



MDR Limited

mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2016

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

In S\$'000	Notes	1Q-16	1Q-15	Inc/(Dec) %
Revenue	1	76,010	74,859	2%
Cost of sales	1	<u>(69,175)</u>	<u>(67,385)</u>	3%
Gross profit	1	6,835	7,474	-9%
Other income	2	432	330	31%
Administrative expenses	3	(5,124)	(4,995)	3%
Other operating expenses	4	(1,943)	(1,942)	0%
Finance costs	5	<u>(19)</u>	<u>(51)</u>	-63%
Total expenses		(7,086)	(6,988)	1%
Operating profit before share of profit of associate and income tax		<u>181</u>	<u>816</u>	-78%
Share of profit of associate		<u>1</u>	<u>-</u>	N.M.
Profit before income tax		182	816	78%
Income tax expense	6	<u>(89)</u>	<u>(82)</u>	9%
Profit for the period		<u>93</u>	<u>734</u>	87%
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		<u>204</u>	<u>(204)</u>	N.M.
Other comprehensive income (loss) for the period, net of tax		204	(204)	N.M.
Total comprehensive income for the period		<u>297</u>	<u>530</u>	44%
(Loss) Profit attributable to:				
Owners of the Company		(169)	684	N.M.
Non-controlling interests		<u>262</u>	<u>50</u>	N.M.
Total comprehensive income		<u>93</u>	<u>734</u>	87%
Total comprehensive income attributable to:				
Owners of the Company		(7)	528	N.M.
Non-controlling interests		<u>304</u>	<u>2</u>	N.M.
		<u>297</u>	<u>530</u>	44%

N.M: Not Meaningful

1(a)(i) Breakdown and explanatory notes to the income statement

Note 1 Revenue, Cost of Sales and Gross Profit

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

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

In S\$'000	1Q-16	1Q-15
Revenue		
AMS	7,488	4,644
DMS	66,798	68,446
DPAS	1,724	1,769
	<u>76,010</u>	<u>74,859</u>
Cost of Goods Sold and Spare Parts		
AMS	(5,916)	(3,205)
DMS	(62,015)	(63,224)
DPAS	(1,244)	(956)
	<u>(69,175)</u>	<u>(67,385)</u>
Gross Profit		
AMS	1,572	1,439
DMS	4,783	5,222
DPAS	480	813
	<u>6,835</u>	<u>7,474</u>
GP%		
AMS	21%	31%
DMS	7%	8%
DPAS	28%	46%
	<u>9%</u>	<u>10%</u>

Note 2 Other income consists of the following:

In S\$'000	1Q-16	1Q-15
Interest income	46	26
Rental income	6	68
Liabilities written back	-	16
Bad debts recovered - trade	-	3
Wage credit	314	181
Others	66	36
	<u>432</u>	<u>330</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	1Q-16	1Q-15
Staff Cost		
AMS	1,313	1,055
DMS	2,136	2,411
DPAS	224	241
Management and HQ support staff costs (including Directors' fees)	529	535
	<u>4,202</u>	<u>4,242</u>

With a 61% increase in AMS revenue in 1Q-16 compared to 1Q-15, AMS staff costs had also increased, due to higher headcount required to support the operations.

Note 4 Other operating expenses consist of the following:

In S\$'000	1Q-16	1Q-15
Rental expenses	1,315	1,599
Depreciation expenses	387	458
Plant and equipment written off	57	1
Loss on disposal of plant and equipment	4	1
Reversal of allowance for doubtful trade receivables	-	(30)
Allowance for doubtful other receivables	-	8
Allowance for inventories	126	188
Inventories written off	-	11
Foreign currency exchange loss (gain)	54	(294)
	<u>1,943</u>	<u>1,942</u>

Lower allowance for inventories in 1Q-16 was due to a lower general stock provision made against its handset inventory.

Note 5 Finance costs

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

Note 6 Income tax expenses

The tax expense provision is calculated for profitable subsidiaries before group relief is taken into consideration.

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

In S\$'000	Notes	Group		Company	
		31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
ASSETS					
Current assets					
Cash and bank balances		31,441	30,849	19,539	19,154
Trade receivables	1	17,838	18,763	3,449	2,873
Other receivables and prepayments	2	5,770	5,877	15,745	17,437
Inventories	3	22,147	17,541	2,072	1,735
Total current assets		<u>77,196</u>	<u>73,030</u>	<u>40,805</u>	<u>41,199</u>
Non-current assets					
Investment in subsidiaries		-	-	20,895	20,895
Investment in an associate		10	8	-	-
Plant and equipment		3,915	4,190	365	382
Goodwill		2,798	2,798	-	-
Prepayments	2	82	86	-	-
Total non-current assets		<u>6,805</u>	<u>7,082</u>	<u>21,260</u>	<u>21,277</u>
Total assets		<u>84,001</u>	<u>80,112</u>	<u>62,065</u>	<u>62,476</u>
Current liabilities					
Trade payables	4	14,916	10,204	2,731	2,214
Other payables	5	6,420	7,545	864	1,244
Current portion of finance leases		442	419	81	80
Income tax payable		260	175	-	-
Total current liabilities		<u>22,038</u>	<u>18,343</u>	<u>3,676</u>	<u>3,538</u>
Non-current liabilities					
Finance leases		805	887	113	133
Deferred tax liabilities		130	151	-	-
Total non-current liabilities		<u>935</u>	<u>1,038</u>	<u>113</u>	<u>133</u>
Capital, reserves and non-controlling interests					
Share capital		153,652	153,652	153,652	153,652
Capital reserve		(859)	(859)	22	22
Share options reserve		311	316	311	316
Foreign currency translation reserve		(510)	(672)	-	-
Accumulated losses		(90,042)	(89,878)	(95,709)	(95,185)
Equity attributable to owners of the Company		<u>62,552</u>	<u>62,559</u>	<u>58,276</u>	<u>58,805</u>
Non-controlling interests		(1,524)	(1,828)	-	-
Total equity		<u>61,028</u>	<u>60,731</u>	<u>58,276</u>	<u>58,805</u>
Total liabilities and equity		<u>84,001</u>	<u>80,112</u>	<u>62,065</u>	<u>62,476</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 March 2016 is 22 days (31 December 2015: 25 days).

2 Other receivables and prepayments

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

S\$'000	31-Mar-16	31-Dec-15
Rental deposits	1,502	1,518
Other receivables	3,282	3,449
Prepayments – current	604	618
Prepayments – non-current	82	86

Other receivables of \$3.3 million as at 31 March 2016 comprised mainly of \$2.2 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.7 million as at 31 March 2016 comprised mainly of prepaid rental for premises of \$0.3 million.

3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2016 is 26 days (31 December 2015: 22 days).

Group inventories as at 31 March 2016 stood at \$22.1 million (31 December 2015: \$17.5 million) with the increase in inventory holding due mainly to the purchase of new handset models towards period end to meet the new product launches towards end March, and higher inventory of prepaid cards held by our Myanmar operations to meet growing demand.

4 Trade payables

The Group's trade payables turnover as at 31 March 2016 is 16 days (31 December 2015: 17 days).

5 Other payables

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

S\$'000	31-Mar-16	31-Dec-15
Advertising, promotion and sell through funds from principals	1,202	1,411
Other payables to third parties	408	567
Accrued staff costs	723	1,270
Rebates owing to franchisees	297	376
Accrued purchases	148	332
Provision for restructuring costs	70	123
Other accrued operating expenses	987	896

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31-Mar-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
442	-	419	-

Amount repayable after one year

As at 31-Mar-16		As at 31-Dec-15	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
805	-	887	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.2 million on certain motor vehicles and machinery.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

In S\$'000	1Q-16	1Q-15
Operating activities		
Profit before income tax	182	816
Adjustments for:		
Depreciation expense	387	458
Interest expense	19	51
Interest income	(46)	(26)
Loss on disposal of plant and equipment	4	1
Plant and equipment written off	57	1
Allowance for inventories	126	188
Inventories written off	-	11
Reversal of allowance for doubtful trade receivables	-	(30)
Allowance for doubtful other receivables	-	8
Share-based payments	-	11
Liabilities written back	-	(16)
Net foreign exchange loss (gain)	190	(212)
Operating cash flows before movements in working capital	919	1,261
Trade receivables	925	4,288
Other receivables and prepayments	(120)	(1,211)
Inventories	(4,732)	(5,403)
Trade payables	4,712	(486)
Other payables	(1,116)	(1,328)
Cash generated from (used in) operations	588	(2,879)
Interest received	46	26
Income tax refund (paid)	206	(228)
Net cash generated from (used in) operating activities	840	(3,081)
Investing activities		
Proceeds from disposal of plant and equipment	9	-
Purchase of plant and equipment	(135)	(153)
Net cash used in investing activities	(126)	(153)
Financing activities		
Interest paid	(19)	(51)
Repayment of obligations under finance leases	(104)	(130)
Repayment of bank borrowings	-	(550)
Net cash used in financing activities	(123)	(731)
Net increase (decrease) in cash and cash equivalents	591	(3,965)
Cash and cash equivalents at beginning of period	30,809	31,699
Cash and cash equivalents at end of period (Note A)	31,400	27,734

Note

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

In S\$'000	1Q-16	1Q-15
Cash	31,441	27,778
Less: Cash pledged	(41)	(44)
Cash and cash equivalents	31,400	27,734

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity the</u>	<u>Non-controlling interests</u>	<u>Total</u>
Group								
Balance as at 1 January 2016	153,652	(859)	316	(672)	(89,878)	62,559	(1,828)	60,731
Total comprehensive income (loss) for the period								
(Loss) Profit for the period	-	-	-	-	(169)	(169)	262	93
Other comprehensive income for the period	-	-	-	162	-	162	42	204
Total	-	-	-	162	(169)	(7)	304	297
Transactions with owners, recognised directly in equity								
Transfer between reserves upon expiry of share options	-	-	(5)	-	5	-	-	-
Total	-	-	(5)	-	5	-	-	-
Balance as at 31 March 2016	<u>153,652</u>	<u>(859)</u>	<u>311</u>	<u>(510)</u>	<u>(90,042)</u>	<u>62,552</u>	<u>(1,524)</u>	<u>61,028</u>
Balance as at 1 January 2015	153,652	(859)	277	56	(93,938)	59,188	(771)	58,417
Total comprehensive income (loss) for the period								
Profit for the period	-	-	-	-	684	684	50	734
Other comprehensive loss for the period	-	-	-	(156)	-	(156)	(48)	(204)
Total	-	-	-	(156)	684	528	2	530
Transactions with owners, recognised directly in equity								
Recognition of share-based payments	-	-	11	-	-	11	-	11
Total	-	-	11	-	-	11	-	11
Balance as at 31 March 2015	<u>153,652</u>	<u>(859)</u>	<u>288</u>	<u>(100)</u>	<u>(93,254)</u>	<u>59,727</u>	<u>(769)</u>	<u>58,958</u>

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

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Issued Share Capital

There were no movements in the Company's issued share capital for the quarter ended 31 March 2016 and 31 March 2015.

As at 31 March 2016, the Company's issued and paid-up capital was \$153,652,141 (Q1-15: \$153,652,141) divided into 12,528,241,084 (Q1-15: \$12,528,241,084) shares.

Share options

The Company had a share option scheme known as mDR Limited Share Option Scheme 2003 which was approved by members of the Company at the Extraordinary General Meeting held on 13 January 2003. The Scheme expired on 12 January 2013. Upon expiration of the Scheme, no further share option can be granted but the provisions of the Scheme will remain in full force and effect in respect of any share options granted prior to the expiration but not exercised at the time of expiration.

At 31 March 2016, there were 43,485,000 (31 March 2015: 45,155,000) outstanding share options which would entitle the holders to subscribe for a total of 43,485,000 (31 March 2015: 45,155,000) ordinary shares. If exercised, these share options represent approximately 0.35% of the share capital consisting of 12,528,241,084 issued shares at 31 March 2016.

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

	Number of ordinary shares	
	31-Mar-16	31-Dec-15
Issued and paid up	<u>12,528,241,084</u>	<u>12,528,241,084</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

2. Whether the figures have been audited, or reviewed and in accordance with which standard

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2015.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2016, where applicable.

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

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(Losses) Earnings per ordinary share <i>(based on consolidated net (loss) profit attributable to equity holders of the Company)</i>	1Q-16 Cents	1Q-15 Cents
- Basic	(0.001)	0.005
- Fully diluted	<u>(0.001)</u>	<u>0.005</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 12,528,241,084 (1Q-15: 12,528,241,084).

In 1Q-15, fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 12,528,241,084.

In 1Q-16, the share options were antidilutive and hence disregarded in the calculation of diluted losses per share.

7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31-Mar-16 Cents	31-Dec-15 Cents	31-Mar-16 Cents	31-Dec-15 Cents
Net Asset Value ("NAV") per share	<u>0.50</u>	<u>0.50</u>	<u>0.47</u>	<u>0.47</u>

The NAV per share as at 31 March 2016 is calculated based on 12,528,241,084 (31 December 2015: 12,528,241,084) ordinary shares.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on

Revenue and Profit after income tax

The Group's revenue for 1Q-16 increased by 2% from \$74.9 million to \$76 million due mainly to the increase in revenue from AMS business. Revenue from the DMS and DPAS businesses however decreased by 2% and 3% respectively, from \$68.4 million to \$66.8 million and from \$1.8 million to \$1.7 million respectively in 1Q-16.

The Group's gross profit margin for 1Q-16 reduced to 9%. AMS margins were lower in the quarter due to higher cost of repairs. Gross margin for DPAS declined due to the increase in its imported raw material costs arising from the weaker Ringgit.

This resulted in a decrease of the Group's profits from \$0.7 million in 1Q-15 to \$0.1 million in 1Q-16.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

The Group expects the performance of its various local and overseas businesses to continue to be tempered by the uncertain global and local economic outlook, in addition to a challenging retail environment in Singapore. Operational and cost efficiencies will remain key focus areas in running the existing businesses, while the Group explores new growth areas to strengthen its revenue streams in the long term.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the period.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	111	-

Mr Ong Ghim Choon (Director and Chief Executive Officer of the Company) and his associate own a majority of the shares of Pacific Organisation Pte Ltd.

14. Use of proceeds

In 1Q-16, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

As at 31 March 2016, the balance un-utilized proceeds were \$13,912,000.

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

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

BY ORDER OF THE BOARD

Ong Ghim Choon
Chief Executive Officer

12 May 2016

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

We, Ng Tiak Soon and Ong Ghim Choon, being two directors of mDR Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2016 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Ng Tiak Soon
Chairman of Audit Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 12 May 2016