  - **100%** — **NBRC Pte. Ltd.** (Singapore)
  - **100%** — **3 Mobile Telecom Pte. Ltd.** (Singapore)
- **100%** — **A-Mobile (M) Sdn. Bhd.** (Malaysia)
- **100%** — **Shenzhen Quanli Leather (S) Pte. Ltd.** (Singapore)

51%
MDR Myanmar Co., Ltd
(Myanmar)

100%
Pixio Sdn. Bhd.
(Malaysia)

10%

90%
Pixio Myanmar Co., Ltd.
(Myanmar)

50%
United Pixio Sdn. Bhd.
(Malaysia)

0%
Golden Myanmar Sea Co. Ltd.
(Myanmar) [1]

0%
Golden Myanmar Sea (S) Pte Ltd.
(Singapore) [1]

0%
MDR Golden Myanmar Sea Co. Ltd.
(Myanmar) [1]

[1] The Group acquired control over these companies via MDR Myanmar Co., Ltd.

☐ Dormant Companies

Business Network

(As at 27 March 2017)

20 Exclusive Retailer Stores

03 Lifestyle Stores

04 Concept Stores

05 Overseas Offices

Singtel Exclusive Retailer

3 MOBILE

AMK HUB
3 Ang Mo Kio Ave 3,
#01-29, S(569933)

Junction 8
Bishan Central,
#02-32, S(579837)

Compass One
1 Sengkang Square,
#B1-08, S(545078)

East Point Mall
3 Simei Street 6,
#B1- 05, S(528833)

Hougang Mall
90 Hougang Ave 10,
#04-17, S(538766)

ION Orchard
2 Orchard Turn,
#B4-21/22, S(238801)

JEM
50 Jurong Gateway Road,
#04-57, S(608549)

Suntec City Mall
3 Temasek Boulevard,
#02-318, S(038983)

The Star Vista
1 Vista Exchange Green,
#B1-26, S(138617)

Thomson Plaza
301 Upper Thomson Road,
#01-77, S(574408)

VivoCity
1 Harbourfront Walk,
#02-216C, S(098585)

M1 Exclusive Retailer

Handphone SHOP

Junction 8
Bishan Central,
#02-30, S(579837)

Compass One
Sengkang Square,
#B1-12, S(545078)

Great World City
1, Kim Seng Promenade,
#02-36, S(237994)

ION Orchard
2 Orchard Turn,
#B4-21, S(238801)

JEM
50 Jurong Gateway Road,
#04-38, S(608549)

Jurong Point
1 Jurong West Central 2,
#03-40/41, S(648886)

LOT One Shoppers' Mall
Choa Chu Kang Ave 4,
#B1-18, S(689812)

Toa Payoh Central
Blk 190, Lorong 6 Toa Payoh,
#01-548, S(310190)

VivoCity
1 Harbourfront Walk,
#02-216B, S(098585)

GadgetWorld

ION Orchard
2 Orchard Turn,
#B4-22, S(238801)

JEM
50 Jurong Gateway Road,
#04-38, S(608549)

Jurong Point
1 Jurong West Central 2,
#B1-87/88, S(648886)

Samsung Stores

Plaza Singapura
68 Orchard Road,
#B2-23, S(238839)

VivoCity
1 Harbourfront Walk,
#02-28/29, S(098585

Westgate
3 Gateway Drive,
#01-01, #02-01, S(608532)

Huawei Store

Plaza Singapura
68 Orchard Road,
#03-78, S(238839)

mDR Myanmar

mDR Myanmar Co., Ltd
Centrepoint Towers
65 Sule Pagoda Road
6th Floor,
Kyauktada Township
Yangon, Myanmar

mDR Golden Myanmar Sea Co. Ltd.
No. 205, 80th Street,
Between 30th and 31st Street,
Chanayethazan Township,
Mandalay, Myanmar

Pixio

Pixio Sdn. Bhd.
No. 518 , Jalan TUDM,
Kampung Baru Subang,
40150 Shah Alam,
Selangor, Malaysia

United Pixio Sdn. Bhd.
Lot 2597, Block 3,
MCLD Wisma United Borneo Press
Jalan Piasau,
98000 Miri
Sarawak, Malaysia

Pixio Myanmar Co., Ltd
No. 81,
Yadanar Road (8) Quarter,
South Oakkalapa Township
Yangon, Myanmar

● Singapore Retail Network ● Overseas Offices

Corporate Information

Board of Directors

Philip Eng Heng Nee
Chairman/ Non-Independent Non-Executive Director

Ong Ghim Choon
Executive Director/Chief Executive Officer

Ng Tiak Soon
Independent Non-Executive Director

Quah Ban Huat
Lead Independent Non-Executive Director

Audit Committee

Ng Tiak Soon
Chairman

Philip Eng Heng Nee

Quah Ban Huat

Nominating Committee

Quah Ban Huat
Chairman

Philip Eng Heng Nee

Ng Tiak Soon

Remuneration Committee

Quah Ban Huat
Chairman

Philip Eng Heng Nee

Ng Tiak Soon

Registered Office

53 Ubi Crescent
Singapore 408594
T : (65) 6347 8911
F : (65) 6347 8903
W: www.m-dr.com

Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623

Auditors

Deloitte & Touche LLP
Public Accountants and Chartered Accountants
6 Shenton Way, OUE Downtown 2
#33-00, Singapore 068809

Partner-in-charge:
Ang Poh Choo
(Audit engagement partner since 5 August 2013)

Company Secretary

Madan Mohan

Investor Relations

corporateaffairs@m-dr.com

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Corporate Governance

mDR Limited (the "**Company**") is committed to maintain and observe high standards of corporate governance in accordance with the principles and guidelines set out in the Singapore Code of Corporate Governance 2012 (the "**Code**"). The Company's corporate governance practices set out in this Report are with reference to the principles of the Code.

The Company has complied with most of the principles and guidelines of the Code. Where there are deviations from the recommendations of the Code, the Company has provided reasons and explanation on the Company's practices.

BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The Board of Directors (the "**Board**") is accountable to the shareholders while the management is accountable to the Board.

The Board provides leadership and guidance to the management to steer the Group through its business strategy and corporate plans and ensures that the Company has the necessary financial and human resources to meet its objectives. The Board establishes a control framework that enables risks to be assessed and managed as it oversees the Company's affairs, and provides shareholders with a balanced and understandable assessment of the Company's performance, financial position and business prospects on a quarterly basis. This responsibility extends to making interim and other price sensitive public reports, and reports to regulators as and when required.

The Company has in place internal guidelines setting forth matters that require Board approval, such as those involving annual budgets, investment and divestment proposals, and corporate actions of the Company.

The Board reviews the performance of senior management periodically. Key stakeholder groups (which include principals, customers, suppliers and business partners) are identified and the Board guides the management in the Company's strategy and approach in addressing the concerns of these key stakeholder groups.

The Board has set the Group's values and standards (including ethical standards) to ensure that the Group's obligations to shareholders and stakeholders are understood and met. The Board provides guidance on the social, ethical and environmental impact of the Group's activities and monitors compliance with sustainability issues and practices.

The directors discharge their duties and responsibilities as fiduciaries in the interests of the Company.

To assist the Board in the execution of its responsibilities, the Board has established three committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), and Remuneration Committee ("**RC**"), all of which operate within their respective terms of reference and functional procedures. The Board may also constitute other *ad hoc* committees as and when necessary to oversee special matters.

Quarterly meetings are scheduled in advance for the Board to meet. In addition to scheduled meetings, the Board may also hold *ad hoc* meetings as and when required. The Company's Articles of Association (the "**Articles**") allow a Board meeting to be conducted by way of teleconference. Board approvals may also be obtained through written resolutions by circulation. The attendance of the Directors at meetings of the Board and Board committees, as well as the frequency of such meetings are disclosed in this Report.

New Directors are briefed and given materials to help them familiarise themselves with the Company's business operations, policies, plans and objectives. Management provides regular briefings to Directors on commercial developments, business activities and strategic directions of the Company. The Directors attend relevant courses and training programmes appropriate for the discharge of their duties as Directors from time to time. The Company funds the cost of the said courses and programmes. Management also periodically provides updates to Directors on the changes in laws and regulations and changing commercial risks. In addition, the external auditors of the Company provide updates to the Directors from time to time on changes to accounting standards and issues which may have an impact on financial statements.

Corporate Governance

Directors are given unrestricted access to all Company staff and are provided with notices, agendas and meeting materials in advance of Board meetings. Key management staff and the Company's auditors and solicitors, where appropriate, are invited to assist the Board in its deliberations.

Directors' attendance at Board and Board Committee Meetings

For financial year ended 31 December 2016, the Directors' attendances at Board and Board committees meetings are as follows:

	Board	AC	NC	RC
Number of meetings held	7	4	2	3
Name of Director	Number of meetings attended			
Mr Philip Eng Heng Nee	7	4	2	3
Mr Quah Ban Huat	7	4	2	3
Mr Ng Tiak Soon	7	4	2	3
Mr Ong Ghim Choon (1)	6	4	2	3

(1) Mr Ong Ghim Choon is not a member of the AC, NC and RC. Upon invitation, Mr Ong attended the AC, NC and RC meetings as an Observer.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Report, the Board comprises four Directors, namely Mr Philip Eng Heng Nee, Mr Quah Ban Huat, Mr Ng Tiak Soon and Mr Ong Ghim Choon. Of the four Board members, two are independent Directors, three are Non-Executive Directors, and one is an Executive Director.

The Board takes into account the scope and nature of the operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board committees. The Board has examined its size and is of the view that the current Board size is adequate, given that the Independent Directors form half of the Board's composition. Please refer to the section on "Board of Directors" in this Report for key information on each Director.

The NC reviews the independence of each Independent Director on an annual basis. For this, the NC adopts the Code's definition of what constitutes an Independent Director in its review. An "independent" director as per the Code is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

The NC is of the view that the current two Independent Directors (who represent at least one-third of the Board) are independent within the meaning of the Code, that there is a strong and independent element on the Board, and it is able to exercise objective judgment on all corporate affairs independently, in particular from management, and that no individual or small group of individuals dominate the Board's decision-making process.

The NC is also of the view that the current Board members bring with them a broad range of expertise and experience and collectively provide core competencies in various fields such as, accounting and finance, business and management, industry knowledge, strategic planning, and customer-based knowledge and experience necessary to meet the Company's objectives.

Corporate Governance

As of the date of this Report, the Company does not have any Independent Director who has served for more than nine years from the date of his first appointment. The Board takes into account the need for progressive refreshing of the Board.

The current members of the Board and their membership on the Board committees of the Company are as follows:

Board and Board Committees

Director	Board	AC	NC	RC
Philip Eng Heng Nee	Chairman, Non-Independent & Non-Executive	Member	Member	Member
Quah Ban Huat	Lead Independent & Non-Executive	Member	Chairman	Chairman
Ng Tiak Soon	Independent & Non-Executive	Chairman	Member	Member
Ong Ghim Choon	Executive Director	–	–	–

Non-executive directors constructively challenge and help develop proposals on strategy of the Company and the Group, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. To facilitate a more effective check on management, non-executive directors meet from time to time without the presence of management.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Board has adopted the recommendation of the Code to have separate persons appointed as Chairman and Chief Executive Officer ("**CEO**"). This is to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Board applies the principle of clear division of responsibilities between the Board and the management.

The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising any considerable power or influence. Further, the AC, RC and NC are chaired by independent directors.

The Chairman bears responsibility for the management of the Board, while the CEO is the most senior Executive in the Company and bears executive responsibility for the Company's business.

The Chairman promotes a culture of openness and debate at the Board, ensures effective communication with shareholders, encourages constructive relations within the Board and between the Board and management, promotes high standards of corporate governance, sets the agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues.

In order to ensure good corporate governance practice and that there is no concentration of power and authority, the Company has appointed Mr Quah Ban Huat as the Lead Independent Director. The Lead Independent Director is available to the shareholders where they may have concerns which cannot be resolved through the normal channels of the Non-Executive Chairman, the CEO or the Chief Financial Officer ("**CFO**"), or where such contact is not possible or appropriate.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Directors. Majority of the members of the NC, including the NC Chairman, are independent. All the NC members are non-executive Directors.

Corporate Governance

The NC is responsible for, *inter alia*, making recommendations to the Board on all Board appointments, including board succession plans for directors, in particular, the Chairman and the CEO and in determining the independence of Directors.

The NC has put in place a set of guidelines to evaluate Board and individual Director's performance. Each member of the NC abstains from voting on any resolution, making any recommendations and participating in any deliberation of the NC in respect of the assessment of his performance and re-nomination as a Director.

The Board upon consideration as a whole appoints new Directors, and members of the various Board committees, after the NC has reviewed and nominated them for appointment.

Article 90 of the Articles requires every Director to retire from office once every three years and for this purpose, at each Annual General Meeting ("**AGM**"), one-third of the Directors for the time being retire from office. This means that no Director can stay in office for more than three years, unless re-elected by the shareholders. A retiring Director is eligible for re-election by the shareholders at the AGM.

The NC evaluates the performance of a Director in considering his re-appointment. The Board Chairman constantly monitors, assesses each Director's preparedness, contribution to the Board meetings, and the quality of interventions, and reports his findings to the Chairman of the NC. The Directors' attendance records at Board and Board committee meetings form the other criteria for their re-appointment.

The NC has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. The NC and the Board are of the view that, setting a fixed numerical limit on listed company board representations by a Director may not be practical, as long as Directors are able to devote sufficient time and attention to the affairs of the Company. The NC also does not wish to limit the pool of outstanding individuals from consideration, who may have other listed company board representations and other commitments, but may have the capacity to participate and contribute as new members of the Company's Board. Notwithstanding the number of listed company board representations (which some of the Directors are holding), and other principal commitments, the NC is of the view that sufficient time and attention has been given by the current Directors to the affairs of the Company in the discharge of their duties.

As at the date of this Report, the Board does not have any alternate directors.

Key information in relation to Directors' time commitments and Directorships is set out below:

Name of Director	Designation	Date of Appointment / Last Re-election	Directorships in other listed companies	
			Present Directorships (As at 27 March 2017)	In the past 3 years
Mr Philip Eng Heng Nee	• Chairman • Non-Independent & Non-Executive Director	1 June 2005 / 30 April 2015	**Listed companies** • Ezra Holdings Ltd • Frasers Centrepoint Ltd • PT Adira Dinamika Multi Finance, Tbk • The Hour Glass Ltd **Listed REITS/Trusts** • Frasers Centrepoint Asset Management Ltd • Hektar Asset Management Sdn. Bhd, Manager of Hektar Real Estate Investment Trust	None

Corporate Governance

Name of Director	Designation	Date of Appointment / Last Re-election	Directorships in other listed companies	
			Present Directorships (As at 27 March 2017)	In the past 3 years
Mr Quah Ban Huat	• Lead Independent & Non-Executive Director	1 May 2014 / 30 April 2015	**Listed companies** • AP Oil International Ltd • Samudera Shipping Line Ltd **Listed REITS/Trusts** • Croseus Retail Asset Management Pte Ltd, Trustee Manager of Croseus Retail Trust	None
Mr Ng Tiak Soon	Independent & Non-Executive Director	12 November 2015 / 29 April 2016	• Eurosports Global Ltd • 800 Super Holdings Ltd	• Cordlife Group Ltd • St. James Holdings Ltd
Mr Ong Ghim Choon	Executive Director	19 August 2009 / 29 April 2016	None	None

PRINCIPLE 5: BOARD PERFORMANCE

At the end of each financial year, the NC assesses the Board's performance as a whole, and the Board committees' performance, by evaluating a questionnaire dealing with various aspects, such as, composition, Board processes and procedures, and information flow and accessibility.

The NC evaluates each individual Director's performance through a separate questionnaire dealing with various aspects, such as, attendance at Board and Board committee meetings, contribution to meetings, and communication.

The NC also determines whether to re-nominate Directors who are due for retirement at the next AGM, and whether Directors with multiple board representations have been able to and have adequately discharged their duties as Directors of the Company.

The Chairman acts on the results of the performance evaluation, and, in consultation with the NC, proposes, where appropriate, new members to be appointed to the Board or seek the resignation of existing directors.

Having reviewed the overall performance of the Board and the Board Committees, and the individual Director's performance, the NC is of the view that the performance of the Board and each individual Director has been satisfactory.

PRINCIPLE 6: ACCESS TO INFORMATION

Management recognises the importance of flow of complete, adequate information in timely manner to the Board. A Directors' Pack, comprising Board and Board Committee papers are distributed to Directors about a week in advance, in order to allow directors sufficient time to prepare for the meeting. Heads of various Business Divisions are invited periodically to attend Board meetings to provide industry-specific, business plans and strategy updates.

Board memoranda accompany each Directors' written resolution to provide explanatory information on the resolution. The Directors are provided with the telephone numbers and e-mail addresses of the Company's senior management and Company Secretary to facilitate separate and independent access.

Corporate Governance

Should the Directors, whether as a group or individually, need independent professional advice, the Board may appoint a professional advisor selected by the group or individual, as the case may be, to render the advice. The cost of such professional advice will be borne by the Company.

The Company Secretary attends and prepares minutes of Board and Board committee meetings. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and the Board committees and between management and non-executive directors. He helps to ensure that board procedures are followed and relevant rules and regulations are complied with. The Company Secretary also advises the Board on all governance matters, and facilitates orientation and assists with professional development as required.

The Board as a whole makes the decision on the appointment and the removal of the Company Secretary.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three Directors. Majority of the RC members, including the RC Chairman, are independent. All the RC members are non-executive Directors.

The RC makes recommendations to the Board on remuneration packages of individual Directors and key executives. The RC meets at least once a year. It is regulated by a definite terms of reference.

The RC is mandated with the responsibility to oversee the general compensation of key employees of the Group with a goal to motivate, recruit and retain such employees, through competitive compensation and progressive policies. The RC makes its recommendations in consultation with the Chairman of the Board and submits them for approval by the entire Board. Each member of the RC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of his own remuneration.

The RC's principal responsibilities are to:

1) recommend to the Board base pay levels, benefits and incentive opportunities, and identify components of pay which can best be used to focus management staff on achieving corporate objectives, including identifying equity-based incentives such as share options;

2) approve the structure of the compensation program (including, but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind) for Directors and senior management, to ensure that the program is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully; and

3) review and recommend Directors' and key executives' compensation annually taking into account the Group's relative performance, performance of individual Director or key executive, and pay and employment conditions within the industry and in comparable companies.

The RC has access to the Company's Human Resources Department, and external consultants if necessary, for expert advice on remuneration of all Directors and key executives.

Corporate Governance

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

Remuneration policy in respect of Executive Directors and other key executives

The RC decides on the specific remuneration packages for the Directors, CEO and all key employees who report directly to the CEO.

The remuneration policy for Executive Directors and key executives of the Company comprises fixed and variable components. The fixed component includes salary, central provident fund ("**CPF**") contributions, annual wage supplement ("**AWS**"), and other benefits. The variable component comprises performance bonuses, which are payable on the achievement of Group and individual performance targets.

The Non-Executive Directors are paid a basic Director's fee, additional fees for serving on any of the Board committees, and attendance fees for participation in meetings of the Board and Board committees. The RC recommends to the Board, Non-Executive Directors' fees that are appropriate to their level of contribution, taking into account factors such as frequency of meetings, effort and time spent, and their responsibilities. The aggregate fees payable to the Non-Executive Directors are subject to the approval of the shareholders at the AGM of the Company.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration of the Directors and key management personnel are as follows:

Directors' Remuneration Table for the Financial Year Ended 31 December 2016

Name of Director	Fees (%)	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
Executive Director					
S$500,000 to S$750,000					
Ong Ghim Choon	–	63.56	22.78	13.66[1]	100
Non-Executive Directors					
Below S$250,000					
Philip Eng Heng Nee	100	–	–	–	100
Quah Ban Huat	100	–	–	–	100
Ng Tiak Soon	100	–	–	–	100

(1) Includes employer's CPF, allowance, and car benefits.

Corporate Governance

Key Executives' Remuneration Table for the Financial Year Ended 31 December 2016

Remuneration Bands & Name of Key Executives	Salary (%)	Bonus[1] (%)	Other Benefits[2] (%)	Total (%)
S$250,000 to S$500,000				
Wee Swee Neo, Doris	70.23	25.16	4.61	100
Siua Cheng Foo, Richard	61.28	21.99	16.73	100
Below S$250,000				
Ng Eng Ming, Peter	57.35	20.58	22.07	100
Ong Ghim Chwee [3]	56.31	20.21	23.48	100
Yip Li San	67.48	24.22	8.30	100

(1) Include AWS and variable bonus.

(2) Include employer's CPF, allowance, and car benefits.

(3) Mr Ong Ghim Chwee is the brother of Mr Ong Ghim Choon (Executive Director of the Company), and his remuneration exceeds S$150,000 during FY2016.

The Code has recommended a full disclosure of the remuneration of all Directors and the CEO on a named basis. The Company believes that the disclosure of the remuneration of each individual Director and the CEO, and also of the key management personnel, on a named basis and total in aggregate, would not be in the interest of the Group's business, given the confidentiality of remuneration matters and the highly competitive nature of the core business of the Group. Furthermore, in addition to this Report the disclosure on remuneration has been made in the Directors' Report and the notes to the financial statements. The Board also responds to questions, if any, from the shareholders on remuneration policy and package in the AGM.

There is no existing or proposed service contract entered into, or to be entered into, by any Director with the Company or any of the Company's subsidiaries, which provides for benefits upon termination of employment.

With the exception of Mr Ong Ghim Chwee, there is no other employee of the Company who is an immediate family member of a Director or the CEO, or whose remuneration exceeded S$500,000 during FY2016. Immediate family member in this Report refers to a spouse, child, adopted child, step-child, brother, sister and parent. The disclosure of remuneration of Mr Ong Ghim Chwee has been made in the band of S$250,000 and is reasonably sufficient for reasons of transparency, given the confidentiality of remuneration matters.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board has the responsibility to present a balanced and understandable assessment of the Company's performance, position and prospects including for interim and other price sensitive public reports, and reports to regulators (if required).

The Board reviews the Company's quarterly, half-yearly and full year financial results and performs a full review and discussion of the results before its final approval and release.

Corporate Governance

Quarterly financial results and other price-sensitive information are communicated to the shareholders through announcements released via SGXNet and the Company's website.

The Board takes adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

Management provides all members of the Board with management accounts and such explanation and information on a monthly basis as the Board may require from time to time to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management policies and processes

Management reviews the Group's internal processes, business and operational activities regularly to identify areas of significant financial, business, operational, information technology ("**IT**") and compliance risks as well as measures to control these risks. Management also reviews internal control policies and highlights all significant matters to the AC and the Board.

The Group has adopted an Enterprise Risk Management ("**ERM**") Framework to identify, monitor and control the risks. As part of ERM, the Risks and Controls Matrix of the Group, detailing the relevant financial, operational, IT and compliance risks of the Group, is reviewed on a half-yearly basis to help the Company and its subsidiaries understand the prevailing risks and the level of exposure, based on the existing internal controls that are built into the Group's policies and processes. The nature and exposure of these financial, operational, IT and compliance risks and the adequacy of existing controls in addressing these risks are highlighted to the AC and the Board. The management and the Board deliberate on the introduction of new policies and processes, and refinement of the existing policies and processes, to manage the risks which are highlighted.

The in-house Internal Auditor ("**IA**"), conducts at least annually independent audits to test the adequacy and effectiveness of the Company's risk management and internal controls in managing the risks of the Group including financial, operational, compliance and IT controls. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the IA are reported to and reviewed by the AC and the Board. Steps are taken to implement the corrective measures recommended by the IA.

Internal Controls

The Company maintains internal control and risk management systems that are intended to safeguard, verify and maintain its assets and proper accounting with a clear operating structure based upon its delegation of authority and reporting structures, codes of conduct and other documented procedures in place. These internal controls include financial reporting, operational and compliance controls, management accounting, IT systems security and project appraisal policies and systems established by management.

The system of internal controls are intended to provide reasonable but not absolute assurance that the Company will not be adversely affected by any event that could be reasonably foreseen.

Based on the internal control systems established, reports from the external and internal auditors, actions taken and the assurance given by the management, on-going review and continuing efforts at enhancing internal controls, including financial reporting, operational, and compliance controls, management accounting, IT controls, and risk management systems, the Board with the concurrence of the AC is of the opinion that there are adequate and effective internal control and risk management systems in place to address the financial, operational, IT and compliance risks of the Group in its current business environment.

Corporate Governance

The Board has received assurance from the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The CEO and the CFO of the Company have also given assurance to the Board regarding the effectiveness of the Company's risk management and internal control systems.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three Directors. Majority of the AC members, including the AC Chairman, are independent Directors. All the AC members are non-executive Directors.

Under its terms of reference, the AC reviews the quarterly and full-year financial statements prior to submission to the Board. The AC reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance. The AC makes recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approval of the remuneration and terms of engagement of the external auditors. The AC ensures the independence and objectivity of external auditors, and reviews all interested person transactions.

The AC is explicitly authorised by the Board to investigate any matters within its terms of reference. For such purpose, the AC has full access to and co-operation of the management, full discretion to invite any Director and Executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. Each member of the AC abstains from voting on any resolution, making any recommendation and participating in any deliberation in respect of matters in which he is interested.

Minutes of AC meetings are available to all Directors for information and review.

The AC meets with the external auditors, and the AC Chairman with the IA, at least once a year without the presence of the management. The AC has reviewed the independence and objectivity of the Company's external auditor Deloitte & Touche LLP ("**Deloitte**"), and has satisfied itself of Deloitte's position as an independent external auditor.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements are reported by the external auditors to the AC from time to time in their meetings with the AC. No former partner or director of the Company's existing external audit firm has acted as a member of the AC in FY2016.

PRINCIPLE 13: INTERNAL AUDIT

The Company has established an internal audit function that is independent of the activities it audits. In FY2016, the internal audit functions of the Group have been carried out by its in-house IA. The AC believes that the Company's IA has the relevant qualifications and experience to perform the internal audit functions of the Group. The AC approves the hiring, removal, evaluation and compensation of the IA.

The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The IA reports directly to the Chairman of the AC. Reports prepared by the IA are reviewed by the AC.

The AC reviews and approves the annual internal audit plans to ensure that the IA has the capability to adequately perform its functions. The IA periodically reviews the adequacy of and compliance by various business divisions, of Group's policies, procedures and internal controls, that have been effected to manage risks and safeguard the Group's assets. The IA also provides a communication channel between the Board, the management and the external auditors on audit related matters.

The AC, at least annually, reviews the effectiveness of the Company's internal audit function.

Corporate Governance

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

The Board ensures that all shareholders are treated fairly and equitably. The Company through SGXNet, website, press releases and annual report, timely and regularly announces all material developments of the Group, which would likely affect the price, or value of the Company's shares.

Notice of shareholders meetings are despatched to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the meeting. Shareholders are informed of the rules, including voting procedures that govern shareholders meetings. In the event a shareholder is not able to attend a shareholders meeting personally, proxy form is enclosed together with the notice of meeting, so that such shareholder can appoint up to two proxies to attend, vote and voice any question, for and on behalf of the shareholder, relating to the resolutions to be tabled in such meeting.

All shareholders are encouraged to attend the AGM to proactively engage with the Board and the management on the Group's business activities, financial performance and other business related matters.

The Board believes in maintaining regular dialogue with shareholders, to gather views or inputs and to address shareholders' concerns, if any. The Board welcomes questions from shareholders either at the AGM or by contacting the Investor Relations Department. The Company allows nominee companies which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in shareholders meetings as proxies.

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintaining high standards of corporate disclosure and transparency. The Company does not practise selective disclosure of material information. Material information is publicly released promptly through SGXNet, website and press releases. The Company has adopted quarterly results reporting since its listing. The financial results and annual reports are announced or issued within the mandatory period on SGXNet (unless extension of time is granted by SGX-ST and/or the Accounting and Corporate Regulatory Authority), and are also made available on the Company's website. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The Company's corporate website is regularly updated to keep shareholders and stakeholders aware of the developments relating to the Company and Company's affairs.

The Board engages with the shareholders in shareholders meetings to gather their views or inputs and address their concerns. Shareholder's communication received by the Investor Relations Department by email or mail are addressed in consultation with the management and the Board.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company encourages shareholders participation at general meetings. Information on general meeting is disseminated through notice in the circular or annual report sent to all shareholders within the mandatory period. The notice is also released via SGXNet and/or published in a local newspaper, as well as posted on the Company's website.

Corporate Governance

At AGMs, shareholders are given equal opportunity to share their views and ask Directors and management questions regarding the activities and performance of the Company.

The Articles allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings. The Company is not implementing absentia voting, as this method is elaborate and costly, and the need for it presently does not arise.

All members of the Board, in particular, the Chairman of the Board and the respective Chairman of the Board Committees, senior management, legal advisor, and management are in attendance at the AGM to assist the Directors in addressing any relevant queries by shareholders. The external auditors are also present at the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Resolutions on substantially separate issues are "unbundled" as separate items at general meetings. For greater transparency and fairness in the voting process, all resolutions are passed by electronic poll. The voting results of all votes cast for and against each resolution and the respective percentages is screened at the meeting and also announced after the meeting via SGXNet and posted on the Company's website.

The Company records minutes of all shareholders' meetings. The minutes include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and other subject matters, and responses from the Board and management. These are made available to shareholders upon request.

ADDITIONAL INFORMATION

Best practices guide and dealings in securities

The Company has adopted a Best Practices Guide pursuant to SGX-ST Listing Manual guidelines and made it applicable to its directors and key employees in relation to their dealings in the Company's securities.

In each quarter, the Company circulates a notice to its Directors and key employees who have access to unpublished price sensitive information advising them not to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's first quarter, half-year and third quarter financial results, and one month before the announcement of the Company's full year results and ending on the date of the announcement of the relevant results.

Similarly, the Directors and employees of the Company are not allowed to deal in the Company's securities on short-term considerations.

Non-audit fees

The Company had engaged its auditors Deloitte to provide tax advisory, and agreed upon procedures services for a total fee of S$30,000 in FY2016.

Save for as disclosed herein, there were no other non-audit services rendered by Deloitte to the Company in FY2016.

Corporate Governance

Interested person transactions policy

The Company has adopted an internal policy where all interested person transactions are documented and submitted quarterly (during each quarterly AC meeting) to the AC for its review to ensure that such transactions are carried out at arm's length basis, on normal commercial terms and are not prejudicial to the Company and its non-controlling shareholders.

In the event that a member of the AC is deemed to have an interest in an interested person transaction, he is required to abstain from reviewing that particular transaction.

Material contracts

No material contract has been entered into by the Group involving the interests of the CEO, any director or controlling shareholder, during the financial year ended 31 December 2016 save for the following:-

Pacific Organisation Pte. Ltd	Leasing of premises	S$444,000 per annum

Audit Firms

The Company has complied with Rule 712 and 715 of the Listing Manual in relation to audit firms.

The AC and the Board are satisfied that the appointment of different auditing firms for its subsidiaries or significant associated companies would not compromise the standard and effectiveness of the audit of the Company.

Whistle-blowing policy

The Company has implemented a whistle-blowing policy pursuant to which any staff of the Company may in confidence, raise concerns about possible improprieties in financial, operational, compliance or other matters. The AC reviews the whistle-blowing policy and arrangements to ensure that arrangements are in place for any concern raised to be independently investigated, and appropriate follow-up action to be taken. Procedures are in place for independent investigation of such matters and for appropriate follow-up action to be carried out.

CONCLUSION

The mDR Group recognises the importance of good corporate governance practices. The Group will continue to review and improve its corporate governance practices on an ongoing basis.

Use of Proceeds

The following sets out the status on the use of proceeds from the conversion of warrants pursuant to the renounceable non-underwritten Rights Cum Warrants Issue undertaken by the Company in 2011 (the "**Conversion of Warrants**"). Rights to subscribe for new shares comprised in the warrants expired on 25 September 2014.

Conversion of Warrants

	S$'000
Balance of proceeds as at 1 January 2016	13,912
Utilisation towards general working capital (for third party payments, including suppliers invoices)	–
Balance of proceeds as at 31 December 2016	**13,912**

The use of proceeds is in accordance with the intended use of the net proceeds as described in the Offer Information Statement dated 1 September 2011.

Interested Person Transactions

Year ended December 31, 2016

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Pacific Organisation Pte Ltd	S$444,000	Nil

Directors' Statement

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2016.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 47 to 105 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this Statement are:

Philip Eng Heng Nee (Chairman of the Board of Directors)
Ng Tiak Soon
Quah Ban Huat
Ong Ghim Choon

2 AUDIT COMMITTEE

The members of the Audit Committee, comprising all non-executive directors, at the date of this Statement are:

Ng Tiak Soon (Chairman of the Audit Committee)
Philip Eng Heng Nee
Quah Ban Huat

The Audit Committee has met four times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) the audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b) the Group's financial and operating results and accounting policies;

c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

d) the quarterly, half-yearly and annual announcements as well as the related press releases on the results and the financial position of the Company and the Group;

Directors' Statement

2 AUDIT COMMITTEE (CONT'D)

e) the co-operation and assistance given by the management to the Group's external auditors; and

f) the re-appointment of the external auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors at the forthcoming AGM of the Company.

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options mentioned in paragraphs 4 and 5 of the Directors' Statement.

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in names of directors		
Name of directors and companies in which interests are held	**At January 1, 2016**	**At December 31, 2016**	**At January 21, 2017**
mDR Limited			
- Ordinary shares			
Philip Eng Heng Nee	141,185,330	141,585,330	141,585,330
Ong Ghim Choon	877,973,330	877,973,330	877,973,330

Directors' Statement

4 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Shareholdings registered in names of directors		
Name of directors and companies in which interests are held	**At January 1, 2016**	**At December 31, 2016**	**At January 21, 2017**
mDR Limited			
- Options granted			
Philip Eng Heng Nee	37,355,000	35,685,000	24,805,000
Ong Ghim Choon	5,000,000	5,000,000	5,000,000

5 SHARE OPTIONS

a) At the Extraordinary General Meeting held on January 13, 2003, the shareholders approved the adoption of the ACCS Share Option Scheme 2003. On June 7, 2006, the share option scheme was renamed as the mDR Share Option Scheme 2003 (the "2003 Scheme"). The share option scheme is administered by the Remuneration Committee, comprising the following:

Quah Ban Huat (Chairman of the Remuneration Committee)
Philip Eng Heng Nee
Ng Tiak Soon

b) Each share option entitles the employees of the Group and of its associated companies to subscribe for one new ordinary share in the Company. The options are granted at a consideration of $1.00 paid by each option holder.

The 2003 Scheme had operated for a maximum period of 10 years commencing on January 13, 2003 and expired on January 12, 2013. Upon expiration of the Scheme, no further share option can be granted but the provision 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.

Directors' Statement

5 SHARE OPTIONS (CONT'D)

c) The share options under the 2003 Scheme outstanding as at December 31, 2016 were as follows:

		Number of share options					
Date of grant	Balance at January 1, 2016	Granted	Exercised	Cancelled/ lapsed	Balance at December 31, 2016	Exercise price per share	Exercisable period
May 13, 2008	7,800,000	–	–	–	7,800,000	0.0300	May 13, 2009 to May 12, 2018
March 9, 2011	1,670,000	–	–	(1,670,000)	–	0.0050	March 9, 2014 to March 8, 2016
January 19, 2012	5,440,000	–	–	–	5,440,000	0.0050	January 19, 2014 to January 18, 2017
January 19, 2012	5,440,000	–	–	–	5,440,000	0.0050	January 19, 2015 to January 18, 2017
May 14, 2012	2,317,000	–	–	–	2,317,000	0.011	May 14, 2014 to May 13, 2017
May 14, 2012	2,317,000	–	–	–	2,317,000	0.011	May 14, 2015 to May 13, 2017
November 9, 2012	985,000	–	–	–	985,000	0.0090	November 9, 2013 to November 8, 2017
November 9, 2012	680,000	–	–	–	680,000	0.0090	November 9, 2014 to November 8, 2017
November 9, 2012	680,000	–	–	–	680,000	0.0090	November 9, 2015 to November 8, 2017
January 11, 2013	7,486,000	–	–	–	7,486,000	0.0180	January 11, 2014 to January 10, 2018
January 11, 2013	5,170,000	–	–	–	5,170,000	0.0180	January 11, 2015 to January 10, 2018
January 11, 2013	5,170,000	–	–	–	5,170,000	0.0180	January 11, 2016 to January 10, 2018
Total	45,155,000	–	–	(1,670,000)	43,485,000		

Particulars of the options granted in 2008, 2011, 2012 and 2013 were set out in the Directors' Statement for the financial years ended December 31, 2008, December 31, 2011, December 31, 2012, and December 31, 2013 respectively.

Directors' Statement

5 SHARE OPTIONS (CONT'D)

d) Options granted to directors of the Company under the 2003 Scheme were as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of the Scheme to December 31, 2016	Aggregate options exercised since commencement of the Scheme to December 31, 2016	Aggregate options lapsed since commencement of the scheme to December 31, 2016	Aggregate options outstanding at December 31, 2016
Philip Eng Heng Nee	–	74,283,000	(24,602,000)	(13,996,000)	35,685,000
Ong Ghim Choon	–	15,000,000	(10,000,000)	-	5,000,000
	–	89,283,000	(34,602,000)	(13,996,000)	40,685,000

e) During the financial year, no options were granted to any Directors or employees of the Group or its associated companies. No employee held more than 5% of the total number of options available under the 2003 Scheme. No shares were issued at a discount to the market price.

f) At the end of the financial year, there were no unissued shares of the subsidiaries under option.

g) The 2003 Scheme expired on January 12, 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.

6 WARRANTS

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

The Company's warrants expired on September 25, 2014. As such, the 224,525,693 outstanding warrants which were not exercised at expiry date had lapsed.

Directors' Statement

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Philip Eng Heng Nee

....
Ong Ghim Choon

March 27, 2017

Independent Auditor's Report

To the members of mDR Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of mDR Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 105.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of mDR Limited

<table>
<tr><th>Key audit matters</th><th>How the matter was addressed in the audit</th></tr>
<tr><td>

Impairment assessment of goodwill

Under FRS 36 *Impairment of Assets*, the Group is required to test goodwill impairment at least annually or more frequently when there is an indication that the cash generating unit may be impaired. This assessment requires the exercise of significant judgement and use of subjective assumptions, particularly the growth rates by management about the future cash flows of the businesses and the discount rates applied to future cash flow forecasts.

As at December 31, 2016, the carrying amount of goodwill amounted to approximately $2.8 million and arose from the acquisition of Pixio Sdn. Bhd.

The key assumptions underlying the impairment assessment and the sensitivity of changes in these assumptions to the risk of impairment are disclosed in Note 12 to the financial statements.

</td><td>

Our audit procedures focused on evaluating and challenging key assumptions used by management in conducting the impairment assessment. These procedures included:

- involving valuation specialists to assess the reasonableness of the valuation methodology, independently developing expectations, in particular, the discount rate, growth rates, and comparing the independent expectations to those used by management;
- challenging the cashflow forecasts used, by comparing to current market performance and expectations of future changes in the market;
- obtaining an understanding of any changes in the management's business strategy;
- conducting retrospective review by assessing whether the Group has achieved prior year's forecasts; and
- performing sensitivity analysis around the key drivers of the cash flow forecasts.

We have also reviewed the adequacy and appropriateness of the disclosures made in Notes 3 and 12 to the financial statements.

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<tr><td>

Valuation of inventories

Given the nature of the telecommunication industry, the fast pace in technological advancement can result in changes in consumer demand and expose the Group to high risk of inventory obsolescence.

Changes in consumer demand may mean that inventories cannot be sold or sales prices are discounted to less than the current carrying amounts. Estimating the future demand for, and hence the recoverable amounts of these products are inherently subjective.

The key estimates and the carrying amounts of inventories as at December 31, 2016 are disclosed in Notes 3 and 9 to the financial statements respectively.

</td><td>

Our audit procedures included:

- assessing the reasonableness of management assumptions used in determination of allowance for inventories;
- making a selection of inventories and comparing the costs to the latest selling prices to determine whether the inventories are stated at the lower of cost and net realisable value;
- For any defective, obsolete or unsaleable inventories identified during the physical counts, checked that those items have been considered in the determination of the allowance for inventories or were separately written down; and
- assessing any significant write-off of inventories during the year.

</td></tr>
</table>

Independent Auditor's Report

To the members of mDR Limited

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent Auditor's Report

To the members of mDR Limited

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ang Poh Choo.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 27, 2017

Statements of Financial Position

December 31, 2016

	Note	Group		Company	
		2016 $'000	2015 $'000	2016 $'000	2015 $'000
ASSETS					
Current assets					
Cash and bank balances	6	30,817	30,849	22,090	19,154
Trade receivables	7	20,867	18,763	3,554	2,873
Other receivables and prepayments	8	5,401	5,877	14,119	17,437
Inventories	9	20,232	17,541	2,092	1,735
Total current assets		77,317	73,030	41,855	41,199
Non-current assets					
Other receivables and prepayments	8	839	86	–	–
Investment in subsidiaries	10(a)	–	–	20,835	20,895
Investment in an associate	10(b)	14	8	–	–
Plant and equipment	11	4,271	4,190	391	382
Available-for-sale investments	10(c)	–	–	–	–
Goodwill	12	2,798	2,798	–	–
Total non-current assets		7,922	7,082	21,226	21,277
Total assets		85,239	80,112	63,081	62,476
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	13	13,572	10,204	2,888	2,236
Other payables	14	7,341	7,407	947	1,222
Provision for restructuring costs	14	–	138	–	–
Current portion of finance leases	15	570	419	83	80
Income tax payable		7	175	–	–
Total current liabilities		21,490	18,343	3,918	3,538
Non-current liabilities					
Finance leases	15	991	887	50	133
Deferred tax liabilities	16	118	151	–	–
Total non-current liabilities		1,109	1,038	50	133
Capital, reserves and non-controlling interests					
Share capital	18	153,652	153,652	153,652	153,652
Capital reserve	19	(859)	(859)	22	22
Share option reserve	20	311	316	311	316
Foreign currency translation reserve		(825)	(672)	–	–
Accumulated losses		(87,933)	(89,878)	(94,872)	(95,185)
Equity attributable to owners of the Company		64,346	62,559	59,113	58,805
Non-controlling interests		(1,706)	(1,828)	–	–
Total equity		62,640	60,731	59,113	58,805
Total liabilities and equity		85,239	80,112	63,081	62,476

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2016

	Note	Group 2016 $'000	Group 2015 $'000
Revenue	21	318,857	318,946
Cost of sales	22	(289,200)	(288,588)
Gross profit		29,657	30,358
Other operating income	23	794	1,214
Administrative expenses		(20,373)	(20,853)
Other operating expenses	24	(6,811)	(7,543)
Share of profit (loss) of an associate	10(b)	6	(6)
Finance costs	25	(106)	(129)
Profit before income tax		3,167	3,041
Income tax (expense) credit	26	(117)	7
Profit for the year	27	3,050	3,048
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences arising from consolidation		(141)	(695)
Other comprehensive loss for the year, net of tax		(141)	(695)
Total comprehensive income for the year		2,909	2,353
Profit (Loss) attributable to:			
Owners of the Company		2,940	4,060
Non-controlling interests		110	(1,012)
		3,050	3,048
Total comprehensive income (loss) attributable to:			
Owners of the Company		2,787	3,332
Non-controlling interests		122	(979)
		2,909	2,353
Earnings per share (cents):			
- Basic	29	0.023	0.032
- Diluted	29	0.023	0.032

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2016

	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2016	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731
Total comprehensive income for the year								
Profit for the year	–	–	–	–	2,940	2,940	110	3,050
Other comprehensive loss for the year	–	–	–	(153)	-	(153)	12	(141)
Total	–	–	–	(153)	2,940	2,787	122	2,909
Transactions with owners, recognised directly in equity								
Dividends (Note 28)	–	–	–	–	(1,000)	(1,000)	–	(1,000)
Transfer between reserves upon expiry of share options (Note 20)	–	–	(5)	–	5	–	–	–
Total	–	–	(5)	–	(995)	(1,000)	–	(1,000)
Balance at December 31, 2016	153,652	(859)	311	(825)	(87,933)	64,346	(1,706)	62,640

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2016

	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Attributable to equity holders of the Company $'000	Non-controlling interests $'000	Total $'000
Group								
Balance at January 1, 2015	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
Total comprehensive income for the year								
Profit for the year	-	-	-	-	4,060	4,060	(1,012)	3,048
Other comprehensive loss for the year	-	-	-	(728)	-	(728)	33	(695)
Total	-	-	-	(728)	4,060	3,332	(979)	2,353
Transactions with owners, recognised directly in equity								
Dividends to non-controlling interest	-	-	-	-	-	-	(78)	(78)
Recognition of share-based payments (Note 20)	-	-	39	-	-	39	-	39
Total	-	-	39	-	-	39	(78)	(39)
Balance at December 31, 2015	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731

See accompanying notes to financial statements.

Statements of Changes In Equity

Year ended December 31, 2016

	Share capital $'000	Capital reserve $'000	Share option reserve $'000	Accumulated losses $'000	Total $'000
Company					
Balance at January 1, 2016	153,652	22	316	(95,185)	58,805
Profit for the year, representing total comprehensive income for the year	-	-	-	1,308	1,308
Transactions with owners, recognised directly in equity					
Dividends (Note 28)	-	-	-	(1,000)	(1,000)
Transfer between reserves upon expiry of share options (Note 20)	-	-	(5)	5	-
Total	-	-	(5)	(995)	(1,000)
Balance at December 31, 2016	153,652	22	311	(94,872)	59,113
Company					
Balance at January 1, 2015	153,652	22	277	(96,227)	57,724
Profit for the year, representing total comprehensive income for the year	-	-	-	1,042	1,042
Transactions with owners, recognised directly in equity					
Recognition of share-based payments (Note 20)	-	-	39	-	39
Total	-	-	39	-	39
Balance at December 31, 2015	153,652	22	316	(95,185)	58,805

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2016

	Group	
	2016 $'000	2015 $'000
Operating activities		
Profit before income tax	3,167	3,041
Adjustments for:		
Share of (profit) loss of an associate	(6)	6
Depreciation expense (Note A)	1,641	1,634
Interest expense	106	129
Interest income	(153)	(133)
(Gain) Loss on disposal of plant and equipment	(36)	4
Plant and equipment written off	91	59
Allowance for inventories	432	1,186
Inventories written off	-	30
Bad debts written off – trade	2	48
Bad debts written off – non-trade	13	3
Allowance (Reversal) for doubtful trade receivables	237	(344)
Reversal of allowance for doubtful other receivables	-	(194)
Share-based payments	-	39
Reversal of impairment on plant and equipment	(1)	(42)
Reversal of provision for restructuring costs	(3)	(563)
Liabilities written back	(2)	(155)
Net foreign exchange gain	(119)	(116)
Operating cash flows before movements in working capital	5,369	4,632
Trade receivables	(2,343)	5,971
Other receivables and prepayments	225	5,330
Inventories	(3,123)	(1,267)
Trade payables	3,370	(6,738)
Other payables	(101)	(3,598)
Cash generated from operations	3,397	4,330
Income tax refund (paid)	6	(281)
Interest received	153	133
Net cash from operating activities	3,556	4,182

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2016

	Group	
	2016 $'000	2015 $'000
Investing activities		
Proceeds from disposal of plant and equipment	64	144
Purchase of plant and equipment (Note B)	(1,094)	(1,968)
Prepayment of plant and equipment	(258)	-
Deposits paid for the purchase of property	(581)	-
Acquisition of investment in an associate	-	(15)
Net cash used in investing activities	(1,869)	(1,839)
Financing activities		
Interest paid	(106)	(129)
Repayment of bank borrowings	-	(2,550)
Repayment of obligations under finance leases	(511)	(484)
Dividends paid to non-controlling interest	(78)	-
Dividends paid to shareholders	(1,000)	-
Net cash used in financing activities	(1,695)	(3,163)
Net decrease in cash and cash equivalents	(8)	(820)
Cash and cash equivalents at beginning of year	30,809	31,699
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(23)	(70)
Cash and cash equivalents at end of financial year (Note C)	30,778	30,809

Notes to the consolidated statement of cash flows

A. Depreciation expense

Included in depreciation expense of $1,641,000 in the statement of cash flows is $909,000 which is classified in other operating expenses (Note 24) with the remaining classified in cost of sales (Note 22).

B. Purchase of plant and equipment:

During the financial year, the Group acquired plant and equipment with an aggregate cost of $1,919,000 (2015 : $2,256,000) of which $825,000 (2015 : $288,000) was acquired under finance lease arrangements.

C. Cash and cash equivalents at end of financial year:

	2016 $'000	2015 $'000
Cash and bank balances (Note 6)	30,817	30,849
Less: Cash pledged (Note 6)	(39)	(40)
Cash and cash equivalents	30,778	30,809

See accompanying notes to financial statements.

Notes to the Financial Statements

December 31, 2016

1 GENERAL

a) The Company (Registration No. 200009059G) is incorporated in the Republic of Singapore with its registered office and principal place of business at 53 Ubi Crescent, Singapore 408594. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollar.

b) The principal activities of the Company are that of investment holding and provision of after-market services for mobile communication devices and consumer electronic products.

c) The principal activities of the subsidiaries and associate are disclosed in Note 10(a) and Note 10(b) to the financial statements respectively.

d) The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2016 were authorised for issue by the Board of Directors on March 27, 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payments*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*[2]
- FRS 115 *Revenue from Contracts with Customers (with clarifications issued)*[2]
- FRS 116 *Leases*[3]
- Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*[1]
- Amendments to FRS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*[1]
- Amendments to FRS 110 *Consolidated Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]

[1] Applies to annual periods beginning on or after January 1, 2017, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[3] Applies to annual periods beginning on or after January 1, 2019, with earlier application permitted if FRS 115 is adopted.
[4] Application has been deferred indefinitely, however, early application is still permitted.

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipated that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

<u>FRS 109 *Financial Instruments*</u>

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 109 will take effect from financial year beginning on or after January 1, 2018, with retrospective application required. Management anticipates that the initial application of the new FRS 109 will result in additional disclosures with respect to the business model on its expected credit loss model. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group and the Company's financial statements in the period of initial application as management has yet to complete its detailed assessment.

FRS 115 *Revenue from Contracts with Customers*

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

FRS 115 will take effect from financial year beginning on or after January 1, 2018, with retrospective application required. The Group recognises revenue from the following major sources:

- After-market services for mobile equipment and consumer electronic products, and sales of parts and accessories;
- Distribution management solutions income from sale of mobile telecommunication equipment and mobile related services, prepaid cards and incentive income from promotion of goods and line connections; and
- Digital inkjet printing income for point-of-sale and out-of-home advertising solutions

Management has preliminarily assessed that the application of FRS 115 in the future will not have a material impact on the above revenue streams, except for the impact on disclosures which can only be determined when the management performs a detailed review.

Notes to the Financial Statements
December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

FRS 116 *Leases*

FRS 116 was issued in June 2016 and will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

As at December 31, 2016, the Group has non-cancellable operating lease commitments of $6.5 million. FRS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 31. A preliminary assessment indicates that these arrangements will meet the definition of a lease under FRS 116, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of FRS 116. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements and the management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until management completes the review.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at acquisition date based on the aggregate of the fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition–related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes in the Group's ownership interests in existing subsidiaries (cont'd)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except for:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial liabilities

The Group derecognises financial liabilities when its obligations are discharged, cancelled or expired.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

INVENTORIES – Inventories consist principally of spare parts, handsets, accessories, prepaid cards and raw materials that are stated at the lower of cost and net realisable value. Cost comprises direct materials. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

ASSOCIATE – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When a group entity transacts with an associate of the group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

PLANT AND EQUIPMENT – Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Asset under construction is carried at cost, less any recognised impairment loss. Depreciation of this asset, on the same basis as other plant and equipment, commences when the asset is ready for its intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Computers and computer system	-	20% to 33⅓%
Other plant and equipment	-	10% to 20%
Motor vehicles	-	10% to 20%
Furniture, fittings and renovation	-	10% to 33⅓%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL ON CONSOLIDATION ("GOODWILL") - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructuring

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

SHARE-BASED PAYMENTS - The Group has issued equity-settled payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve (share options reserve).

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of after-market services, including retrofit services and repair management services, and digital inkjet printing services, is recognised when the services are rendered.

Other management fees are recognised when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Notes to the Financial Statements

December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Notes to the Financial Statements
December 31, 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits that are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the entity's accounting policies

The following is the critical judgement, apart from those involving estimations, that the management has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

<u>Control over Golden Myanmar Sea Company Ltd ("GMS Myanmar"), Golden Myanmar Sea (S) Pte Ltd ("GMS Singapore") and MDR Golden Myanmar Sea Company Limited ("MDR Golden")</u>

Note 10 states that GMS Myanmar, GMS Singapore and MDR Golden are the subsidiaries of the Group even though the Group has no equity ownership interest and voting rights in these subsidiaries.

In determining control, the management assessed whether the Group has the ability to direct the relevant activities of these companies. The management has determined that the Group has acquired control over these three companies via its subsidiary, MDR Myanmar Co., Ltd. ("MDR Myanmar"), has the ability to direct the relevant activities of these entities, and the rights to variable returns from its involvement with these entities and has the ability to affect those returns through its power over the entities.

Notes to the Financial Statements

December 31, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Significant influence over United Pixio Sdn Bhd

Note 10(b) describes that United Pixio Sdn Bhd ("JVC") is an associate of the Group although the Group owns a 50% ownership interest in the JVC. The Group has significant influence over the JVC by virtue of its right to appoint three out of six directors to the board of the JVC; participation in the decisions about dividend distributions and provision of essential technical information.

The directors have also assessed and concluded that the value of the call option in Note 10(b) is not material.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was $2.80 million (2015 : $2.80 million) and the key assumptions underlying the impairment assessment are disclosed in Note 12.

Valuation of inventories

In determining the net realisable value of the inventories, an estimation of the net realisable value of inventories on hand is performed by management based on the most reliable evidence available at the time the estimates are made. These estimates took into consideration the latest selling prices and the saleability of these inventories. The carrying amount of inventories as at December 31, 2016 is disclosed in Note 9 to the financial statements.

Impairment of investments in subsidiaries

Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the Company to estimate the future cash flows expected from these investments and a suitable discount rate in order to calculate present value. Management has evaluated the recoverability of these investments based on such estimates. The carrying amount of investments in subsidiaries is disclosed in Note 10(a) to the financial statements.

Notes to the Financial Statements

December 31, 2016

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Allowance for doubtful debts

The Group makes allowance for doubtful debts based on an assessment of the recoverability of its trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates, including creditworthiness and the past collection history of each debtor. Where the expectation is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has changed. The carrying amounts of trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Loans and receivables (including cash and bank balances)	56,309	54,871	39,709	39,378
Financial liabilities				
Amortised cost	22,474	19,055	3,968	3,671

(b) Financial risk management policies and objectives

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

(i) Foreign exchange risk management

The Group operates in Asia with dominant operations in Singapore, Malaysia and Myanmar. As a result, the Group is exposed to movements in foreign currency exchange rates arising from normal trading transactions. This risk is managed through natural hedges as revenue denominated in foreign currency is partly matched with corresponding costs in the same foreign currency.

Notes to the Financial Statements

December 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations.

At the end of the reporting period, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Liabilities		Assets		Liabilities		Assets	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
United States Dollar	(1,790)	(2,744)	3,084	4,518	(16)	(22)	5,273	5,169
Malaysia Ringgit	(640)	(689)	4,556	3,512	(1)	(1)	676	–
Myanmar Kyat	(1,457)	(734)	1,800	1,188	–	–	–	–
Japanese Yen	–	(302)	–	–	–	(302)	–	–

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each entity in the Group, profit will increase (decrease) by:

	US		Malaysia		Myanmar		Japanese	
	Dollar impact		Ringgit impact		Kyat impact		Yen impact	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Group								
Profit or loss	65	89	196	141	17	23	–	(15)
Company								
Profit or loss	263	257	34	–	–	–	–	(15)

If the relevant foreign currencies weaken by 5% against the functional currency of each entity in the Group, there will be an equal and opposite impact on profit before tax as above.

Notes to the Financial Statements

December 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(ii) Interest rate risk management

Summary quantitative data of the Group's and Company's interest-bearing financial instruments can be found in Section (iv) of this Note. The Group's policy is to maintain cash equivalents and borrowings in fixed rate instruments.

The Group's and the Company's profit and loss and equity are not affected by the changes in interest rates as majority of the interest-bearing instruments carry fixed interest and are measured as amortised cost.

(iii) Credit risk management

Credit risk refers to the risk that the Group's counterparties may default on its contractual obligations, resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers with a sound credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation taking into account of the counterparty's payment profile and credit exposure.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position. Further details of credit risks on receivables are disclosed in Notes 7 and 8 to the financial statements.

(iv) Liquidity risk management

Liquidity risk refers to the risk that the Group may have insufficient resources to meet its financial liabilities as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient funds to meet its potential liabilities as they fall due. This strategy has not changed from prior periods.

Liquidity and interest risk analyses

Non-derivative financial assets

The Group and the Company's non-derivative financial assets are receivable within one year from the end of the reporting period and are non-interest bearing except as disclosed in Notes 6 and 8.

Notes to the Financial Statements

December 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Non-derivative financial liabilities

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	Average effective interest rate %	On demand or within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Adjustment* $'000	Total $'000
Group						
2016						
Trade and other payables	-	20,913	-	-	-	20,913
Finance lease (fixed rate)	2.73 to 3.75	654	1,081	-	(174)	1,561
		21,567	1,081	-	(174)	22,474
2015						
Trade and other payables	-	17,749	-	-	-	17,749
Finance lease (fixed rate)	2.73 to 3.71	486	953	-	(133)	1,306
		18,235	953	-	(133)	19,055

	Average effective interest rate %	On demand or within 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Adjustment* $'000	Total $'000
Company						
2016						
Trade and other payables	-	3,835	-	-	-	3,835
Finance lease (fixed rate)	2.73	88	50	-	(5)	133
		3,923	50	-	(5)	3,968
2015						
Trade and other payables	-	3,458	-	-	-	3,458
Finance lease (fixed rate)	2.73	88	139	-	(14)	213
		3,546	139	-	(14)	3,671

* The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability in the statement of financial position.

Notes to the Financial Statements
December 31, 2016

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued capital, reserves and accumulated losses.

The Group's management reviews the capital structure on an on-going basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues or the redemption of existing debt. The Group's overall strategy remains unchanged from 2015.

5 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions were entered into by the Group with related parties at terms agreed between the parties during the financial year. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following related party transactions:

	Group	
	2016 $'000	2015 $'000
Nature of transactions		
Transactions with companies owned by common directors:		
Expenses paid on behalf of the Group	9	9
Legal and professional expenses	63	–
Rental expenses	444	450
Transactions with a related party (shareholder of a non-wholly owned subsidiary):		
Sales of goods	(235)	(2,687)
Interest expense (Note 25)	–	17

Notes to the Financial Statements

December 31, 2016

5 RELATED PARTY TRANSACTIONS (CONT'D)

Sales of goods to a related party were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	Group	
	2016 $'000	2015 $'000
Short-term benefits	1,800	1,370
Post-employment benefits	104	74
Share-based payment	-	39
	1,904	1,483

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash and bank balances	30,817	30,849	22,090	19,154
Shown as:				
Cash and bank balances	20,084	16,475	11,590	5,154
Fixed deposits	10,694	14,334	10,500	14,000
Cash pledged	39	40	–	–
	30,817	30,849	22,090	19,154

The fixed deposits carried interests at 0.65% to 2.95% (2015 : 0.88% to 3.05%) per annum, and mature in March 2017 (2015 : March 2016).

Notes to the Financial Statements

December 31, 2016

7 TRADE RECEIVABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties	11,751	10,747	3,242	2,052
Accrued income	9,491	8,243	312	656
Subsidiaries	–	–	–	165
	21,242	18,990	3,554	2,873
Less: Allowances for doubtful trade receivables (outside parties)	(375)	(227)	–	–
	20,867	18,763	3,554	2,873

The average credit period on sales is 30 days (2015 : 30 days). Allowance for trade receivables are recognised against receivables over 90 days based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

In 2015, the Company's trade receivables due from subsidiaries are interest-free and repayable on demand.

The Group's customers mainly comprise of reputable and well established telecom operators and equipment principals. Before accepting any new customer, the Group will assess the potential customer's credit quality. Limits are monitored periodically by management. Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. At the end of the reporting period, approximately 27% (2015 : 29%) of the Group's trade receivables were due from 3 customers.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The credit risk is limited.

Included in the Group's and the Company's trade receivable balance are debtors with a carrying amount of $3,751,000 (2015 : $4,342,000) and $633,000 (2015 : $655,000) respectively, which are past due at the end of the reporting period for which the Group and the Company have not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The management believes that there is no further credit provision required in excess of the allowance for doubtful debts.

Notes to the Financial Statements

December 31, 2016

7 TRADE RECEIVABLES (CONT'D)

Movement in allowances:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of year	227	1,797	–	–
Charge (Reversal) to profit or loss (Note 24)	237	(344)	–	–
Written off during the year	(74)	(1,240)	–	–
Exchange translation difference	(15)	14	–	–
At end of year	375	227	–	–

The table below is an analysis of trade receivables as at December 31:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Not past due and not impaired	17,116	14,421	2,921	2,218
Past due but not impaired (i)	3,751	4,342	633	655
	20,867	18,763	3,554	2,873
Impaired receivables - individually assessed (ii)	375	227	–	–
Less: Allowance for doubtful debts	(375)	(227)	–	–
Total trade receivables, net	20,867	18,763	3,554	2,873
(i) Aging of receivables that are past due but not impaired				
1 to 30 days	1,870	1,395	297	118
31 to 60 days	513	704	8	83
>61 days	1,368	2,243	328	454
Total	3,751	4,342	633	655

(ii) These amounts are stated before any deduction for impairment losses and are not secured by any collateral or credit enhancements.

Notes to the Financial Statements

December 31, 2016

8 OTHER RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Deposits	2,116	1,620	165	167
Prepayments	1,034	704	54	86
Staff advances	1	12	–	–
Outside parties	3,321	3,859	82	46
	6,472	6,195	301	299
Subsidiaries	–	–	14,727	20,887
	6,472	6,195	15,028	21,186
Less: Allowances for doubtful other receivables				
- subsidiaries	–	–	(909)	(3,749)
- others	(232)	(232)	–	–
	(232)	(232)	(909)	(3,749)
	6,240	5,963	14,119	17,437

Analysed as:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current	5,401	5,877	14,119	17,437
Non-current	839	86	–	–
	6,240	5,963	14,119	17,437

Other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group. At the end of the reporting period, approximately 16% (2015 : 36%) of the Group's other receivables is due from 1 customer.

Included in the amount due from subsidiaries are:

i) advances of $6,517,000 (2015 : $3,356,000) that are unsecured, bear interest at 3% (2015 : 3%) per annum and repayable on demand; and

ii) a loan of $Nil (2015 : $1,587,000) that is secured by way of fixed and floating charges over the entire assets of a subsidiary under a contractual arrangement (Note 10). The loan bears interest at Nil% (2015 : 6.32%) per annum and is repayable on demand.

Notes to the Financial Statements

December 31, 2016

8 OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Included in the non-current other receivables are prepaid rental for premises of $258,000 (2015 : $86,000) and deposits of $581,000 paid for the purchase of property for one of the subsidiaries in Malaysia.

The remaining amount due from subsidiaries is unsecured, interest-free and repayable on demand.

The carrying amount due from subsidiaries and third parties are neither past due nor impaired at the reporting date.

Movement in allowance:

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At beginning of year	232	449	3,749	1,242
(Reversal) Charge to profit or loss (Note 24)	–	(194)	909	2,507
Written off during the year	–	(23)	(3,749)	–
At end of year	232	232	909	3,749

The allowance for doubtful debts has been determined by taking into consideration recovery prospects and past default experience.

9 INVENTORIES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Spare parts, handsets, accessories, pre-paid cards and raw materials, carried at net realisable value after the following allowances	20,232	17,541	2,092	1,735
Movement in allowance:				
At beginning of year	854	258	143	143
Charge to profit or loss (Note 24)	432	1,186	28	78
Written off during the year	(952)	(590)	(1)	(78)
At end of year	334	854	170	143

Notes to the Financial Statements

December 31, 2016

10(a) INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	$'000	$'000
Unquoted equity shares, at cost	31,138	31,138
Impairment loss	(10,303)	(10,243)
	20,835	20,895
Non-trade advances to subsidiaries	8,665	5,005
Impairment loss	(8,665)	(5,005)
	–	–
	20,835	20,895

Movement in impairment loss:

At beginning of year	15,248	15,140
Additions during the year	3,720	108
At end of year	18,968	15,248

The principal activities of the subsidiaries are the provision of after-market services for mobile equipment and consumer electronic products; distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards; the provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions, and investment holding.

The Company had carried out a review of the recoverable amounts of its investment in subsidiaries where there is indication that the investments have suffered an impairment loss. The review led to the recognition of an impairment loss during the year arising from the following:

a) Management has recognised an impairment loss of $2,435,000 and $1,225,000 in respect of non-trade advances extended by the Company to its subsidiaries, Shenzhen Quanli Leather (S) Pte Ltd and Golden Myanmar Sea (S) Pte Ltd. respectively. As the settlement of these advances are neither planned nor likely to occur in the foreseeable future, the advances are, in substance, part of the Company's investment in these subsidiaries. Management had assessed that the amounts of $2,435,000 and $1,225,000 were not recoverable as these subsidiaries are dormant.

b) Management had assessed that the investment cost of $60,000 in a wholly-owned subsidiary Pixio Myanmar Co., Ltd. ("Pixio Myanmar") was not recoverable as the management has decided for Pixio Myanmar to exit from Myanmar, due to high investment and operating costs, uncertain market demand and weak Myanmar Kyat. Accordingly, an impairment loss of $60,000 was recognised.

Notes to the Financial Statements

December 31, 2016

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

In financial year ended 2015, non-trade advances of $108,000 were extended by the Company to a wholly-owned subsidiary A-Mobile (M) Sdn. Bhd. As the settlement of these advances is neither planned nor likely to occur in the foreseeable future, the advances are, in substance, part of the Company's investment in A-Mobile (M) Sdn. Bhd. Management had assessed that the amount of $108,000 was not recoverable as A-Mobile (M) Sdn. Bhd. is dormant. Accordingly, an impairment loss of $108,000 was recognised.

Details of the subsidiaries are as follows:

Subsidiaries	Cost of investment		Effective equity interest		Country of incorporation and operations
	2016 $'000	2015 $'000	2016 %	2015 %	
Accord Customer Care Solutions Philippines, Inc.[3]	125	125	100	100	Philippines
Distribution Management Solutions Pte. Ltd.[1]	17,074	17,074	97.53	97.53	Singapore
Shenzhen Quanli Leather (S) Pte Ltd [1]	6,394	6,394	100	100	Singapore
A-Mobile (M) Sdn. Bhd.[2][3]	828	828	100	100	Malaysia
Pixio Sdn. Bhd. [4]	6,400	6,400	100	100	Malaysia
MDR Myanmar Co., Ltd. [3][5][7]	258	258	51	51	Myanmar
Golden Myanmar Sea Company Ltd. [3][7]	–	–	–	–	Myanmar
Golden Myanmar Sea (S) Pte Ltd. [3][7]	–	–	–	–	Singapore
MDR Golden Myanmar Sea Company Ltd. [3][5][7]	–	–	–	–	Myanmar
Pixio Myanmar Co., Ltd. [3]	59	59	100	100	Myanmar
	31,138	31,138			

Notes to the Financial Statements

December 31, 2016

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

	Effective equity interest		Country of incorporation and operations
	2016 %	2015 %	
Subsidiaries of Distribution Management Solutions Pte. Ltd.			
SDS Pte. Ltd. [1]	97.53	97.53	Singapore
A-Mobile Pte. Ltd. [1]	97.53	97.53	Singapore
3 Mobile Telecom Pte. Ltd. [1]	97.53	97.53	Singapore
HandphoneShop Pte. Ltd. [1]	97.53	97.53	Singapore
NBRC Pte. Ltd. [3]	97.53	97.53	Singapore
World of Gadgets Pte. Ltd. [3] [6]	97.53	97.53	Singapore

Auditors of subsidiaries for 2016:

(1) Deloitte & Touche LLP, Singapore.

(2) The subsidiary is in the process of being struck off as at December 31, 2016.

(3) Management accounts have been used for consolidation purposes as management is of the view that these entities are not significant to the Group.

(4) Overseas practices of Deloitte Touche Tohmatsu Limited.

(5) The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of these non-wholly owned subsidiaries are individually insignificant to the Group.

(6) Struck off from Register of Companies in February 2017.

(7) In 2013, the Company set up a joint-venture company MDR Myanmar Co., Ltd. ("MDR Myanmar") with three other partners to provide after-market services and consultancy services to a related company, Golden Myanmar Sea Company Ltd. ("GMS Myanmar"), in Myanmar. GMS Myanmar and Golden Myanmar Sea (S) Pte Ltd. ("GMS Singapore") are owned by two Myanmese shareholders, one of whom is a director of MDR Myanmar. GMS Myanmar was involved in the retail and distribution of mobile communication equipment in Myanmar, while GMS Singapore functioned as a buying house for GMS Myanmar. The above three companies are currently dormant.

Notes to the Financial Statements

December 31, 2016

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

[7] In April 2014, MDR Golden Myanmar Sea Company Ltd ("MDR Golden") was set up to distribute prepaid cards in Mandalay, Myanmar. MDR Golden commenced operations in August 2014.

Although the Company does not own any of the equity shares of GMS Myanmar, GMS Singapore and MDR Golden, and consequently does not control any of the voting power of those shares, the directors concluded that it has acquired control over these three entities via MDR Myanmar on the basis that the Group has the power to direct the relevant activities of these entities by appointment of key management personnel of each of the entities, has rights to variable returns from its involvement with these entities through the loan extended to GMS Singapore (Note 8) and the rights to receipt of management fees from each of these entities, and has the ability to affect those returns through its power over the entities. Accordingly, the financial position and results of GMS Myanmar, GMS Singapore and MDR Golden are included in the consolidated financial statements.

The net tangible assets and pre-tax profits (losses) of the subsidiaries referred to in Notes [2] and [3] above are less than 20% of the net tangible assets and pre-tax profits of the Group at the financial year end.

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiaries held by the Company	
		December 31, 2016	December 31, 2015
Provision of after-market services	Philippines	1	1
Sale of mobile telecommunication equipment and	Singapore	1	1
mobile related services, and prepaid cards	Malaysia	1	1
Provision of digital inkjet printing for point-of-sale and	Malaysia	1	1
out-of-home advertising solutions	Myanmar	1	1
		5	5

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries held by the Group	
		December 31, 2016	December 31, 2015
Provision of after-market services	Myanmar	1	1
Sale of mobile telecommunication equipment and	Singapore	8	8
mobile related services, and prepaid cards	Myanmar	2	2
		11	11

Notes to the Financial Statements

December 31, 2016

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016 %	2015 %	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Distribution Management Solutions Pte. Ltd.	Singapore	2.47	2.47	30	91	445	415
Golden Myanmar Sea Company Ltd.	Myanmar	100	100	(19)	(154)	(376)	(588)
Golden Myanmar Sea (S) Pte Ltd.	Singapore	100	100	71	(741)	(1,490)	(1,293)
Individually immaterial subsidiaries with non-controlling interests				28	(208)	(285)	(362)
Total				110	(1,012)	(1,706)	(1,828)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Distribution Management Solutions Pte. Ltd.		Golden Myanmar Sea Company Ltd.		Golden Myanmar Sea (S) Pte Ltd.	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current assets	40,186	40,197	21	176	16	594
Non-current assets	1,072	1,135	–	–	–	2
Current liabilities	(23,212)	(24,460)	(397)	(764)	(1,506)	(1,889)
Non-current liabilities	(36)	(66)	–	–	–	–
Equity attributable to owners of the Company	17,565	16,391	(376)	(588)	(1,490)	(1,293)
Non-controlling interests	445	415	(376)	(588)	(1,490)	(1,293)

10(a) INVESTMENT IN SUBSIDIARIES (CONT'D)

	Distribution Management Solutions Pte. Ltd.		Golden Myanmar Sea Company Ltd.		Golden Myanmar Sea (S) Pte Ltd.	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Revenue	225,504	240,737	–	433	54	(191)
(Expenses) Income	(224,299)	(237,043)	(19)	(587)	17	(550)
Profit (Loss) for the year	1,205	3,694	(19)	(154)	71	(741)
Profit attributable to owners of the Company	1,175	3,603	–	–	–	–
Profit (Loss) attributable to the non-controlling interests	30	91	(19)	(154)	71	(741)
Profit (Loss) for the year	1,205	3,694	(19)	(154)	71	(741)
Other comprehensive income (loss) attributable to owners of the Company	–	–	–	–	–	–
Other comprehensive income (loss) attributable to non-controlling interests	–	–	–	129	13	(89)
Other comprehensive income (loss) for the year	–	–	–	129	13	(89)
Total comprehensive income attributable to owners of the Company	1,175	3,603	–	–	–	–
Total comprehensive income (loss) attributable to non-controlling interests	30	91	(19)	(25)	84	(830)
Total comprehensive income (loss) for the year	1,205	3,694	(19)	(25)	84	(830)
Dividends paid to non-controlling interests	–	78	–	–	–	–
Net cash inflow (outflow) from operating activities	2,367	1,397	(38)	(329)	(203)	181
Net cash (outflow) inflow from investing activities	(543)	(484)	–	45	–	–
Net cash (outflow) inflow from financing activities	(4,169)	(1,132)	–	42	–	–
Net cash (ouflow) inflow	(2,345)	(219)	(38)	(242)	(203)	181

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10(b) INVESTMENT IN AN ASSOCIATE

	Group	
	2016 $'000	2015 $'000
Unquoted equity shares, at cost	8	15
Share of post-acquisition profit (loss)	6	(6)
Exchange differences	–	(1)
	14	8

Details of the associate are as follows:

Associate	Cost of investment		Proportion of ownership interest and voting power held		Country of incorporation and operations
	2016 $'000	2015 $'000	2016 %	2015 %	
United Pixio Sdn. Bhd.*	15	15	50	50	Malaysia

* Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

On November 14, 2014, Pixio Sdn. Bhd. ("Pixio") and UBP Printing Sdn. Bhd. ("UBP") signed a Joint Venture Agreement to incorporate a joint venture company ("JVC"), United Pixio Sdn. Bhd., under the laws of Malaysia as a private company limited by shares with each shareholder holding 50% interest. The JVC is in the business of media ownership and large format digital inkjet printing, and operates in Sabah, Sarawak and Kalimantan. The JVC was incorporated on January 15, 2015.

The Group owns 50% equity shares of the JVC. However, based on the contractual agreements between the Group and UBP, there is a call option giving UBP potential voting rights in excess of their existing 50% equity interest. Accordingly, the directors have concluded that the Group does not have control or joint control over the JVC but has significant influence over the JVC by virtue of its right to appoint three out of six directors to the board of the JVC; participation in the decisions about dividend distributions and provision of essential technical information.

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10(c) AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Unquoted equity shares				
At cost:				
At beginning of year	493	1,243	493	493
Additions	–	–	–	–
Written off	–	(750)	–	–
At end of year	493	493	493	493
Impairment:				
At beginning of year	493	1,243	493	493
Additions	–	–	–	–
Written off	–	(750)	–	–
At end of year	493	493	493	493
Carrying amount:				
At beginning of year	–	–	–	–
At end of year	–	–	–	–

In 2015, an unquoted equity investment of $750,000, which was fully impaired, was written off as the investee had been struck off.

The above investment held by the Group is stated at cost less impairment loss as a reasonable estimate of its fair value could not be made.

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11 PLANT AND EQUIPMENT

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Asset under construction $'000	Total $'000
Group						
Cost:						
At January 1, 2015	3,510	2,907	1,503	4,200	–	12,120
Additions	244	1,263	286	463	–	2,256
Exchange differences	(29)	(412)	(77)	(41)	–	(559)
Disposals/Write-off	(66)	(51)	(281)	(1,021)	–	(1,419)
At December 31, 2015	3,659	3,707	1,431	3,601	–	12,398
Additions	182	1,216	57	389	75	1,919
Exchange differences	(2)	225	(5)	(2)	–	216
Disposals/Write-off	(59)	(42)	(40)	(458)	–	(599)
At December 31, 2016	3,780	5,106	1,443	3,530	75	13,934
Accumulated depreciation:						
At January 1, 2015	3,050	975	741	3,021	–	7,787
Depreciation	240	618	222	554	–	1,634
Exchange differences	(14)	(232)	(23)	(16)	–	(285)
Disposals/Write-off	(49)	(33)	(139)	(749)	–	(970)
At December 31, 2015	3,227	1,328	801	2,810	–	8,166
Depreciation	253	837	146	405	–	1,641
Exchange differences	(2)	283	(6)	(3)	–	272
Disposals/Write-off	(52)	(32)	(11)	(335)	–	(430)
At December 31, 2016	3,426	2,416	930	2,877	–	9,649
Impairment:						
At January 1, 2015	10	47	–	262	–	319
Reversal of impairment	(3)	(39)	–	–	–	(42)
Disposals/ Write-off	(7)	(4)	–	(224)	–	(235)
At December 31, 2015	–	4	–	38	–	42
Reversal of impairment	–	(3)	–	2	–	(1)
Disposals/Write-off	–	–	–	(27)	–	(27)
At December 31, 2016	–	1	–	13	–	14
Carrying amount:						
At December 31, 2016	354	2,689	513	640	75	4,271
At December 31, 2015	432	2,375	630	753	–	4,190

The carrying amount of the Group's plant and equipment includes an amount of $1,641,000 (2015 : $1,803,000) secured in respect of assets held under finance leases.

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11 PLANT AND EQUIPMENT (CONT'D)

	Computers and computer system $'000	Other plant and equipment $'000	Motor vehicles $'000	Furniture, fittings and renovation $'000	Asset under construction $'000	Total $'000
Company						
Cost:						
At January 1, 2015	2,175	47	590	105	–	2,917
Additions	75	41	–	1	–	117
Disposals / Write-off	(1)	(1)	–	(3)	–	(5)
At December 31, 2015	2,249	87	590	103	–	3,029
Additions	70	4	–	14	75	163
Disposals / Write-off	(6)	(5)	–	–	–	(11)
At December 31, 2016	2,313	86	590	117	75	3,181
Accumulated depreciation:						
At January 1, 2015	1,948	4	399	70	–	2,421
Depreciation	133	8	83	4	–	228
Disposals / Write-off	(1)	–	–	(1)	–	(2)
At December 31, 2015	2,080	12	482	73	–	2,647
Depreciation	113	11	20	7	–	151
Disposals / Write-off	(6)	(2)	–	–	–	(8)
At December 31, 2016	2,187	21	502	80	–	2,790
Carrying amount:						
At December 31, 2016	126	65	88	37	75	391
At December 31, 2015	169	75	108	30	–	382

The carrying amount of the Company's plant and equipment includes an amount of $88,000 (2015 : $108,000) secured in respect of assets held under finance leases.

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12 GOODWILL

	Group	
	2016 $'000	2015 $'000
Cost:		
At beginning of year and at end of year	11,470	11,470
Impairment:		
At beginning of year and at end of year	8,672	8,672
Carrying amount:		
At beginning of year and at end of year	2,798	2,798

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Group	
	2016 $'000	2015 $'000
Mobile communication devices (comprised several CGUs):		
Distribution management solutions businesses and related assets	8,672	8,672
Digital Inkjet Printing for Out-Of-Home Advertising Solutions:		
Pixio Sdn. Bhd. (single CGU)	2,798	2,798
	11,470	11,470

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the specific risks.

The Group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next 1 year and extrapolates cash flows for the following 4 years based on an estimated growth rate of 5% to 11.3% (2015 : 2%); and estimated growth rate of 4.8% (2015 : 2%) beyond 5 years based on expansionary plans of management. The rates used to discount the cash flow forecasts are 11.80% (2015 : 11.30%) per annum.

As at December 31, 2016, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of goodwill.

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13 TRADE PAYABLES

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Outside parties	13,572	10,204	2,888	2,236

Trade payables principally comprise amounts outstanding for trade purchases.

The average credit period on purchase of goods is 30 days (2015 : 30 days). The Group and the Company have put in place financial risk management policies to ensure that all payables are within the credit timeframe.

14 OTHER PAYABLES AND PROVISION FOR RESTRUCTURING COSTS

	Group		Company	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Accrued expenses	5,767	5,815	947	1,222
Related parties (Note 5)	1,574	1,592	–	–
	7,341	7,407	947	1,222
Provision for restructuring costs	–	138	–	–

Movement in provision for restructuring costs:

	Group	
	2016 $'000	2015 $'000
At beginning of year	138	1,429
Reversal to profit or loss (Note 27)	(3)	(563)
Utilised during the year	(135)	(728)
At end of year	–	138

Included in amount due to related parties (Note 5) is a loan of $225,000 (2015 : $276,000) that is secured by way of fixed and floating charges over the entire assets of a subsidiary under a contractual arrangement (Note 10). The loan bears interest at Nil% (2015 : 6.32%) per annum and is repayable on demand.

The provision for restructuring costs in 2015 represented the present value of the management's best estimate in relation to the closure of certain non-performing retail outlets.

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15 FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amounts payable under finance leases:				
Within one year	654	486	570	419
In the second to fifth years inclusive	1,081	953	991	887
After fifth year	–	–	–	–
	1,735	1,439	1,561	1,306
Less: Future finance charges	(174)	(133)	N/A	N/A
Present value of lease obligations	1,561	1,306	1,561	1,306
Less: Amount due for settlement within 12 months (shown under current liabilities)			(570)	(419)
Amount due for settlement after 12 months			991	887

	Company			
	Minimum lease payments		Present value of minimum lease payments	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amounts payable under finance leases:				
Within one year	88	88	83	80
In the second to fifth years inclusive	50	139	50	133
After fifth year	–	–	–	–
	138	227	133	213
Less: Future finance charges	(5)	(14)	N/A	N/A
Present value of lease obligations	133	213	133	213
Less: Amount due for settlement within 12 months (shown under current liabilities)			(83)	(80)
Amount due for settlement after 12 months			50	133

The average lease term is between 5 and 7 years. For the year ended December 31, 2016, the average effective borrowing rate was between 2.73% and 3.75% (2015 : 2.73% and 3.71%) per annum. Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in the functional currencies of the respective entities.

The fair value of the Group's and the Company's lease obligations approximates their carrying amounts.

The Group's and the Company's obligations under finance leases are secured by the lessors' title to the leased assets.

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December 31, 2016

16 DEFERRED TAX LIABILITIES

	Group	
	2016 $'000	2015 $'000
At beginning of year	151	169
Charge (Credit) to profit or loss (Note 26):		
Current year	43	25
Over provision in respect of prior years	(73)	(29)
	121	165
Exchange difference	(3)	(14)
At end of year	118	151

The balance comprises mainly the tax effect of the excess of tax depreciation over book depreciation of plant and equipment.

Subject to agreement with the relevant tax authorities, the Group has unabsorbed tax losses and unabsorbed capital allowance of $15,596,000 (2015 : $16,892,000) and $Nil (2015 : $57,000) available for offset against future taxable profits provided that the provisions of relevant countries' tax legislations are complied with. The related tax benefits of $2,757,000 (2015 : $2,977,000) have not been recognised in the financial statements due to unpredictability of future profit stream.

17 DEFINED CONTRIBUTION PLANS

The employees of the Company and its subsidiaries that are located in Singapore and Malaysia are members of the state-managed retirement benefit plan as operated by the respective Governments of those countries. The Company and the subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group and the Company with respect to the retirement benefit plan is to make the specific contributions.

The total expense recognised in profit or loss of $1,173,000 (2015 : $1,256,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2016, the outstanding contributions was $480,000 (2015 : $541,000).

Notes to the Financial Statements

December 31, 2016

18 SHARE CAPITAL

	Group and Company			
	2016	2015	2016	2015
	Number of ordinary shares		$'000	$'000
Issued and paid up:				
At beginning of year and at end of year	12,528,241,084	12,528,241,084	153,652	153,652

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

Pursuant to the Offer Information Statement dated September 1, 2011, the Company issued rights shares with 4 free detachable warrants for every 1 rights share on the basis of 1 rights share for every 3 existing ordinary shares in the Company held by shareholders.

Each warrant carries the right to subscribe for one new share in the capital of the Company at an exercise price of $0.005 for each new share on the basis of one rights share with four warrants for every three existing shares in the capital of the Company.

A total of 1,579,555,914 rights shares and 6,318,223,656 warrants were issued and were listed and quoted on the Singapore Exchange Securities Trading Limited on September 27, 2011 and September 28, 2011 respectively.

The Company's warrants expired on September 25, 2014. Upon expiration of the warrants, the 224,525,693 outstanding warrants which were not exercised had lapsed.

At the end of the financial year, pursuant to the Company's mDR Share Option Scheme 2003 as disclosed in paragraph 5 of the Directors' Statement, there were 43,485,000 (2015 : 45,155,000) unissued ordinary shares of the Company under options.

19 CAPITAL RESERVE

	Group		Company	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Redemption of convertible redeemable preference shares	22	22	22	22
Effect of acquiring part of non-controlling interest in a subsidiary	(881)	(881)	–	–
	(859)	(859)	22	22

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20 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company has a share option scheme for all employees of the Company. The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the market price ("Market Price Options") determined at grant date. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20%. The vesting period is 1 year for market price options and 2 years for options issued at a discount. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options holders may exercise any unexercised options within 1 month from the last date of employment after which, options are forfeited.

Details of the share options outstanding during the year are as follows:

	Group and Company			
	2016		2015	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	45,155,000	0.015	45,155,000	0.015
Expired/Forfeited during the year	(1,670,000)	0.005	–	–
Outstanding at the end of the year	43,485,000	0.016	45,155,000	0.015
Exercisable at the end of the year	43,485,000	0.016	39,985,000	0.015

The fair values of the share options granted previously were calculated using the Black-Scholes pricing model.

The options outstanding at the end of the year have a weighted average remaining contractual life of 0.76 year (2015 : 1 year).

The Group and the Company recognised total expenses of $Nil (2015 : $39,000) related to equity-settled share-based payment transactions and reversed $5,000 (2015 : $Nil) from share options reserve for share options expired during the year.

The share option scheme expired on January 12, 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.

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21 REVENUE

	Group	
	2016 $'000	2015 $'000
After-market services income	30,704	22,211
Distribution management solutions income:		
Sale of goods	233,963	238,937
Incentive income	46,572	50,984
	280,535	289,921
Digital inkjet printing income	7,618	6,814
	318,857	318,946

After-market services income refers to revenue from provision of after-market services for mobile equipment and consumer electronic products, and sales of parts and accessories.

Distribution management solutions income refers to revenue from the sale of mobile telecommunication equipment and mobile related services, and prepaid cards, and incentive income from promotion of goods for suppliers and line connections for telecommunication companies.

Digital inkjet printing income refers to revenue from provision of digital inkjet printing for point-of-sale and out-of-home advertising solutions.

22 COST OF SALES

Cost of sales represents cost of inventory recognised as an expense.

23 OTHER OPERATING INCOME

	Group	
	2016 $'000	2015 $'000
Rental income	6	138
Interest income on bank deposits	153	133
Liabilities written back	2	155
Bad debt recovered – trade	12	24
Productivity and Innovation Credit cash payout	183	196
Wage credit from government	314	309
Sponsorship income	91	67
Others	33	192
	794	1,214

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24 OTHER OPERATING EXPENSES

	Group	
	2016 $'000	2015 $'000
Minimum lease payments under operating leases	5,154	5,564
(Gain) Loss on disposal of plant and equipment	(36)	4
Plant and equipment written off	91	59
Reversal of impairment on plant and equipment (Note 11)	(1)	(42)
Allowance for inventories (Note 9)	432	1,186
Inventories written off	–	30
Allowance for (Reversal of) doubtful trade receivables (Note 7)	237	(344)
Reversal of allowance for doubtful other receivables (Note 8)	–	(194)
Bad debts written off – trade	2	48
Bad debts written off – non-trade	13	3
Depreciation expense	909	1,634
Reversal of provision for restructuring costs	(3)	(563)
Foreign currency exchange loss	13	158
	6,811	7,543

During the year, the Group has reclassified depreciation expense of plant and machinery of $732,000 from other operating expenses to cost of goods sold for its subsidiaries in Digital Inkjet Printing for Out-Of-Home Advertising Solutions business. As the prior year's impact to the cost of goods sold and other operating expenses is not material, no reclassification was made to comparative figures.

25 FINANCE COSTS

	Group	
	2016 $'000	2015 $'000
Interest on bank loans and overdrafts	–	26
Interest on obligations under finance leases	106	86
Interest on loan from a related party (Note 5)	–	17
	106	129

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26 INCOME TAX EXPENSE (CREDIT)

	Group	
	2016 $'000	2015 $'000
Current tax	272	455
Deferred tax (Note 16)	43	25
	315	480
Overprovision in respect of prior years:		
– current tax	(125)	(458)
– deferred tax (Note 16)	(73)	(29)
Tax expense (credit)	117	(7)

Domestic income tax is calculated at 17% (2015 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2016 $'000	2015 $'000
Profit before tax	3,167	3,041
Numerical reconciliation of income tax expense		
Income tax expense calculated at 17% (2015 : 17%)	538	517
Non-deductible items	235	589
Non-taxable items	(231)	(629)
Effect of utilisation of tax losses not recognised as deferred tax assets	(325)	(381)
Deferred tax assets not recognised	105	175
Effect of different tax rate of subsidiaries operating in other jurisdictions	47	153
Tax exempt income	(38)	(61)
Others	(16)	117
	315	480
Overprovision in prior years - current tax	(125)	(458)
Overprovision in prior years – deferred tax	(73)	(29)
Net	117	(7)

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27 PROFIT FOR THE YEAR

Other than as disclosed elsewhere in the financial statements, profit for the year has been arrived at after charging (crediting):

	Group	
	2016 $'000	2015 $'000
Directors' remuneration:		
– of the Company	566	464
– of the subsidiaries	295	366
Total directors' remuneration	861	830
Directors' fees:		
– of the Company	300	246
– of the subsidiaries	12	13
Total directors' fees	312	259
Employee benefits expense (including directors' remuneration):		
Share-based payments equity settled	–	39
Defined contribution plans	1,173	1,256
Others	15,931	15,829
Total employee benefits expense *	17,104	17,124
Audit fees paid to the auditors of the Company *	191	207
Non-audit fees paid to the auditors of the Company *	30	36
Audit fees paid to other auditors *	41	49
Non-audit fees paid to other auditors*	12	3
Impairment loss on financial assets:		
Allowance for (Reversal of) doubtful trade receivables	237	(344)
Reversal of allowance for doubtful other receivables	–	(194)
Total allowance for (reversal of) impairment loss on financial assets	237	(538)
Reversal of provision for restructuring costs (Note 14)	(3)	(563)

* These expenses are included in the line item "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

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28 DIVIDENDS

In respect of the current year, the directors propose that a dividend of 0.01038 cents per share will be paid to shareholders on May 23, 2017. The dividend is subject to approval by shareholders at the Annual General meeting and has not been included as a liability in these financial statements. The propose dividend is payable to all shareholders on the Register of members on May 9, 2017. The total estimated dividend to be paid is approximately $1.3 million.

On May 23, 2016, a dividend of 0.00798 cents per share (total dividend of $1,000,000) was paid to shareholders.

29 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

Earnings

	Group	
	2016 **$'000**	**2015** **$'000**
Earnings for the purposes of basic earnings per share and diluted earnings per share [Profit for the year attributable to owners of the Company]	2,940	4,060

Number of shares

	Group	
	2016	**2015**
Weighted average number of ordinary shares for the purposes of basic earnings per share	12,528,241,084	12,528,241,084
Effect of dilutive potential ordinary shares:		
Share options	–	710,377
Weighted average number of ordinary shares for the purposes of diluted earnings per share	12,528,241,084	12,528,951,461

In 2016, the share options are antidilutive and hence disregarded in the calculation of diluted earnings per share.

Notes to the Financial Statements

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30 GUARANTEES

a) A subsidiary has issued a corporate guarantee amounting to $1,000,000 (2015 : $1,000,000) in favour of an equipment principal for a supply agreement entered into by a related company.

b) The Group has outstanding banker's guarantees amounting to $2,449,000 (2015 : $1,706,650) issued in favour of two operators, entered in the normal course of business and under supply agreements.

c) The Company has an outstanding banker's guarantee amounting to $100,000 (2015 : $100,000) issued in favour of a service principal, entered in the normal course of business and under service agreements.

d) The Company has issued a corporate guarantee amounting to $2,545,000 (2015 : $1,116,000) to secure a hire purchase loan on equipment entered into by a subsidiary.

31 OPERATING LEASE ARRANGEMENTS

	Group	
	2016 $'000	2015 $'000
Minimum lease payments under operating leases recognised as an expense during the year	5,154	5,564

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Group	
	2016 $'000	2015 $'000
Within one year	3,948	5,429
In the second to fifth year inclusive	2,533	3,350
	6,481	8,779

Operating lease payments represent rentals payable by the Group for its office premises, factories and service centres. Leases are negotiated for an average term of 2 years and rentals are fixed for an average of 2 years.

Notes to the Financial Statements

December 31, 2016

32 SEGMENT INFORMATION

For management purposes, the Group is organised into three business segments, After-Market Services ("AMS"), Distribution Management Solutions ("DMS") and Digital Inkjet Printing for Out-Of-Home Advertising Solutions ("DPAS").

AMS provides after-market service for mobile equipment and consumer electronic products. DMS is a distributor and retailer of mobile telecommunication equipment and mobile related services, including prepaid cards. DPAS provides digital inkjet printing for point-of-sale and out-of-home advertising solutions.

The Group reports information based on these three business segments to the Group's key operating decision makers for the purposes of resource allocation and assessment of the segment information.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Group				
	AMS $'000	DMS $'000	DPAS $'000	Unallocated $'000	Total $'000
2016					
Segment revenue					
External	30,704	280,535	7,618	–	318,857
Inter-segment	–	–	–	–	–
	30,704	280,535	7,618	–	318,857
Segment result	1,208	1,246	546	238	3,238
Rental income	–	6	–	–	6
Net foreign exchange loss					(13)
Gain on disposal of plant and equipment					36
Finance costs					(106)
Profit before income tax and share of profit of associate					3,161
Share of profit of associate					6
Profit before income tax					3,167
Income tax expense					(117)
Profit for the year					3,050
Segment assets	14,599	45,263	11,465	13,912	85,239
Segment liabilities	(3,999)	(16,126)	(2,349)	(125)	(22,599)
Other segment information					
Capital expenditure	164	626	1,129	–	1,919
Depreciation	152	663	826	–	1,641
Reversal of impairment of plant and equipment	–	(1)	–	–	(1)

Notes to the Financial Statements

December 31, 2016

32 SEGMENT INFORMATION (CONT'D)

	Group				
	AMS $'000	DMS $'000	DPAS $'000	Unallocated $'000	Total $'000
2015					
Segment revenue					
External	22,211	289,921	6,814	–	318,946
Inter-segment	–	–	–	–	–
	22,211	289,921	6,814	–	318,946
Segment result	641	3,262	786	(1,489)	3,200
Rental income	–	138	–	–	138
Net foreign exchange loss					(158)
Loss on disposal of plant and equipment					(4)
Finance costs					(129)
Profit before income tax and share of loss of associate					3,047
Share of loss of associate					(6)
Profit before income tax					3,041
Income tax credit					7
Profit for the year					3,048
Segment assets	10,452	45,885	9,863	13,912	80,112
Segment liabilities	(3,196)	(13,570)	(1,784)	(831)	(19,381)
Other segment information					
Capital expenditure	117	874	1,265	–	2,256
Depreciation	229	790	615	–	1,634
Reversal of impairment of plant and equipment	–	(42)	–	–	(42)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2016 and 2015.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of foreign exchange differences, gain (loss) on disposal of plant and equipment, share of profit (loss) of associate, finance costs, and income tax expense. This is the measure reported to the key operating decision makers for the purposes of resource allocation and assessment of segment performance.

Notes to the Financial Statements
December 31, 2016

32 SEGMENT INFORMATION (CONT'D)

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker re-assesses the resources allocation and monitors the financial assets attributable to each segment.

The key operating decision makers also monitor the tangible, intangible and financial assets attributable to each segment.

Geographical information

	Revenue from external customers	
	2016 $'000	2015 $'000
Singapore	256,261	268,172
Malaysia	7,024	6,757
Myanmar	55,572	44,017
	318,857	318,946

	Non-current assets	
	2016 $'000	2015 $'000
Singapore	1,466	1,523
Malaysia	5,553	4,375
Myanmar	903	1,184
	7,922	7,082

Information about major customers

Included in revenues arising from After-Market Services are revenues of $21,785,000 (2015 : $18,418,000) and $1,712,000 (2015 : $3,141,000) which arose from sales to the segment's two major customers.

Included in revenues arising from Distribution Management Solutions are revenues of $28,281,000 (2015 : $26,905,000) and $15,479,000 (2015 : $13,740,000) which arose from sales to the segment's two major customers.

Included in revenues arising from DPAS are revenues of $1,073,000 (2015 : $946,000) and $627,000 (2015 : $667,000) which arose from sales to the segment's two major customers.

Notes to the Financial Statements

December 31, 2016

33 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised as liabilities in the financial statements are as follows:

	Group	
	2016 **$'000**	**2015** **$'000**
Property, plant and equipment	5,229	–

34 SUBSEQUENT EVENTS

Subsequent to the year end in March 2017, Ooredoo Myanmar Ltd informed MDR Golden Myanmar Sea Company Ltd. ("MDR Golden") of the change in its business model from its current appointment of few major distributors to the appointment of many small distributors to distribute its prepaid cards. Management is of the view that it is not feasible for MDR Golden to remain profitable in view of the change in the aforesaid business model. Thus, in March 2017, the Group decided not to extend or renew its distribution agreement which will expire in April 2017, and to exit from the distribution business in Myanmar. Management is of the view that this is a non-adjusting event and is not indicative of conditions that existed at the end of the reporting period. Based on management's best estimate of the potential financial effect of the cessation of the business, the cessation of the business is not expected to have a material impact to the Group.

The business of the Company's wholly-owned subsidiary, Pixio Myanmar, is still in its infancy stage after two years of operation in Myanmar and substantial additional investments will be required for the business to achieve economy of scale in business volume. In view of this, management has decided that it would not be prudent for Pixio Myanmar to commit further costs of extending its lease which will expire in end of April 2017 and maintaining a printing operation in Myanmar. In view of the evidence of conditions which has already existed at the end of the reporting period, the Company recognised an impairment loss of $60,000 for its cost of investment, as disclosed in Note 10 to the financial statements, and an allowance of $909,000 for the advance owing from Pixio Myanmar.

35 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening Statement of Financial Position as at January 1, 2017 (date of transition). Management is currently performing a detailed analysis of the transition options and other requirements of IFRS 1, including financial effects on transition to the new framework.

Statistics of Shareholdings

(As at 17 March 2017)

Number of Issued and Paid Up Capital	:	S$153,652,142
Class of Shares	:	Ordinary
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	60	0.57	1,397	0.00
100 - 1,000	282	2.68	189,335	0.00
1,001 - 10,000	1,621	15.40	10,952,437	0.09
10,001 - 1,000,000	7,564	71.89	1,603,712,264	12.80
1,000,001 AND ABOVE	995	9.46	10,913,385,651	87.11
TOTAL	**10,522**	**100.00**	**12,528,241,084**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	WONG KINGCHEUNG KEVIN	1,480,806,820	11.82
2	ONG GHIM CHOON	877,973,330	7.01
3	CITIBANK NOMINEES SINGAPORE PTE LTD	724,890,066	5.79
4	CHONG SHIN LEONG	560,000,000	4.47
5	YEO HWEE CHING ALICE	425,000,000	3.39
6	RAFFLES NOMINEES (PTE) LIMITED	402,839,500	3.22
7	LIM CHIN TONG	304,685,369	2.43
8	DBS NOMINEES (PRIVATE) LIMITED	191,020,707	1.52
9	KOH KOW TEE MICHAEL	175,000,000	1.40
10	OCBC SECURITIES PRIVATE LIMITED	155,960,509	1.24
11	UOB KAY HIAN PRIVATE LIMITED	139,927,033	1.12
12	TAN KAH BOH ROBERT@ TAN KAH BOO	138,500,000	1.11
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	137,516,513	1.10
14	CIMB SECURITIES (SINGAPORE) PTE. LTD.	132,495,010	1.06
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	121,697,148	0.97
16	PHILLIP SECURITIES PTE LTD	119,886,997	0.96
17	MAYBANK KIM ENG SECURITIES PTE. LTD.	114,252,405	0.91
18	HO SENG TUCK	101,497,000	0.81
19	HONG LEONG FINANCE NOMINEES PTE LTD	98,300,000	0.78
20	TAN HOR THYE	96,092,337	0.77
	TOTAL	**6,498,340,744**	**51.88**

Statistics of Shareholdings

(As at 17 March 2017)

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the directors and substantial shareholders in the issued share capital of the Company as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholdings respectively are as follows:

	Direct interest		Deemed interest		Total interest	
	No. of shares	%[1]	No. of shares	%	No. of shares	%
Directors						
Philip Eng Heng Nee	141,585,330	1.13	0	–	141,585,330	1.13
Ong Ghim Choon	877,973,330	7.01	0	–	877,973,330	7.01
Substantial shareholders						
Wong Kingcheung Kevin	1,480,806,820	11.82	0	–	1,480,806,820	11.82
Ong Ghim Choon	877,973,330	7.01	0	–	877,973,330	7.01

[1] Calculated as a percentage of the total number of 12,528,241,084 issued shares of the Company as at 17 March 2017.

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Approximately 80.04% of the Company's shares are held by the public and Rule 723 of the Mainboard Listing Rules of the SGX-ST has been complied with.

Notice of Annual General Meeting

mDR LIMITED
(Company Registration No. 200009059G)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Sixteenth (16th) Annual General Meeting of mDR Limited (the "**Company**") will be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 28 April 2017 at 3.00 p.m. for the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Financial Statements of the Company for the year ended 31 December 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare first and final tax exempt (one-tier) dividend of S$1.3 million (approximate) for the financial year ended 31 December 2016.

   [See Explanatory Note (i)] **(Resolution 2)**

3. (a) To re-elect Mr. Philip Eng Heng Nee, a Director of the Company retiring pursuant to Article 90 of the Articles of Association of the Company: **(Resolution 3)**

   (Mr. Philip Eng Heng Nee will, upon re-election as a Director of the Company, remain as Chairman of the Board of Directors, a member of the Audit Committee, the Nominating Committee, and the Remuneration Committee, and will be considered non-independent.)

   (b) To re-elect Mr. Quah Ban Huat, a Director of the Company retiring pursuant to Article 90 of the Articles of Association of the Company: **(Resolution 4)**

   (Mr. Quah Ban Huat will, upon re-election as a Director of the Company, remain as Chairman of both the Nominating Committee and the Remuneration Committee, and a member of the Audit Committee, and will be considered independent.)

4. To approve the payment of up to S$300,000 as Directors' fees for the year ending 31 December 2017, to be paid quarterly in arrears (2016: up to S$300,000). **(Resolution 5)**

5. To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without any modifications the following resolutions as Ordinary Resolutions:

6. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**") and the Mainboard Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub- paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Mainboard Listing Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 7)**

7. To transact any other business that may be properly transacted at an Annual General Meeting.

By Order of the Board

Madan Mohan
Company Secretary
Singapore, 12 April 2017

Notice of Annual General Meeting

Explanatory Notes on Ordinary and Special Businesses to be transacted:

(i) The Ordinary Resolution 2 in item 2 above, if passed, will allow the Company to pay first and final tax exempt (one-tier) cash dividend of S$1.3 million (approximate). The dividend per share will be determined based on the total number of issued shares of the Company as at Books Closure Date.

(ii) The Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued Shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Notes:

1. (a) A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Annual General Meeting. Where such member appoints more than one (1) proxy, the proportion of his/her concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "**Relevant Intermediary**" has the meaning ascribed to in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. If the appointor is a corporation, the Proxy Form must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **53 Ubi Crescent, Singapore 408594** not less than forty-eight (48) hours before the time set for holding the Annual General Meeting.

Notice of Annual General Meeting

NOTICE OF BOOKS CLOSURE DATE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT the Share Transfer Books and Register of Members of the Company will be closed from 9 May 2017 at 5.00 p.m. to 10 May 2017 (both dates inclusive), for the purpose of determining shareholders' entitlement to the Company's proposed first and final tax exempt (one-tier) dividend (the "**Proposed Dividend**").

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5:00 p.m. on 9 May 2017 will be registered to determine shareholders' entitlement to the Proposed Dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5:00 p.m. on 9 May 2017, will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the Sixteenth (16th) Annual General Meeting to be held on 28 April 2017, will be paid on 23 May 2017.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the aforesaid warranty.

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MDR Limited
Company Registration No. 200009059G
(Incorporated In the Republic of Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT:
1. Relevant intermediaries as defined in Section 181 of the Companies Act (Chapter 50) of Singapore, may appoint more than two (2) proxies to attend, speak and vote at the Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy the Company's shares, this Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

(IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM.)

I/We*, ________________________(Name) NRIC/Passport No. ________________________

of ____ (Address)

being a member(s) of mDR Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

and/or*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our* proxy/proxies* to vote for me/us* on my/our behalf* at the Sixteenth (16th) Annual General Meeting (the "**Meeting**") of the Company to be held at The Chevrons, 48 Boon Lay Way, Singapore 609961 on Friday, 28 April 2017 at 3.00 p.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick (√) within the box provided.)

No.	Resolutions relating to:	For	Against
Ordinary Business			
1.	Directors' Report and Audited Accounts for the year ended 31 December 2016		
2.	Declaration of first and final tax exempt (one-tier) cash dividend of S$1.3 million (approximate) for the year ended 31 December 2016		
3.	Re-election of Mr. Philip Eng Heng Nee as a Director		
4.	Re-election of Mr. Quah Ban Huat as a Director		
5.	Approval of Directors' fees of up to S$300,000 for the year ending 31 December 2017, to be paid quarterly in arrears		
6.	To re-appoint Deloitte and Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration		
Special Business			
7.	Authority to issue new Shares		

Dated this ______day of_______ 2017

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder*

***Delete accordingly**

IMPORTANT: Please read notes overleaf.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the Meeting. Where such member appoints more than one (1) proxy, the proportion of his/her concerned shareholding to be represented by each proxy shall be specified in the Proxy Form.

   (b) A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the Proxy Form.

   "**Relevant Intermediary**" has the meaning ascribed to in Section 181 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**").

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the registered office of the Company at **53 Ubi Crescent, Singapore 408594** (Attn.: Company Secretary, Tel: 6347 8934) not later than forty-eight (48) hours before the time appointed for the Meeting.

7. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person(s) appointed under the instrument of proxy or proxies to the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2017.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

MDR Limited

Affix
Stamp

Company Secretary
mDR Limited
53 Ubi Crescent
Singapore 408594

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Designed and Produced by **Rockstar Atelier** mDR

MDR Limited

mDR Limited
Annual Report 2016

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