



mDR Limited

Second Quarter Financial Statements for the Period Ended 30 June 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	2Q-17	2Q-16	Inc/(Dec) %	YTD-17	YTD-16	Inc/(Dec) %
Continuing operations							
Revenue	1	73,110	62,733	17%	135,750	128,907	5%
Cost of sales	1	<u>(65,599)</u>	<u>(56,118)</u>	17%	<u>(121,740)</u>	<u>(115,851)</u>	5%
Gross profit	1	7,511	6,615	14%	14,010	13,056	7%
Other income	2	203	54	N.M.	366	486	-25%
Administrative expenses	3	(4,724)	(4,375)	8%	(9,204)	(9,069)	1%
Other operating expenses	4	(1,553)	(1,343)	16%	(3,284)	(3,388)	-3%
Finance costs	5	<u>(113)</u>	<u>(28)</u>	N.M.	<u>(137)</u>	<u>(47)</u>	N.M.
Total expenses		<u>(6,390)</u>	<u>(5,746)</u>	11%	<u>(12,625)</u>	<u>(12,504)</u>	1%
Operating profit before share of profit of associate and income tax		<u>1,324</u>	<u>923</u>	43%	<u>1,751</u>	<u>1,038</u>	69%
Share of profit of associate		<u>2</u>	<u>2</u>	0%	<u>2</u>	<u>3</u>	-33%
Profit before income tax		1,326	925	43%	1,753	1,041	68%
Income tax expense	6	<u>(120)</u>	<u>(170)</u>	-29%	<u>(154)</u>	<u>(259)</u>	-41%
Profit for the period from continuing operations		1,206	755	60%	1,599	782	104%
Discontinued operations							
Profit (Loss) for the period from discontinued operations	7	<u>65</u>	<u>(54)</u>	N.M.	<u>(341)</u>	<u>12</u>	N.M.
Profit for the period		1,271	701		1,258	794	
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Revaluation on available-for-sale investment		54	-	N.M.	54	-	N.M.
Currency translation differences arising on consolidation		<u>35</u>	<u>(99)</u>	N.M.	<u>(5)</u>	<u>105</u>	N.M.
Other comprehensive profit (loss) for the period, net of tax		89	(99)	N.M.	49	105	-53%
Total comprehensive income for the period		<u>1,360</u>	<u>602</u>	N.M.	<u>1,307</u>	<u>899</u>	45%
Profit (Loss) attributable to:							
Owners of the Company		1,201	536	N.M.	1,389	367	N.M.
Non-controlling interests		<u>70</u>	<u>165</u>	-58%	<u>(131)</u>	<u>427</u>	N.M.
Total comprehensive income		<u>1,271</u>	<u>701</u>	81%	<u>1,258</u>	<u>794</u>	58%
Total comprehensive income (loss) attributable to:							
Owners of the Company		1,280	424	N.M.	1,395	417	N.M.
Non-controlling interests		<u>80</u>	<u>178</u>	-55%	<u>(88)</u>	<u>482</u>	N.M.
		<u>1,360</u>	<u>602</u>	N.M.	<u>1,307</u>	<u>899</u>	45%

N.M. : Not Meaningful

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

Note 1 Revenue, cost of sales and gross profit

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

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

In S\$'000	2Q-17	2Q-16	YTD-17	YTD-16
Revenue				
AMS	6,247	7,529	14,179	15,017
DMS	64,597	53,354	117,836	110,452
DPAS	2,266	1,850	3,735	3,438
	<u>73,110</u>	<u>62,733</u>	<u>135,750</u>	<u>128,907</u>
Cost of goods sold				
AMS	(4,524)	(5,819)	(10,781)	(11,735)
DMS	(59,502)	(48,999)	(108,344)	(101,745)
DPAS	(1,573)	(1,300)	(2,615)	(2,371)
	<u>(65,599)</u>	<u>(56,118)</u>	<u>(121,740)</u>	<u>(115,851)</u>
Gross profit				
AMS	1,723	1,710	3,398	3,282
DMS	5,095	4,355	9,492	8,707
DPAS	693	550	1,120	1,067
	<u>7,511</u>	<u>6,615</u>	<u>14,010</u>	<u>13,056</u>
GP%				
AMS	28%	23%	24%	22%
DMS	8%	8%	8%	8%
DPAS	31%	30%	30%	31%
	<u>10%</u>	<u>11%</u>	<u>10%</u>	<u>10%</u>

Gross margin for AMS increased from 23% to 28% quarter-on-quarter and from 22% to 24% year-on-year, mainly due to the change in repair mix and higher volume for out-of-warranty repair jobs.

Note 2 Other income consists of the following:

In S\$'000	2Q-17	2Q-16	YTD-17	YTD-16
Interest income	106	39	138	85
Dividend income	67	-	67	-
Rental income	-	-	-	6
Bad debts recovered - trade	-	12	-	12
Wage credit	-	-	121	314
Others	30	3	40	69
	<u>203</u>	<u>54</u>	<u>366</u>	<u>486</u>

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	2Q-17	2Q-16	YTD-17	YTD-16
Staff Cost				
AMS	1,172	1,194	2,379	2,507
DMS	1,933	1,788	3,767	3,673
DPAS	208	185	410	362
Management and HQ support staff costs (including Directors' fees)	670	591	1,209	1,120
	<u>3,983</u>	<u>3,758</u>	<u>7,765</u>	<u>7,662</u>

DMS recorded an increase of 21% in sales in 2Q-17 compared to 2Q-16; as such the staff costs increased by 8%, mainly from higher sales commission.

Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	2Q-17	2Q-16	YTD-17	YTD-16
Rental expenses	1,245	1,199	2,495	2,482
Depreciation expenses	181	64	355	378
Plant and equipment written off	2	12	2	69
Gain on disposal of plant and equipment	(22)	(10)	(47)	(6)
Reversal of impairment on plant and equipment	-	(1)	-	(1)
Allowance for doubtful trade receivables	15	-	14	-
Bad debts written off - trade	2	-	2	-
Allowance for inventories	123	68	245	189
Foreign exchange loss	7	11	218	277
	<u>1,553</u>	<u>1,343</u>	<u>3,284</u>	<u>3,388</u>

Lower allowance for inventories in 2Q-16 was mainly due to the reversal of stock provision made against its inventory.

Note 5 Finance costs

Finance cost comprises interests on finance leases and bank borrowings.

Note 6 Income tax expense

The tax provision is calculated for profitable subsidiaries.

Note 7 Income statement for discontinued operations

In S\$'000	2Q-17	2Q-16	YTD-17	YTD-16
Revenue	7	13,252	10,246	23,088
Cost of sales	<u>(10)</u>	<u>(12,869)</u>	<u>(9,936)</u>	<u>(22,311)</u>
Gross (loss) profit	(3)	383	310	777
Other operating income	9	7	9	7
Administrative expenses	(4)	(454)	(378)	(884)
Other operating expenses	<u>63</u>	<u>10</u>	<u>(282)</u>	<u>112</u>
Profit (Loss) before income tax	65	(54)	(341)	12
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit (Loss) for the period from discontinued operations	<u>65</u>	<u>(54)</u>	<u>(341)</u>	<u>12</u>
Profit (Loss) attributable to:				
Owners of the Company	3	(154)	(189)	(332)
Non-controlling interests	<u>62</u>	<u>100</u>	<u>(152)</u>	<u>344</u>
	<u>65</u>	<u>(54)</u>	<u>(341)</u>	<u>12</u>

The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

Discontinued operations relate to operations in Myanmar inclusive of MDR Myanmar Co., Ltd, Golden Myanmar Sea Co., Ltd, Pixio Myanmar Co., Ltd and MDR Golden Myanmar Sea Co., Ltd, with the latter 2 entities having ceased their business operations in March 2017.

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

In S\$'000	Notes	Group		Company	
		30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
ASSETS					
Current assets					
Cash and bank balances		19,935	30,817	10,097	22,090
Trade receivables	1	13,408	20,867	2,399	3,554
Other receivables and prepayments	2	9,278	5,401	18,102	14,119
Inventories	3	22,075	20,232	1,541	2,092
Total current assets		<u>64,696</u>	<u>77,317</u>	<u>32,139</u>	<u>41,855</u>
Non-current assets					
Investment in subsidiaries		-	-	20,835	20,835
Investment in an associate		16	14	-	-
Plant and equipment	4	10,190	4,271	356	391
Goodwill		2,798	2,798	-	-
Available for sale investments	5	11,348	-	11,348	-
Prepayments	2	-	839	-	-
Total non-current assets		<u>24,352</u>	<u>7,922</u>	<u>32,539</u>	<u>21,226</u>
Total assets		<u>89,048</u>	<u>85,239</u>	<u>64,678</u>	<u>63,081</u>
Current liabilities					
Bank loans	6	1,350	-	-	-
Trade payables	7	8,508	13,572	1,605	2,888
Other payables	8	10,006	7,341	4,601	947
Current portion of finance leases		533	570	86	83
Income tax payable		90	7	-	-
Total current liabilities		<u>20,487</u>	<u>21,490</u>	<u>6,292</u>	<u>3,918</u>
Non-current liabilities					
Bank loans	6	5,059	-	-	-
Finance leases		737	991	7	50
Deferred tax liabilities		118	118	-	-
Total non-current liabilities		<u>5,914</u>	<u>1,109</u>	<u>7</u>	<u>50</u>
Capital, reserves and non-controlling interests					
Share capital		153,652	153,652	153,652	153,652
Capital reserve		(859)	(859)	22	22
Investment revaluation reserve		54	-	54	-
Share options reserve		155	311	155	311
Foreign currency translation reserve		(873)	(825)	-	-
Accumulated losses		(87,688)	(87,933)	(95,504)	(94,872)
Equity attributable to owners of the Company		<u>64,441</u>	<u>64,346</u>	<u>58,379</u>	<u>59,113</u>
Non-controlling interests		(1,794)	(1,706)	-	-
Total equity		<u>62,647</u>	<u>62,640</u>	<u>58,379</u>	<u>59,113</u>
Total liabilities and equity		<u>89,048</u>	<u>85,239</u>	<u>64,678</u>	<u>63,081</u>

Notes

1 Trade receivables

The Group's trade receivables turnover as at 30 June 2017 is 21 days (31 December 2016: 22 days).

2 Other receivables and prepayments

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

S\$'000	30-Jun-17	31-Dec-16
Rental deposits	1,461	1,413
Other receivables	6,929	2,758
Prepayments - current	258	776
Prepayments – non-current	-	258
Deposits for the purchase of property – non-current	-	581

Other receivables of \$6.9 million as at 30 June 2017 comprised mainly of \$1.0 million to be received from principals in relation to sell through, advertising and promotion support and \$5.0 million loan to a third party.

Prepayments of \$0.3 million as at 30 June 2017 comprised mainly of deposits for the purchase of raw materials and equipment spare parts, prepayment of maintenance contract for equipment and for the last 2 months equipment hire purchase instalments, of \$0.2 million for DPAS operation.

3 Inventories

The Group's inventory turnover for the quarter ended 30 June 2017 is 29 days (31 December 2016: 24 days).

Group inventories as at 30 June 2017 stood at \$22.1 million (31 December 2016: \$20.2 million) with the increase in inventory holding mainly due to the purchase of prepaid cards towards period end to meet market demand.

4 Plant and equipment

The increase in plant and equipment was mainly attributable to the purchase of property in Malaysia for DPAS operations.

5 Available for sale investments

Available-for-sale investments pertain to the investment in marketable securities during the period.

6 Bank loans

Bank loans comprised mainly of new bank loans secured during the period for the financing of new property in Malaysia for DPAS operations.

7 Trade payables

The Group's trade payables turnover as at 30 June 2017 is 15 days (31 December 2016: 15 days).

8 Other payables

The Group's other payables consist of the following:

S\$'000	30-June-17	31-Dec-16
Advertising, promotion and sell through funds from principals	1,201	1,485
Accrued staff costs	1,146	1,169
Other accrued operating expenses	891	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 30-June-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,883	-	570	-

Amount repayable after one year

As at 30-June-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,796	-	991	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.3 million on certain motor vehicles and machinery, and bank loan of \$6.4 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	2Q-17	2Q-16	YTD-17	YTD-16
Operating activities				
Profit before income tax from continuing operations	1,326	925	1,753	1,041
Profit (Loss) before income tax from discontinued operations	65	(54)	(341)	12
	<u>1,391</u>	<u>871</u>	<u>1,412</u>	<u>1,053</u>
Adjustments for:				
Depreciation expenses	350	422	733	809
Interest expenses	113	28	137	47
Interest income	(106)	(39)	(138)	(85)
Gain on disposal of plant and equipment	(54)	(13)	(121)	(9)
Plant and equipment written off	12	12	68	69
Provision for shop closure costs	7	-	205	-
Allowance for inventories	127	75	229	201
Reversal of impairment on plant and equipment	-	(1)	-	(1)
(Reversal of) allowance for doubtful trade receivables	(44)	-	37	-
Bad debts written off - trade	2	-	2	-
Share of profit of an associate	(2)	(2)	(2)	(3)
Net foreign exchange (gain) loss	30	(96)	114	95
Operating cash flows before movements in working capital	<u>1,826</u>	<u>1,257</u>	<u>2,676</u>	<u>2,176</u>
Trade receivables	1,425	630	7,420	1,555
Other receivables and prepayments	288	(126)	693	(246)
Inventories	(3,771)	979	(2,072)	(3,753)
Trade payables	(859)	(3,493)	(5,064)	1,219
Other payables	2,491	521	2,468	(595)
Cash (used in) generated from operations	<u>1,400</u>	<u>(232)</u>	<u>6,121</u>	<u>356</u>
Income tax (paid) refund	(16)	(133)	359	73
Interest received	106	39	138	85
Net cash generated from (used in) operating activities	<u>1,490</u>	<u>(326)</u>	<u>6,618</u>	<u>514</u>
Investing activities				
Proceeds from disposal of plant and equipment	228	44	622	53
Purchase of plant and equipment (Note A)	(649)	(328)	(6,424)	(463)
Purchase of available-for-sale investment	(11,294)	-	(11,294)	-
Net cash used in investing activities	<u>(11,715)</u>	<u>(284)</u>	<u>(17,096)</u>	<u>(410)</u>
Financing activities				
Interest paid	(113)	(28)	(137)	(47)
Repayment of obligations under finance leases	(142)	(128)	(282)	(232)
Dividends paid to shareholders	(1,300)	(1,000)	(1,300)	(1,000)
Cash pledge	-	-	(1,400)	-
Loan to a third party	(5,000)	-	(5,000)	-
Repayment of bank borrowings	(1,125)	-	(1,169)	-
Proceeds from bank borrowings	1,800	-	7,484	-
Net cash used in financing activities	<u>(5,880)</u>	<u>(1,156)</u>	<u>(1,804)</u>	<u>(1,279)</u>
Net decrease in cash and cash equivalents	(16,105)	(1,766)	(12,282)	(1,175)
Cash and cash equivalents at beginning of period	34,601	31,400	30,778	30,809
Cash and cash equivalents at end of period	<u>18,496</u>	<u>29,634</u>	<u>18,496</u>	<u>29,634</u>

Notes

A. Purchase of plant and equipment:

In 2Q-17, the Group acquired plant and equipment with an aggregate cost of \$649,000 (2Q-16: \$ 1,153,000) of which \$Nil (2016: \$825,000) was acquired under finance lease arrangements.

In YTD-17, the Group acquired plant and equipment with an aggregate cost of \$6,424,000 (YTD-16: \$1,288,000) of which \$Nil (2016: \$825,000) was acquired under finance lease arrangements.

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

In S\$'000	2Q-17	2Q-16
Cash	19,935	29,674
Less: Cash pledged	(1,439)	(40)
Cash and cash equivalents	<u>18,496</u>	<u>29,634</u>

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

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Share options reserve</u>	<u>Currency translation reserve</u>	<u>Accumulated losses</u>	<u>Attributable to equity holders of the Company</u>	<u>Non-controlling interests</u>	<u>Total</u>
Group									
Balance as at 1 January 2017	153,652	(859)	-	311	(825)	(87,933)	64,346	(1,706)	62,640
Total comprehensive income (loss) for the period									
Profit (Loss) for the period	-	-	-	-	-	188	188	(201)	(13)
Other comprehensive (loss) income for the period	-	-	-	-	(73)	-	(73)	33	(40)
Total	-	-	-	-	(73)	188	115	(168)	(53)
Transactions with owners, recognised directly in equity									
Transfer between reserves upon expiry of share option:	-	-	-	(21)	-	21	-	-	-
Total	-	-	-	(21)	-	21	-	-	-
Balance as at 31 March 2017	153,652	(859)	-	290	(898)	(87,724)	64,461	(1,874)	62,587
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	1,201	1,201	70	1,271
Other comprehensive income for the period	-	-	54	-	25	-	79	10	89
Total	-	-	54	-	25	1,201	1,280	80	1,360
Transactions with owners, recognised directly in equity									
Dividends	-	-	-	-	-	(1,300)	(1,300)	-	(1,300)
Transfer between reserves upon expiry of share option:	-	-	-	(135)	-	135	-	-	-
Total	-	-	-	(135)	-	(1,165)	(1,300)	-	(1,300)
Balance as at 30 June 2017	<u>153,652</u>	<u>(859)</u>	<u>54</u>	<u>155</u>	<u>(873)</u>	<u>(87,688)</u>	<u>64,441</u>	<u>(1,794)</u>	<u>62,647</u>

In S\$'000	Share capital	Capital reserve	Investment revaluation reserve	Share options reserve	Currency translation reserve	Accumulated losses	Attributable to equity holders of the Company	Non-controlling interests	Total
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 option:	-	-	-	(5)	-	5	-	-	-
Total	-	-	-	(5)	-	5	-	-	-
Balance as at 31 March 2016	153,652	(859)	-	311	(510)	(90,042)	62,552	(1,524)	61,028
Total comprehensive income (loss) for the period									
Profit for the period	-	-	-	-	-	536	536	165	701
Other comprehensive (loss) income for the period	-	-	-	-	(112)	-	(112)	13	(99)
Total	-	-	-	-	(112)	536	424	178	602
Transactions with owners, recognised directly in equity									
Dividends	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Total	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Balance as at 30 June 2016	<u>153,652</u>	<u>(859)</u>	<u>-</u>	<u>311</u>	<u>(622)</u>	<u>(90,506)</u>	<u>61,976</u>	<u>(1,346)</u>	<u>60,630</u>

<u>In S\$'000</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
Company						
Balance as at 1 January 2017	153,652	22	-	311	(94,872)	59,113
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(485)	(485)
Transactions with owners, recognised directly in equity						
Transfer between reserves upon expiry of share options	-	-	-	(21)	21	-
Total	-	-	-	(21)	21	-
Balance as at 31 March 2017	153,652	22	-	290	(95,336)	58,628
Total comprehensive income for the period						
Profit for the period	-	-	-	-	997	997
Other comprehensive income	-	-	54	-	-	54
Total	-	-	54	-	997	1,051
Transactions with owners, recognised directly in equity						
Dividends	-	-	-	-	(1,300)	(1,300)
Transfer between reserves upon expiry of share options	-	-	-	(135)	135	-
Total	-	-	-	(135)	(1,165)	(1,300)
Balance as at 30 June 2017	<u>153,652</u>	<u>22</u>	<u>54</u>	<u>155</u>	<u>(95,504)</u>	<u>58,379</u>
Balance as at 1 January 2016	153,652	22	-	316	(95,185)	58,805
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(529)	(529)
Transactions with owners, recognised directly in equity						
Transfer between reserves upon expiry of share options	-	-	-	(5)	5	-
Total	-	-	-	(5)	5	-
Balance as at 31 March 2016	153,652	22	-	311	(95,709)	58,276
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(3)	(3)
Transactions with owners, recognised directly in equity						
Dividends	-	-	-	-	(1,000)	(1,000)
Total	-	-	-	-	(1,000)	(1,000)
Balance as at 30 June 2016	<u>153,652</u>	<u>22</u>	<u>-</u>	<u>311</u>	<u>(96,712)</u>	<u>57,273</u>

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

Issued share capital

There were no movements in the Company's issued share capital for the quarter ended 30 June 2017 and 30 June 2016.

As at 30 June 2017, the Company's issued and paid-up capital was \$153,652,141 (2Q-16: \$153,652,141) divided into 12,528,241,084 (2Q-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 30 June 2017, there were 7,800,000 (30 June 2016: 43,485,000) outstanding share options which would entitle the holders to subscribe for a total of 7,800,000 (30 June 2016: 43,485,000) ordinary shares. If exercised, these share options represent approximately 0.06% of the share capital consisting of 12,528,241,084 issued shares at 30 June 2017.

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

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

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

Not applicable

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

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

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

Not applicable

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

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

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

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

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

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

Earnings (Losses) per ordinary share <i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	2Q-17	2Q-16	YTD-17	YTD-16
	cents	cents	cents	cents
From continuing and discontinued operations:				
- Basic	0.010	0.004	0.011	0.003
- Fully diluted	0.010	0.004	0.011	0.003
From continuing operations:				
- Basic	0.010	0.005	0.013	0.006
- Fully diluted	0.010	0.005	0.013	0.006
From discontinued operations:				
- Basic	-	(0.001)	(0.002)	(0.003)
- Fully diluted	-	(0.001)	(0.002)	(0.003)

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 (2Q-16: 12,528,241,084).

In 2Q-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 2Q-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	
	30-Jun-17 Cents	31-Dec-16 Cents	30-Jun-17 Cents	31-Dec-16 Cents
Net Asset Value ("NAV") per share	<u>0.51</u>	<u>0.51</u>	<u>0.47</u>	<u>0.47</u>

The NAV per share as at 30 June 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 2Q-17 revenue increased by 17% from \$62.7 million in 2Q-16 to \$73.1 million in 2Q-17, with a 5% increase year-on-year from \$128.9 million to \$135.8 million. The increase was mainly due to higher sales from DMS and DPAS businesses. Revenue from DMS and DPAS businesses increased by 21% and 22% respectively from \$53.3 million and \$1.9 million in 2Q-16 to \$64.6 million and \$2.3 million in 2Q-17. YTD revenue for DMS business increased by 7% from \$110.5 million in YTD-16 to \$117.8 million in YTD-17 and 9% increase in DPAS's revenue from \$3.4 million in YTD-16 to \$3.7 million in YTD-17.

However, revenue from AMS business decreased by 17% and 6% respectively from \$7.5 million in 2Q-16 to \$6.2 million in 2Q-17 and \$15.0 million in YTD-16 to \$14.2 million in YTD17 due to lower repair volumes.

The Group's gross profit margin for 2Q-17 and YTD-17 stood at 10%.

Gross margin for AMS business increased from 23% to 28% quarter-on-quarter and from 22% to 24% year-on-year, mainly due to the change in repair mix and higher volume of out-of-warranty repair jobs. Thus gross profit for AMS operations was higher despite of lower sales in both 2Q-17 and YTD-17.

Administrative expenses increased by \$0.3 million from \$4.4 million in 2Q-16 to \$4.7 million in 2Q-17, mainly resulted from higher personnel cost from DMS and DPAS businesses.

Other operating expenses increased by \$0.2 million quarter-on-quarter mainly due to the increase in depreciation expenses of \$0.1 million, allowance for inventories of \$55,000 and rental expenses of \$46,000.

The Group's 2Q-17 and YTD-17 net profits increased by 60% and 104% respectively from \$0.8 million in 2Q-16 to \$1.2 million in 2Q-17 and from \$0.8 million in YTD-16 to \$1.6 million in YTD-17, mainly attributed to the higher revenue and gross profits.

Cash Flows

On a quarter-on-quarter and year-on-year basis, the lower cash position in 2017 is mainly due to investment in marketable securities.

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 performed above its expectations for 1H-2017, despite the competitive and challenging operating environment. Based on the current outlook and barring any unforeseen circumstances, the Group expects to deliver positive results for the rest of the year.

The Group will continue to explore potential acquisition opportunities to improve shareholders' return, diversify risks and build sustainable revenue streams

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes (Proposed, see Note 11(c))

Name of Dividend	First and Interim
Dividend Type	Cash
Dividend per share	\$0.00003991 per share
Dividend Amount	\$0.5 million (approximate)
Tax rate	Tax exempt (One-Tier tax)

(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

29 September 2017

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 20 September 2017, for the purpose of determining shareholders' entitlement to the Company's proposed interim dividend, to be paid on 29 September 2017 (the "Proposed Interim 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. (Singapore time) on 19 September 2017 will be registered to determine shareholders' entitlement to the Proposed Interim Dividend.

Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares as at 5:00 p.m. (Singapore time) on 19 September 2017 will be entitled to the Proposed Interim Dividend.

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

Not applicable

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	222	-
Total	222	-

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 2Q-17, the Company has utilized \$11,294,204 of the proceeds from the conversion of warrants pursuant to the renounceable non-underwritten rights cum warrants issue undertaken by the Company in 2011 towards investment in marketable securities.

As at 30 June 2017, the balance of proceeds was \$2,617,796.

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 August 2017

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

We, Mark Leong Kei Wei 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 second quarter 2017 financial results to be false or misleading in any material respect.

On behalf of the Board of Directors

Mark Leong Kei Wei
Chairman of Audit Committee

Ong Ghim Choon
Chief Executive Officer

Singapore, 11 August 2017