



MDR Limited

mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2017

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

| In S\$'000                                                                 | Notes | 1Q-17              | 1Q-16             | Inc/(Dec)<br>% |
|----------------------------------------------------------------------------|-------|--------------------|-------------------|----------------|
| <b>Revenue</b>                                                             | 1     | 72,879             | 76,010            | -4%            |
| Cost of sales                                                              | 1     | <u>(66,067)</u>    | <u>(69,175)</u>   | -4%            |
| <b>Gross profit</b>                                                        | 1     | 6,812              | 6,835             | 0%             |
| Other income                                                               | 2     | 163                | 432               | -62%           |
| Administrative expenses                                                    | 3     | (4,854)            | (5,124)           | -5%            |
| Other operating expenses                                                   | 4     | (2,076)            | (1,943)           | 7%             |
| Finance costs                                                              | 5     | <u>(24)</u>        | <u>(19)</u>       | 26%            |
| Total expenses                                                             |       | <u>(6,954)</u>     | <u>(7,086)</u>    | -2%            |
| <b>Operating profit before share of profit of associate and income tax</b> |       | <u>21</u>          | <u>181</u>        | -88%           |
| Share of profit of associate                                               |       | -                  | 1                 | N.M.           |
| <b>Profit before income tax</b>                                            |       | <u>21</u>          | <u>182</u>        | -88%           |
| Income tax expense                                                         | 6     | <u>(34)</u>        | <u>(89)</u>       | -62%           |
| <b>(Loss) Profit for the period</b>                                        |       | <u>(13)</u>        | <u>93</u>         | N.M.           |
| <b>Other comprehensive income</b>                                          |       |                    |                   |                |
| <i>Items that may be reclassified subsequently to profit or loss</i>       |       |                    |                   |                |
| Currency translation differences arising from consolidation                |       | <u>(40)</u>        | <u>204</u>        | N.M.           |
| <b>Other comprehensive (loss) income for the period, net of tax</b>        |       | <u>(40)</u>        | <u>204</u>        | N.M.           |
| <b>Total comprehensive (loss) income for the period</b>                    |       | <u><u>(53)</u></u> | <u><u>297</u></u> | N.M.           |
| <b>Profit (Loss) attributable to:</b>                                      |       |                    |                   |                |
| Owners of the Company                                                      |       | 188                | (169)             | N.M.           |
| Non-controlling interests                                                  |       | <u>(201)</u>       | <u>262</u>        | N.M.           |
| <b>Total comprehensive (loss) income</b>                                   |       | <u><u>(13)</u></u> | <u><u>93</u></u>  | N.M.           |
| <b>Total comprehensive (loss) income attributable to:</b>                  |       |                    |                   |                |
| Owners of the Company                                                      |       | 115                | (7)               | N.M.           |
| Non-controlling interests                                                  |       | <u>(168)</u>       | <u>304</u>        | N.M.           |
|                                                                            |       | <u><u>(53)</u></u> | <u><u>297</u></u> | N.M.           |

N.M: Not Meaningful

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

### Note 1 Revenue, Cost of Sales and Gross Profit

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

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

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

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

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

### Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

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

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

**Note 4** Other operating expenses consist of the following:

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

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

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

**Note 5** Finance costs

Finance costs comprise interests on finance leases.

**Note 6** Income tax expenses

The tax expense provision is calculated for profitable subsidiaries.

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

| In S\$'000                                             | Notes | Group                |                      | Company              |                      |
|--------------------------------------------------------|-------|----------------------|----------------------|----------------------|----------------------|
|                                                        |       | 31-Mar-17            | 31-Dec-16            | 31-Mar-17            | 31-Dec-16            |
| <b>ASSETS</b>                                          |       |                      |                      |                      |                      |
| <b>Current assets</b>                                  |       |                      |                      |                      |                      |
| Cash and bank balances                                 |       | 36,039               | 30,817               | 20,475               | 22,090               |
| Trade receivables                                      | 1     | 14,791               | 20,867               | 2,870                | 3,554                |
| Other receivables and prepayments                      | 2     | 4,606                | 5,401                | 15,432               | 14,119               |
| Inventories                                            | 3     | 18,431               | 20,232               | 1,662                | 2,092                |
| Assets classified as held for sale                     | 4     | 181                  | -                    | -                    | -                    |
| <b>Total current assets</b>                            |       | <u>74,048</u>        | <u>77,317</u>        | <u>40,439</u>        | <u>41,855</u>        |
| <b>Non-current assets</b>                              |       |                      |                      |                      |                      |
| Investment in subsidiaries                             |       | -                    | -                    | 20,835               | 20,835               |
| Investment in an associate                             |       | 13                   | 14                   | -                    | -                    |
| Plant and equipment                                    |       | 9,779                | 4,271                | 366                  | 391                  |
| Goodwill                                               |       | 2,798                | 2,798                | -                    | -                    |
| Other receivables and prepayment                       | 2     | -                    | 839                  | -                    | -                    |
| <b>Total non-current assets</b>                        |       | <u>12,590</u>        | <u>7,922</u>         | <u>21,201</u>        | <u>21,226</u>        |
| <b>Total assets</b>                                    |       | <u><u>86,638</u></u> | <u><u>85,239</u></u> | <u><u>61,640</u></u> | <u><u>63,081</u></u> |
| <b>Current liabilities</b>                             |       |                      |                      |                      |                      |
| Bank loans                                             |       | 398                  | -                    | -                    | -                    |
| Trade payables                                         | 5     | 9,367                | 13,572               | 1,923                | 2,888                |
| Other payables                                         | 6     | 7,508                | 7,341                | 976                  | 947                  |
| Current portion of finance leases                      |       | 545                  | 570                  | 85                   | 83                   |
| Income tax payable                                     |       | 28                   | 7                    | -                    | -                    |
| <b>Total current liabilities</b>                       |       | <u>17,846</u>        | <u>21,490</u>        | <u>2,984</u>         | <u>3,918</u>         |
| <b>Non-current liabilities</b>                         |       |                      |                      |                      |                      |
| Bank loans                                             |       | 5,242                | -                    | -                    | -                    |
| Finance leases                                         |       | 847                  | 991                  | 28                   | 50                   |
| Deferred tax liabilities                               |       | 116                  | 118                  | -                    | -                    |
| <b>Total non-current liabilities</b>                   |       | <u>6,205</u>         | <u>1,109</u>         | <u>28</u>            | <u>50</u>            |
| <b>Capital, reserves and non-controlling interests</b> |       |                      |                      |                      |                      |
| Share capital                                          |       | 153,652              | 153,652              | 153,652              | 153,652              |
| Capital reserve                                        |       | (859)                | (859)                | 22                   | 22                   |
| Share options reserve                                  |       | 290                  | 311                  | 290                  | 311                  |
| Foreign currency translation reserve                   |       | (898)                | (825)                | -                    | -                    |
| Accumulated losses                                     |       | (87,724)             | (87,933)             | (95,336)             | (94,872)             |
| <b>Equity attributable to owners of the Company</b>    |       | <u>64,461</u>        | <u>64,346</u>        | <u>58,628</u>        | <u>59,113</u>        |
| Non-controlling interests                              |       | (1,874)              | (1,706)              | -                    | -                    |
| <b>Total equity</b>                                    |       | <u>62,587</u>        | <u>62,640</u>        | <u>58,628</u>        | <u>59,113</u>        |
| <b>Total liabilities and equity</b>                    |       | <u><u>86,638</u></u> | <u><u>85,239</u></u> | <u><u>61,640</u></u> | <u><u>63,081</u></u> |

## Notes

### 1 Trade receivables

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

### 2 Other receivables and prepayments

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

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

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

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

### 3 Inventories

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

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

### 4 Assets classified as held for sale

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

### 5 Trade payables

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

### 6 Other payables

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

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

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

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

**Amount repayable after one year**

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

**Details of collateral**

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

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

| In S\$'000                                                      | 1Q-17          | 1Q-16         |
|-----------------------------------------------------------------|----------------|---------------|
| <b>Operating activities</b>                                     |                |               |
| Profit before income tax                                        | 21             | 182           |
| Adjustments for:                                                |                |               |
| Depreciation expense                                            | 383            | 387           |
| Interest expense                                                | 24             | 19            |
| Interest income                                                 | (32)           | (46)          |
| Allowance for doubtful trade receivables                        | 81             | -             |
| (Gain) Loss on disposal of plant and equipment                  | (67)           | 4             |
| Plant and equipment written off                                 | 56             | 57            |
| Provision for closure costs                                     | 198            | -             |
| Allowance for inventories                                       | 102            | 126           |
| Net foreign exchange loss                                       | 84             | 190           |
| <b>Operating cash flows before movements in working capital</b> | <b>850</b>     | <b>919</b>    |
| Trade receivables                                               | 5,995          | 925           |
| Other receivables and prepayments                               | 405            | (120)         |
| Inventories                                                     | 1,699          | (4,732)       |
| Trade payables                                                  | (4,205)        | 4,712         |
| Other payables                                                  | (23)           | (1,116)       |
| <b>Cash generated from operations</b>                           | <b>4,720</b>   | <b>588</b>    |
| Interest received                                               | 32             | 46            |
| Income tax refund                                               | 375            | 206           |
| <b>Net cash generated from operating activities</b>             | <b>5,128</b>   | <b>840</b>    |
| <b>Investing activities</b>                                     |                |               |
| Proceeds from disposal of plant and equipment                   | 394            | 9             |
| Purchase of plant and equipment                                 | (5,775)        | (135)         |
| <b>Net cash used in investing activities</b>                    | <b>(5,381)</b> | <b>(126)</b>  |
| <b>Financing activities</b>                                     |                |               |
| Interest paid                                                   | (24)           | (19)          |
| Repayment of obligations under finance leases                   | (140)          | (104)         |
| Cash pledged                                                    | (1,400)        | -             |
| Repayment of bank borrowings                                    | (44)           | -             |
| Proceeds from bank borrowings                                   | 5,684          | -             |
| <b>Net cash generated from (used in) financing activities</b>   | <b>4,076</b>   | <b>(123)</b>  |
| Net increase in cash and cash equivalents                       | 3,823          | 591           |
| Cash and cash equivalents at beginning of period                | 30,778         | 30,809        |
| <b>Cash and cash equivalents at end of period (Note A)</b>      | <b>34,601</b>  | <b>31,400</b> |

**Note**

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

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

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

| <u>In S\$'000</u>                                              | <u>Share capital</u> | <u>Capital reserve</u> | <u>Share options reserve</u> | <u>Currency translation reserve</u> | <u>Accumulated losses</u> | <u>Attributable to equity the Company</u> | <u>Non-controlling interests</u> | <u>Total</u>  |
|----------------------------------------------------------------|----------------------|------------------------|------------------------------|-------------------------------------|---------------------------|-------------------------------------------|----------------------------------|---------------|
| <b>Group</b>                                                   |                      |                        |                              |                                     |                           |                                           |                                  |               |
| <b>Balance as at 1 January 2017</b>                            | 153,652              | (859)                  | 311                          | (825)                               | (87,933)                  | 64,346                                    | (1,706)                          | 62,640        |
| <b>Total comprehensive income (loss) for the period</b>        |                      |                        |                              |                                     |                           |                                           |                                  |               |
| Profit (Loss) for the period                                   | -                    | -                      | -                            | -                                   | 188                       | 188                                       | (201)                            | (13)          |
| Other comprehensive (loss) income for the period               | -                    | -                      | -                            | (73)                                | -                         | (73)                                      | 33                               | (40)          |
| <b>Total</b>                                                   | -                    | -                      | -                            | (73)                                | 188                       | 115                                       | (168)                            | (53)          |
| <b>Transactions with owners, recognised directly in equity</b> |                      |                        |                              |                                     |                           |                                           |                                  |               |
| Transfer between reserves upon expiry of share options         | -                    | -                      | (21)                         | -                                   | 21                        | -                                         | -                                | -             |
| <b>Total</b>                                                   | -                    | -                      | (21)                         | -                                   | 21                        | -                                         | -                                | -             |
| <b>Balance as at 31 March 2017</b>                             | <u>153,652</u>       | <u>(859)</u>           | <u>290</u>                   | <u>(898)</u>                        | <u>(87,724)</u>           | <u>64,461</u>                             | <u>(1,874)</u>                   | <u>62,587</u> |
| <b>Balance as at 1 January 2016</b>                            | 153,652              | (859)                  | 316                          | (672)                               | (89,878)                  | 62,559                                    | (1,828)                          | 60,731        |
| <b>Total comprehensive income (loss) for the period</b>        |                      |                        |                              |                                     |                           |                                           |                                  |               |
| (Loss) Profit for the period                                   | -                    | -                      | -                            | -                                   | (169)                     | (169)                                     | 262                              | 93            |
| Other comprehensive income for the period                      | -                    | -                      | -                            | 162                                 | -                         | 162                                       | 42                               | 204           |
| <b>Total</b>                                                   | -                    | -                      | -                            | 162                                 | (169)                     | (7)                                       | 304                              | 297           |
| <b>Transactions with owners, recognised directly in equity</b> |                      |                        |                              |                                     |                           |                                           |                                  |               |
| Transfer between reserves upon expiry of share options         | -                    | -                      | (5)                          | -                                   | 5                         | -                                         | -                                | -             |
| <b>Total</b>                                                   | -                    | -                      | (5)                          | -                                   | 5                         | -                                         | -                                | -             |
| <b>Balance as at 31 March 2016</b>                             | <u>153,652</u>       | <u>(859)</u>           | <u>311</u>                   | <u>(510)</u>                        | <u>(90,042)</u>           | <u>62,552</u>                             | <u>(1,524)</u>                   | <u>61,028</u> |

| <u>In S\$'000</u><br>Company                                              | <u>Share<br/>capital</u> | <u>Capital<br/>reserve</u> | <u>Share<br/>options<br/>reserve</u> | <u>Accumulated<br/>losses</u> | <u>Total</u>  |
|---------------------------------------------------------------------------|--------------------------|----------------------------|--------------------------------------|-------------------------------|---------------|
| <b>Balance as at 1 January 2017</b>                                       | 153,652                  | 22                         | 311                                  | (94,872)                      | 59,113        |
| Loss for the period, representing total comprehensive loss for the period | -                        | -                          | -                                    | (485)                         | (485)         |
| <b>Transactions with owners, recognised directly in equity</b>            |                          |                            |                                      |                               |               |
| Transfer between reserves upon expiry of share options                    | -                        | -                          | (21)                                 | 21                            | -             |
| <b>Total</b>                                                              | -                        | -                          | (21)                                 | 21                            | -             |
| <b>Balance as at 31 March 2017</b>                                        | <u>153,652</u>           | <u>22</u>                  | <u>290</u>                           | <u>(95,336)</u>               | <u>58,628</u> |
| <b>Balance as at 1 January 2016</b>                                       | 153,652                  | 22                         | 316                                  | (95,185)                      | 58,805        |
| Loss for the period, representing total comprehensive loss for the period | -                        | -                          | -                                    | (529)                         | (529)         |
| <b>Transactions with owners, recognised directly in equity</b>            |                          |                            |                                      |                               |               |
| Transfer between reserves upon expiry of share options                    | -                        | -                          | (5)                                  | 5                             | -             |
| <b>Total</b>                                                              | -                        | -                          | (5)                                  | 5                             | -             |
| <b>Balance as at 31 March 2016</b>                                        | <u>153,652</u>           | <u>22</u>                  | <u>311</u>                           | <u>(95,709)</u>               | <u>58,276</u> |

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

**Issued Share Capital**

There were no movements in the Company's issued share capital for the quarter ended 31 March 2017 and 31 March 2016.

As at 31 March 2017, the Company's issued and paid-up capital was \$153,652,141 (Q1-16: \$153,652,141) divided into 12,528,241,084 (Q1-16: 12,528,241,084) shares.

**Share options**

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

At 31 March 2017, there were 32,605,000 (31 March 2016: 43,485,000) outstanding share options which would entitle the holders to subscribe for a total of 32,605,000 (31 March 2016: 43,485,000) ordinary shares. If exercised, these share options represent approximately 0.26% of the share capital consisting of 12,528,241,084 issued shares at 31 March 2017.

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

|                    | <b>Number of ordinary shares</b> |                       |
|--------------------|----------------------------------|-----------------------|
|                    | <b>31-Mar-17</b>                 | <b>31-Dec-16</b>      |
| Issued and paid up | <u>12,528,241,084</u>            | <u>12,528,241,084</u> |

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

Not applicable

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

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

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

Not applicable

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the financial year ended 31 December 2016.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") for accounting periods beginning 1 January 2017, where applicable.

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

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

| <b>Earnings (Losses) per ordinary share</b><br><i>(based on consolidated net profit (loss)<br/>attributable to equity holders of the Company)</i> | <b>1Q-17</b><br><b>Cents</b> | <b>1Q-16</b><br><b>Cents</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| - Basic                                                                                                                                           | 0.002                        | (0.001)                      |
| - Fully diluted                                                                                                                                   | <u>0.002</u>                 | <u>(0.001)</u>               |

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 12,528,241,084 (1Q-16: 12,528,241,084).

In 1Q-17, fully diluted earnings per ordinary share is computed based on the weighted average number of shares during the period adjusted for the effect of all potential dilutive ordinary shares of 12,528,241,084.

In 1Q-16 and 1Q-17, the share options were antidilutive and hence disregarded in the calculation of diluted earnings (losses) per share.

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

|                                   | Group              |                    | Company            |                    |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                   | 31-Mar-17<br>Cents | 31-Dec-16<br>Cents | 31-Mar-17<br>Cents | 31-Dec-16<br>Cents |
| Net Asset Value ("NAV") per share | <u>0.51</u>        | <u>0.51</u>        | <u>0.47</u>        | <u>0.47</u>        |

The NAV per share as at 31 March 2017 is calculated based on 12,528,241,084 (31 December 2016: 12,528,241,084) ordinary shares.

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

**Revenue and Profit after income tax**

The Group's revenue decreased by 4% from \$76 million in 1Q-16 to \$72.9 million in 1Q-17, due mainly to the decrease in revenue from DMS business from \$66.8 million to \$63.3 million. The decline in DMS revenue was however mitigated by a 5% increase in AMS revenue from \$7.5 million in 1Q-16 to \$7.9 million in 1Q-17. Despite an 18% decline in AMS repair volume in 1Q17, AMS revenue was higher due mainly to more out-of-warranty repairs.

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

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

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

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

Not applicable

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

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

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

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommended for the period.

**13. Interested Person Transactions**

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

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

**14. Use of proceeds**

In 1Q-17, the Company did not utilize any proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011.

As at 31 March 2017, the balance of proceeds were \$13,912,000.

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

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

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**

**11 May 2017**

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

We, Ng Tiak Soon and Ong Ghim Choon, being two directors of mDR Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter 2017 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Ng Tiak Soon  
Chairman of Audit Committee

Ong Ghim Choon  
Chief Executive Officer

Singapore, 11 May 2017