



mDR Limited

**Third Quarter Financial Statements for the Period Ended 30 September 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	3Q-17	3Q-16	Inc/(Dec) %	YTD-17	YTD-16	Inc/(Dec) %
<b>Continuing operations</b>							
<b>Revenue</b>	1	66,057	63,228	4%	201,807	192,135	5%
Cost of sales	1	(59,408)	(56,147)	6%	(181,148)	(171,998)	5%
<b>Gross profit</b>	1	6,649	7,081	-6%	20,659	20,137	3%
Other income	2	1,125	55	N.M.	1,491	541	N.M.
Administrative expenses	3	(4,699)	(4,557)	3%	(13,903)	(13,626)	2%
Other operating expenses	4	(1,468)	(1,527)	-4%	(4,752)	(4,915)	-3%
Finance costs	5	(89)	(31)	N.M.	(226)	(78)	N.M.
Total expenses		(6,256)	(6,115)	2%	(18,881)	(18,619)	1%
<b>Operating profit before share of profit of associate and income tax</b>		1,518	1,021	49%	3,269	2,059	59%
Share of profit of associate		3	2	50%	5	5	0%
<b>Profit before income tax</b>		1,521	1,023	49%	3,274	2,064	59%
Income tax expense	6	(103)	(171)	-40%	(257)	(430)	-40%
<b>Profit for the period from continuing operations</b>		1,418	852	66%	3,017	1,634	85%
<b>Discontinued operations</b>							
Profit (Loss) for the period from discontinued operations	7	7	(162)	N.M.	(334)	(150)	N.M.
<b>Profit for the period</b>		1,425	690	N.M.	2,683	1,484	81%
<b>Other comprehensive income</b>							
<i>Items that will not be reclassified subsequently to profit or loss</i>							
Revaluation on land and building		1,484	-	N.M.	1,484	-	N.M.
		1,484	-	N.M.	1,484	-	N.M.
<i>Items that may be reclassified subsequently to profit or loss</i>							
Revaluation on available-for-sale investment		(1,289)	-	N.M.	(1,235)	-	N.M.
Currency translation differences arising on consolidation		11	(99)	N.M.	6	6	0%
		(1,278)	(99)	N.M.	(1,229)	6	N.M.
<b>Other comprehensive income (loss) for the period, net of tax</b>		206	(99)	N.M.	255	6	N.M.
<b>Total comprehensive income for the period</b>		1,631	591	N.M.	2,938	1,490	97%
<b>Profit (Loss) attributable to:</b>							
Owners of the Company		1,396	757	84%	2,785	1,124	N.M.
Non-controlling interests		29	(67)	N.M.	(102)	360	N.M.
<b>Total comprehensive income</b>		1,425	690	N.M.	2,683	1,484	81%
<b>Total comprehensive income (loss) attributable to:</b>							
Owners of the Company		1,590	683	N.M.	2,985	1,100	N.M.
Non-controlling interests		41	(92)	N.M.	(47)	390	N.M.
		1,631	591	N.M.	2,938	1,490	97%

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	3Q-17	3Q-16	YTD-17	YTD-16
<b>Revenue</b>				
AMS	5,908	7,542	20,087	22,559
DMS	58,362	53,868	176,198	164,320
DPAS	1,787	1,818	5,522	5,256
	<u>66,057</u>	<u>63,228</u>	<u>201,807</u>	<u>192,135</u>
<b>Cost of goods sold</b>				
AMS	(4,160)	(5,688)	(14,941)	(17,423)
DMS	(53,946)	(49,195)	(162,290)	(150,940)
DPAS	(1,302)	(1,264)	(3,917)	(3,635)
	<u>(59,408)</u>	<u>(56,147)</u>	<u>(181,148)</u>	<u>(171,998)</u>
<b>Gross profit</b>				
AMS	1,748	1,854	5,146	5,136
DMS	4,416	4,673	13,908	13,380
DPAS	485	554	1,605	1,621
	<u>6,649</u>	<u>7,081</u>	<u>20,659</u>	<u>20,137</u>
<b>GP%</b>				
AMS	30%	25%	26%	23%
DMS	8%	9%	8%	8%
DPAS	27%	30%	29%	31%
	<u>10%</u>	<u>11%</u>	<u>10%</u>	<u>10%</u>

Gross margin for AMS increased from 25% to 30% quarter-on-quarter and from 23% to 26% year-on-year, mainly due to the change in repair mix with higher volume of in-of-warranty repair jobs for consumer electronic products.

However, gross margin for DPAS declined from 30% to 27% quarter-on-quarter and from 31% to 29% year-on-year, mainly resulted from higher depreciation costs with the purchase of leasehold property and machinery which were classified under cost of goods sold.

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

In S\$'000	3Q-17	3Q-16	YTD-17	YTD-16
Interest income	540	40	678	125
Dividend income	317	-	384	-
Rental income	6	-	6	6
Bad debts recovered - trade	226	-	226	12
Liabilities written back	1	-	1	-
Wage credit	-	-	121	314
PIC payout	13	-	13	-
Others	22	15	62	84
	<u>1,125</u>	<u>55</u>	<u>1,491</u>	<u>541</u>

The increase in interest income was mainly due to interest earned from the \$5.0 million loan extended to a third party.

Dividend income pertains to dividends earned from marketable securities.

**Note 3** Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-17	3Q-16	YTD-17	YTD-16
<b>Staff Cost</b>				
AMS	1,122	1,201	3,501	3,708
DMS	1,768	1,888	5,535	5,561
DPAS	217	151	627	513
Management and HQ support staff costs (including Directors' fees)	750	632	1,959	1,752
	<u>3,857</u>	<u>3,872</u>	<u>11,622</u>	<u>11,534</u>

AMS recorded a 10% decline in repair volume in 3Q-17 compared to 3Q-16; as such AMS staff costs had decreased accordingly, due to lower headcount required to support the operation.

**Note 4** Other operating expenses

Other operating expenses consist of the following:

In S\$'000	3Q-17	3Q-16	YTD-17	YTD-16
Rental expenses	1,089	1,240	3,584	3,722
Depreciation expenses	191	160	546	538
Plant and equipment written off	40	5	42	74
Loss (Gain) on disposal of plant and equipment	1	3	(46)	(3)
Reversal of impairment on plant and equipment	-	-	-	(1)
(Reversal of ) Allowance for doubtful trade receivables	(9)	50	5	50
Bad debts written off - trade	-	2	2	2
Bad debts written off - non-trade	-	13	-	13
Allowance for inventories	132	119	377	308
Reversal of shop closure costs	-	(3)	-	(3)
Foreign exchange loss (gain)	24	(62)	242	215
	<u>1,468</u>	<u>1,527</u>	<u>4,752</u>	<u>4,915</u>

Higher allowance for inventories in 3Q-17 was mainly due to the higher 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

<b>In S\$'000</b>	<b>3Q-17</b>	<b>3Q-16</b>	<b>YTD-17</b>	<b>YTD-16</b>
<b>Revenue</b>	-	17,400	10,246	40,488
Cost of sales	-	<u>(16,868)</u>	<u>(9,936)</u>	<u>(39,179)</u>
<b>Gross Profit</b>	-	532	310	1,309
Other income	-	5	9	12
Administrative expenses	-	(449)	(378)	(1,333)
Other operating expenses	<u>7</u>	<u>(250)</u>	<u>(275)</u>	<u>(138)</u>
<b>Profit (Loss) before income tax</b>	<u>7</u>	<u>(162)</u>	<u>(334)</u>	<u>(150)</u>
Income tax expense	-	-	-	-
<b>Profit (Loss) for the period from discontinued operations</b>	<u>7</u>	<u>(162)</u>	<u>(334)</u>	<u>(150)</u>
<b>Profit (Loss) attributable to:</b>				
Owners of the Company	(1)	(83)	(190)	(415)
Non-controlling interests	<u>8</u>	<u>(79)</u>	<u>(144)</u>	<u>265</u>
	<u>7</u>	<u>(162)</u>	<u>(334)</u>	<u>(150)</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-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		16,217	30,817	3,471	22,090
Trade receivables	1	20,360	20,867	2,008	3,554
Other receivables and prepayments	2	10,191	5,401	18,615	14,119
Inventories	3	23,397	20,232	1,632	2,092
<b>Total current assets</b>		<u>70,165</u>	<u>77,317</u>	<u>25,726</u>	<u>41,855</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	20,835	20,835
Investment in an associate		19	14	-	-
Property, plant and equipment	4	12,197	4,271	509	391
Goodwill		2,798	2,798	-	-
Available for sale investments	5	13,849	-	13,849	-
Prepayments	2	-	839	-	-
<b>Total non-current assets</b>		<u>28,863</u>	<u>7,922</u>	<u>35,193</u>	<u>21,226</u>
<b>Total assets</b>		<u><u>99,028</u></u>	<u><u>85,239</u></u>	<u><u>60,919</u></u>	<u><u>63,081</u></u>
<b>Current liabilities</b>					
Bank loans	6	1,522	-	-	-
Trade payables	7	20,176	13,572	1,750	2,888
Other payables	8	6,605	7,341	1,777	947
Current portion of finance leases		513	570	89	83
Income tax payable		180	7	-	-
<b>Total current liabilities</b>		<u>28,996</u>	<u>21,490</u>	<u>3,616</u>	<u>3,918</u>
<b>Non-current liabilities</b>					
Bank loans	6	4,932	-	-	-
Finance leases		710	991	79	50
Deferred tax liabilities		612	118	-	-
<b>Total non-current liabilities</b>		<u>6,254</u>	<u>1,109</u>	<u>79</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
Investment revaluation reserve		(1,235)	-	(1,235)	-
Property revaluation reserve		1,484	-	-	-
Share options reserve		145	311	145	311
Foreign currency translation reserve		(874)	(825)	-	-
Accumulated losses		(86,782)	(87,933)	(95,360)	(94,872)
<b>Equity attributable to owners of the Company</b>		<u>65,531</u>	<u>64,346</u>	<u>57,224</u>	<u>59,113</u>
Non-controlling interests		(1,753)	(1,706)	-	-
<b>Total equity</b>		<u>63,778</u>	<u>62,640</u>	<u>57,224</u>	<u>59,113</u>
<b>Total liabilities and equity</b>		<u><u>99,028</u></u>	<u><u>85,239</u></u>	<u><u>60,919</u></u>	<u><u>63,081</u></u>

## **Notes**

### **1 Trade receivables**

The Group's trade receivables turnover as at 30 September 2017 is 26 days (31 December 2016: 22 days).

### **2 Other receivables and prepayments**

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

<b>S\$'000</b>	<b>30-Sept-17</b>	<b>31-Dec-16</b>
Rental deposits	1,428	1,413
Other receivables	7,705	2,758
Prepayments - current	342	776
Prepayments – non-current	-	258
Deposits for the purchase of property – non-current	-	581

Other receivables of \$7.7 million as at 30 September 2017 comprised mainly of \$1.2 million to be received from principals in relation to sell through, advertising and promotion support and \$5.0 million loan to a third party. Other receivables also included advance payment for inventory purchase of \$0.4 million.

Prepayments of \$0.3 million as at 30 September 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 September 2017 is 31 days (31 December 2016: 24 days).

Group inventories as at 30 September 2017 stood at \$23.4 million (31 December 2016: \$20.2 million) with the increase in inventory holding due mainly to the purchase of new handset models to meet the new product launches in September.

### **4 Property, plant and equipment**

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

With effect from 30 September 2017, the Group changed its accounting policy with respect to the subsequent measurement of land and building included as part of property, plant and equipment from the cost model to the revaluation model.

Please refer to Section 5 on page 15 to the Announcement for details.

The leasehold property of the Group was revalued at 30 September 2017 based on independent professional valuations carried out by an accredited valuer. These valuations are determined by the valuer based on the direct comparison method that makes reference to recent market transactions.

The property, plant and equipment has included a revaluation gain of \$2.0 million resulted from the revaluation of its land and building as at 30 September 2017.

### **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 September 2017 is 24 days (31 December 2016: 15 days).

## 8 Other payables

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

<b>S\$'000</b>	<b>30-Sept-17</b>	<b>31-Dec-16</b>
Advertising, promotion and sell through funds from principals	1,154	1,485
Accrued staff costs	1,134	1,169
Other accrued operating expenses	840	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-Sept-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
1,053	982	570	-

#### Amount repayable after one year

As at 30-Sept-17		As at 31-Dec-16	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
5,642	-	991	-

#### Details of collateral

The secured borrowings comprise of outstanding finance lease of \$1.2 million on certain motor vehicles and machinery and bank loan of \$5.5 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	3Q-17	3Q-16	YTD-17	YTD-16
<b>Operating activities</b>				
Profit before income tax from continuing operations	1,521	1,023	3,274	2,064
Profit (Loss) before income tax from discontinued operations	7	(162)	(334)	(150)
	<u>1,528</u>	<u>861</u>	<u>2,940</u>	<u>1,914</u>
Adjustments for:				
Depreciation expenses	408	400	1,141	1,209
Interest expenses	89	31	226	78
Interest income	(540)	(40)	(678)	(125)
Loss (Gain) on disposal of plant and equipment	2	3	(119)	(6)
Plant and equipment written off	40	5	108	74
(Reversal of) Provision for shop closure costs	-	(3)	205	(3)
Allowance for inventories	132	125	361	326
Reversal of impairment on plant and equipment	-	-	-	(1)
(Reversal of) allowance for doubtful trade receivables	(9)	67	28	67
Bad debts written off - trade	-	2	2	2
Bad debts written off - non-trade	-	13	-	13
Share of profit of an associate	(3)	(2)	(5)	(5)
Net foreign exchange loss (gain)	14	(77)	128	18
<b>Operating cash flows before movements in working capital</b>	<u>1,661</u>	<u>1,385</u>	<u>4,337</u>	<u>3,561</u>
Trade receivables	(6,943)	1,561	477	3,116
Other receivables and prepayments	(996)	520	(303)	274
Inventories	(1,454)	321	(3,526)	(3,432)
Trade payables	11,668	(10)	6,604	1,209
Other payables	(3,401)	216	(933)	(379)
<b>Cash generated from operations</b>	<u>535</u>	<u>3,993</u>	<u>6,656</u>	<u>4,349</u>
Income tax refund	70	23	429	96
Interest received	540	40	678	125
<b>Net cash generated from operating activities</b>	<u><u>1,145</u></u>	<u><u>4,056</u></u>	<u><u>7,763</u></u>	<u><u>4,570</u></u>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	-	(9)	622	44
Purchase of property, plant and equipment (Note A)	(374)	(366)	(6,798)	(829)
Purchase of available-for-sale investment	(3,790)	-	(15,084)	-
<b>Net cash used in investing activities</b>	<u><u>(4,164)</u></u>	<u><u>(375)</u></u>	<u><u>(21,260)</u></u>	<u><u>(785)</u></u>
<b>Financing activities</b>				
Interest paid	(89)	(31)	(226)	(78)
Repayment of obligations under finance leases	(148)	(140)	(430)	(372)
Dividends paid to shareholders	(500)	-	(1,800)	(1,000)
Dividends paid to non-controlling interest	-	(78)	-	(78)
Cash pledge	-	-	(1,400)	-
Loan to a third party	-	-	(5,000)	-
Repayment of bank borrowings	(943)	-	(2,112)	-
Proceeds from bank borrowings	982	-	8,466	-
<b>Net cash used in financing activities</b>	<u><u>(698)</u></u>	<u><u>(249)</u></u>	<u><u>(2,502)</u></u>	<u><u>(1,528)</u></u>
Net (decrease) increase in cash and cash equivalents	(3,717)	3,432	(15,999)	2,257
Cash and cash equivalents at beginning of period	18,496	29,634	30,778	30,809
<b>Cash and cash equivalents at end of period</b>	<u><u>14,779</u></u>	<u><u>33,066</u></u>	<u><u>14,779</u></u>	<u><u>33,066</u></u>



**Notes**

**A. Purchase of property, plant and equipment:**

In 3Q-17, the Group acquired plant and equipment with an aggregate cost of \$474,000 (3Q-16: \$ 366,000) of which \$100,000 (3Q-16: \$Nil) was acquired under finance lease arrangements.

In YTD-17, the Group acquired plant and equipment with an aggregate cost of \$6,898,000 (YTD-16: \$1,654,000) of which \$100,000 (2016: \$825,000) was acquired under finance lease arrangements.

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

<b>In S\$'000</b>	<b>3Q-17</b>	<b>3Q-16</b>
Cash	16,217	33,106
Less: Cash pledged	(1,438)	(40)
Cash and cash equivalents	<u>14,779</u>	<u>33,066</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>Property 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>
<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 option	-	-	-	-	(21)	-	21	-	-	-
<b>Total</b>	-	-	-	-	(21)	-	21	-	-	-
<b>Balance as at 31 March 2017</b>	153,652	(859)	-	-	290	(898)	(87,724)	64,461	(1,874)	62,587
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	1,201	1,201	70	1,271
Other comprehensive income for the period	-	-	54	-	-	25	-	79	10	89
<b>Total</b>	-	-	54	-	-	25	1,201	1,280	80	1,360
<b>Transactions with owners, recognised directly in equity</b>										
Dividends	-	-	-	-	-	-	(1,300)	(1,300)	-	(1,300)
Transfer between reserves upon expiry of share option	-	-	-	-	(135)	-	135	-	-	-
<b>Total</b>	-	-	-	-	(135)	-	(1,165)	(1,300)	-	(1,300)
<b>Balance as at 30 June 2017</b>	153,652	(859)	54	-	155	(873)	(87,688)	64,441	(1,794)	62,647
<b>Total comprehensive income (loss) for the period</b>										
Profit for the period	-	-	-	-	-	-	1,396	1,396	29	1,425
Other comprehensive (loss) income for the period	-	-	(1,289)	1,484	-	(1)	-	194	12	206
<b>Total</b>	-	-	(1,289)	1,484	-	(1)	1,396	1,590	41	1,631
<b>Transactions with owners, recognised directly in equity</b>										
Dividends	-	-	-	-	-	-	(500)	(500)	-	(500)
Transfer between reserves upon expiry of share option	-	-	-	-	(10)	-	10	-	-	-
<b>Total</b>	-	-	-	-	(10)	-	(490)	(500)	-	(500)
<b>Balance as at 30 September 2017</b>	153,652	(859)	(1,235)	1,484	145	(874)	(86,782)	65,531	(1,753)	63,778

<b><u>In S\$'000</u></b> <b>Group</b>	<b><u>Share capital</u></b>	<b><u>Capital reserve</u></b>	<b><u>Investment revaluation reserve</u></b>	<b><u>Property revaluation reserve</u></b>	<b><u>Share options reserve</u></b>	<b><u>Currency translation reserve</u></b>	<b><u>Accumulated losses</u></b>	<b><u>Attributable to equity holders of the Company</u></b>	<b><u>Non-controlling interests</u></b>	<b><u>Total</u></b>
<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 option:	-	-	-	-	(5)	-	5	-	-	-
<b>Total</b>	-	-	-	-	(5)	-	5	-	-	-
<b>Balance as at 31 March 2016</b>	153,652	(859)	-	-	311	(510)	(90,042)	62,552	(1,524)	61,028
<b>Total comprehensive income (loss) for the period</b>										
Profit for the period	-	-	-	-	-	-	536	536	165	701
Other comprehensive (loss) income for the period	-	-	-	-	-	(112)	-	(112)	13	(99)
<b>Total</b>	-	-	-	-	-	(112)	536	424	178	602
<b>Transactions with owners, recognised directly in equity</b>										
Dividends	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
<b>Total</b>	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
<b>Balance as at 30 June 2016</b>	153,652	(859)	-	-	311	(622)	(90,506)	61,976	(1,346)	60,630
<b>Total comprehensive income (loss) for the period</b>										
Profit (Loss) for the period	-	-	-	-	-	-	757	757	(67)	690
Other comprehensive loss for the period	-	-	-	-	-	(74)	-	(74)	(25)	(99)
<b>Total</b>	-	-	-	-	-	(74)	757	683	(92)	591
<b>Balance as at 30 September 2016</b>	153,652	(859)	-	-	311	(696)	(89,749)	62,659	(1,438)	61,221

<u>In S\$'000</u> Company	<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>
<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>	153,652	22	-	290	(95,336)	58,628
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	997	997
Other comprehensive income	-	-	54	-	-	54
<b>Total</b>	-	-	54	-	997	1,051
<b>Transactions with owners, recognised directly in equity</b>						
Dividends	-	-	-	-	(1,300)	(1,300)
Transfer between reserves upon expiry of share options	-	-	-	(135)	135	-
<b>Total</b>	-	-	-	(135)	(1,165)	(1,300)
<b>Balance as at 30 June 2017</b>	153,652	22	54	155	(95,504)	58,379
<b>Total comprehensive (loss) income for the period</b>						
Profit for the period	-	-	-	-	634	634
Other comprehensive (loss)	-	-	(1,289)	-	-	(1,289)
<b>Total</b>	-	-	(1,289)	-	634	(655)
<b>Transactions with owners, recognised directly in equity</b>						
Dividends	-	-	-	-	(500)	(500)
Transfer between reserves upon expiry of share options	-	-	-	(10)	10	-
<b>Total</b>	-	-	-	(10)	(490)	(500)
<b>Balance as at 30 September 2017</b>	153,652	22	(1,235)	145	(95,360)	57,224

<u>In S\$'000</u> Company	<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>
<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>	153,652	22	-	311	(95,709)	58,276
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(3)	(3)
<b>Transactions with owners, recognised directly in equity</b>						
Dividends	-	-	-	-	(1,000)	(1,000)
<b>Total</b>	-	-	-	-	(1,000)	(1,000)
<b>Balance as at 30 June 2016</b>	153,652	22	-	311	(96,712)	57,273
Profit for the period, representing total comprehensive income for the period	-	-	-	-	145	145
<b>Balance as at 30 September 2016</b>	<u>153,652</u>	<u>22</u>	<u>-</u>	<u>311</u>	<u>(96,567)</u>	<u>57,418</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 September 2017 and 30 September 2016.

As at 30 September 2017, the Company's issued and paid-up capital was \$153,652,141 (3Q-16: \$153,652,141) divided into 12,528,241,084 (3Q-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 September 2017, there were 7,300,000 (30 September 2016: 43,485,000) outstanding share options which would entitle the holders to subscribe for a total of 7,300,000 (30 September 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 September 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>30-Sept-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, except as explained in section 5 below.

**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**

On 30 September 2017, the Group changed its accounting policy with respect to the subsequent measurement of leasehold land and building included as part of property, plant and equipment from the cost model to the revaluation model.

Under the revaluation model, any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

The subsequent measurement of the above asset class using the revaluation model provides users with information on the net asset value of the Group that incorporates the latest valuation of the property classified as property, plant and equipment. This change in accounting policy has been applied prospectively in accordance with FRS 16 *Property, plant and equipment* and FRS 8 *Accounting policies, changes in estimates and errors*.

The effects of this change in accounting policy are set out below:-

A revaluation surplus of \$2.0 million and deferred tax liabilities of \$0.5 million have been recognized in other comprehensive income.

The additional annual depreciation arising from the adoption of the revaluation model is not material for the Group.

The Group has also 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> <i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	<b>3Q-17</b>	<b>3Q-16</b>	<b>YTD-17</b>	<b>YTD-16</b>
	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
<b>From continuing and discontinued operations:</b>				
- Basic	0.011	0.006	0.022	0.009
- Fully diluted	0.011	0.006	0.022	0.009
<b>From continuing operations:</b>				
- Basic	0.011	0.007	0.024	0.012
- Fully diluted	0.011	0.007	0.024	0.012

**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 (3Q-16: 12,528,241,084).

In 3Q-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 3Q-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-Sep-17 Cents	31-Dec-16 Cents	30-Sep-17 Cents	31-Dec-16 Cents
Net Asset Value ("NAV") per share	<u>0.52</u>	<u>0.51</u>	<u>0.46</u>	<u>0.47</u>

The NAV per share as at 30 September 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 3Q-17 revenue increased by 4% from \$63.2 million in 3Q-16 to \$66.1 million in 3Q-17, with a 5% increase year-on-year from \$192.1 million to \$201.8 million. The increase was mainly due to higher sales from DMS business, with higher sales volume generated from its distribution operations. Revenue from DMS business increased by 8% from \$53.9 million in 3Q-16 to \$58.4 million in 3Q-17. YTD revenue for DMS business increased by 7% from \$164.3 million in YTD-16 to \$176.2 million in YTD-17.

However, revenue from AMS business decreased by 22% from \$7.5 million in 3Q-16 to \$5.9 million in 3Q-17 and \$22.6 million in YTD-16 to \$20.1 million in YTD17 due to lower repair volumes.

The Group's gross profit margin reduced by 1% from 11% in 3Q-16 to 10% in 3Q17 but remained consistent at 10% for YTD17. DMS gross margin was lower in 3Q-17 mainly resulted from higher sales from its distribution operations which generally attracts a lower gross margin as compared to the other business units.

Other income increased by \$1.1 million quarter-on-quarter, mainly pertained to interest income earned from loan extended to a third party of \$0.5 million, dividend income from available for sale investment of \$0.3 million and bad debts recovered of \$0.2 million.



Administrative expenses increased by \$0.1 million from \$4.6 million in 3Q-16 to \$4.7 million in 3Q-17, mainly due to professional fee incurred for the Rights Issue exercise.

The Group's 3Q-17 and YTD-17 net profits increased by 107% and 81% respectively from \$0.7 million in 3Q-16 to \$1.4 million in 3Q-17 and from \$1.5 million in YTD-16 to \$2.7 million in YTD-17, mainly attributed to the increase in other income.

#### **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**

Singapore's economy grew by 4.6% on a year-on-year basis in 3Q-2017, higher than the 2.9% growth in the previous quarter.<sup>(1)</sup>

In light of the improving economic outlook of the domestic economy, regular launches of new mobile devices and the Group being a key partner of principal manufacturers and telecommunication operators in the value chain (i.e. in retail, distribution and/or aftermarket services), the anticipated year-end festive season sales, and barring any unforeseen circumstances, the Group expects to deliver positive results for the rest of the year.

The Group will continue to explore strategic investments and diversification of business to strengthen its performance and improve shareholders' returns.

(1) Singapore's GDP Grew by 4.6 Per Cent in the Third Quarter of 2017, MTI Press release dated 13 October 2017.

**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)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	323	-
<b>Total</b>	<b>323</b>	<b>-</b>

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 3Q-17 and YTD-17, the Company has utilized \$2,617,796 and \$13,912,000 respectively 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 September 2017, the balance of proceeds was \$Nil.

**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**  
**10 November 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 third 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, 10 November 2017