



mDR Limited

**Third Quarter Financial Statements for the Period Ended 30 September 2018**

**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-18	3Q-17	Inc/(Dec) %	YTD-18	YTD-17	Inc/(Dec) %
<b>Continuing operations</b>							
<b>Revenue</b>	1	67,419	66,057	2%	192,432	201,807	-5%
Cost of sales	1	(60,790)	(59,408)	2%	(172,779)	(181,148)	-5%
<b>Gross profit</b>	1	6,629	6,649	0%	19,653	20,659	-5%
Other income	2	77	1,125	-93%	292	1,491	-80%
Administrative expenses	3	(4,513)	(4,699)	-4%	(13,047)	(13,903)	-6%
Other operating expenses	4	(1,540)	(1,468)	5%	(4,505)	(4,752)	-5%
Finance costs	5	(106)	(89)	19%	(284)	(226)	26%
Total expenses		(6,159)	(6,256)	-2%	(17,836)	(18,881)	-6%
<b>Operating profit before share of (loss) profit of associate and income tax</b>		547	1,518	-64%	2,109	3,269	-35%
Share of (loss) profit of associate		(3)	3	N.M.	2	5	-60%
<b>Profit before income tax</b>		544	1,521	-64%	2,111	3,274	-36%
Income tax expense	6	(106)	(103)	3%	(291)	(257)	13%
<b>Profit for the period from continuing operations</b>		438	1,418	-69%	1,820	3,017	-40%
<b>Discontinued operations</b>							
Profit (Loss) for the period from discontinued operations	7	2	7	-71%	(63)	(334)	-81%
<b>Profit for the period</b>		440	1,425	-69%	1,757	2,683	
<b>Other comprehensive income</b>							
<b>Items that will not be reclassified subsequently to profit or loss</b>							
Revaluation on leasehold land and building		-	1,484	N.M.	-	1,484	N.M.
Net fair value changes in equity securities carried at fair value through other comprehensive income		(30)	(1,289)	-98%	(2,966)	(1,235)	N.M.
		(30)	195	N.M.	(2,966)	249	-35%
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences arising on consolidation		(89)	11	N.M.	21	6	N.M.
<b>Other comprehensive (loss) profit for the period, net of tax</b>		(119)	206	N.M.	(2,945)	255	N.M.
<b>Total comprehensive income (loss) for the period</b>		321	1,631	-80%	(1,188)	2,938	N.M.
<b>Profit (Loss) attributable to:</b>							
Owners of the Company		428	1,396	-69%	1,760	2,785	-37%
Non-controlling interests		12	29	-59%	(3)	(102)	-97%
<b>Total comprehensive income</b>		440	1,425	-69%	1,757	2,683	-35%
<b>Total comprehensive income (loss) attributable to:</b>							
Owners of the Company		240	1,590	-85%	(1,262)	2,985	N.M.
Non-controlling interests		81	41	98%	74	(47)	N.M.
		321	1,631	-80%	(1,188)	2,938	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 four business segments – After Market Services (AMS), Distribution Management Solutions (DMS), Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS) and Investment.

The Group has added the Investment Business as a separate business segment in its quarterly results from 2Q-18, after shareholders' approval of the diversification of the Group's business to include, *inter alia*, the Investment Business, at the EGM held on 27 April 2018.

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

In S\$'000	3Q-18	3Q-17	YTD-18	YTD-17
<b>Revenue</b>				
AMS	6,209	5,908	18,977	20,087
DMS	59,415	58,362	167,538	176,198
DPAS	1,304	1,787	4,693	5,522
Investment	491	-	1,224	-
	<u>67,419</u>	<u>66,057</u>	<u>192,432</u>	<u>201,807</u>
<b>Cost of goods sold</b>				
AMS	(4,744)	(4,160)	(14,264)	(14,941)
DMS	(55,109)	(53,946)	(155,258)	(162,290)
DPAS	(937)	(1,302)	(3,257)	(3,917)
Investment	-	-	-	-
	<u>(60,790)</u>	<u>(59,408)</u>	<u>(172,779)</u>	<u>(181,148)</u>
<b>Gross profit</b>				
AMS	1,465	1,748	4,713	5,146
DMS	4,306	4,416	12,280	13,908
DPAS	367	485	1,436	1,605
Investment	491	-	1,224	-
	<u>6,629</u>	<u>6,649</u>	<u>19,653</u>	<u>20,659</u>
<b>GP%</b>				
AMS	24%	30%	25%	26%
DMS	7%	8%	7%	8%
DPAS	28%	27%	31%	29%
Investment	100%	N.M.	100%	N.M.
	<u>10%</u>	<u>10%</u>	<u>10%</u>	<u>10%</u>

Dividend income and interest income from loan to a third party have been reclassified from other income to Investment revenue, effective from 1 January 2018.

*N.M. : Not meaningful*

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

In S\$'000	3Q-18	3Q-17	YTD-18	YTD-17
Interest income				
- Fixed deposits	83	15	121	85
- Loan to a third party	-	525	-	593
Dividend income	-	317	-	384
Rental income	5	6	15	6
Bad debts recovered - trade	-	226	-	226
(Reversal of ) liabilities written back	(50)	1	(50)	1
Wage credit	-	-	113	121
PIC payout	-	13	-	13
Others	39	22	93	62
	<u>77</u>	<u>1,125</u>	<u>292</u>	<u>1,491</u>

In 2017, dividend income pertains to the dividend income from investment in marketable securities.

**Note 3** Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	3Q-18	3Q-17	YTD-18	YTD-17
<b>Staff Cost</b>				
AMS	983	1,122	3,103	3,501
DMS	1,754	1,768	5,249	5,535
DPAS	181	217	506	627
Management and HQ support staff costs (including Directors' fees)	811	750	2,064	1,959
	<u>3,729</u>	<u>3,857</u>	<u>10,922</u>	<u>11,622</u>

**Note 4** Other operating expenses

Other operating expenses consist of the following:

In S\$'000	3Q-18	3Q-17	YTD-18	YTD-17
Rental expenses	1,091	1,089	3,284	3,584
Depreciation expenses	225	191	654	546
Plant and equipment written off	8	40	42	42
(Gain) Loss on disposal of plant and equipment (Reversal of) Allowance for doubtful trade receivables	(8)	1	(3)	(46)
	(3)	(9)	9	5
Bad debts written off - trade	-	-	-	2
Allowance for inventories	107	132	351	377
Foreign exchange loss	120	24	168	242
	<u>1,540</u>	<u>1,468</u>	<u>4,505</u>	<u>4,752</u>

**Note 5** Finance costs

Finance costs comprise interests on finance leases and bank borrowings.

**Note 6** Income tax expense

The tax expense provision is calculated for profitable subsidiaries.

**Note 7** Income statement for discontinued operations

<b>In S\$'000</b>	<b>3Q-18</b>	<b>3Q-17</b>	<b>YTD-18</b>	<b>YTD-17</b>
<b>Revenue</b>	-	-	-	10,246
Cost of sales	-	-	(40)	(9,936)
<b>Gross (loss) profit</b>	-	-	(40)	310
Other operating income	-	-	-	9
Administrative expenses	-	-	-	(378)
Other operating expenses	2	7	(23)	(275)
<b>Profit (Loss) before income tax</b>	2	7	(63)	(334)
Income tax expense	-	-	-	-
<b>Profit (Loss) for the period from discontinued operations</b>	<u>2</u>	<u>7</u>	<u>(63)</u>	<u>(334)</u>
<b>Profit (Loss) attributable to:</b>				
Owners of the Company	3	(1)	(35)	(190)
Non-controlling interests	(1)	8	(28)	(144)
	<u>2</u>	<u>7</u>	<u>(63)</u>	<u>(334)</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-18	31-Dec-17 Restated	1-Jan-17 Restated	30-Sep-18	31-Dec-17
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances		43,508	11,579	30,817	34,083	3,015
Trade receivables	1	24,845	22,230	20,867	1,823	2,450
Other receivables and prepayments	2	6,765	8,362	5,401	16,897	19,052
Inventories	3	20,186	18,925	20,232	1,207	1,535
<b>Total current assets</b>		<u>95,304</u>	<u>61,096</u>	<u>77,317</u>	<u>54,010</u>	<u>26,052</u>
<b>Non-current assets</b>						
Investment in subsidiaries		-	-	-	20,835	20,835
Investment in an associate		24	24	14	-	-
Property, plant and equipment	4	11,133	11,199	4,271	842	497
Goodwill		2,798	2,798	2,798	-	-
Investment securities	5	28,477	13,234	-	28,477	13,234
Cash pledged		40	1,440	-	-	1,400
Other receivables and prepayments		-	-	839	-	-
<b>Total non-current assets</b>		<u>42,472</u>	<u>28,695</u>	<u>7,922</u>	<u>50,154</u>	<u>35,966</u>
<b>Total assets</b>		<u>137,776</u>	<u>89,791</u>	<u>85,239</u>	<u>104,164</u>	<u>62,018</u>
<b>Current liabilities</b>						
Bank loans	6	8,653	5,485	-	4,401	-
Trade payables	7	29,389	11,868	13,572	12,383	1,968
Other payables	8	4,784	6,704	7,341	1,641	2,159
Current portion of finance leases		324	461	570	19	68
Income tax payable		221	69	7	-	-
<b>Total current liabilities</b>		<u>43,371</u>	<u>24,587</u>	<u>21,490</u>	<u>18,444</u>	<u>4,195</u>
<b>Non-current liabilities</b>						
Finance leases		431	645	991	60	74
Deferred tax liabilities		440	441	118	-	-
<b>Total non-current liabilities</b>		<u>871</u>	<u>1,086</u>	<u>1,109</u>	<u>60</u>	<u>74</u>
<b>Capital, reserves and non-controlling interests</b>						
Share capital		184,722	153,652	153,652	184,722	153,652
Capital reserve		(325)	(859)	(859)	22	22
Investment revaluation reserve		(4,816)	(1,850)	-	(4,816)	(1,850)
Property revaluation reserve		751	751	-	-	-
Share options reserve		-	145	311	-	145
Foreign currency translation reserve		31	87	-	-	-
Accumulated losses		(85,385)	(86,290)	(88,758)	(94,268)	(94,220)
<b>Equity attributable to owners of the Company</b>		<u>94,978</u>	<u>65,636</u>	<u>64,346</u>	<u>85,660</u>	<u>57,749</u>
Non-controlling interests		(1,444)	(1,518)	(1,706)	-	-
<b>Total equity</b>		<u>93,534</u>	<u>64,118</u>	<u>62,640</u>	<u>85,660</u>	<u>57,749</u>
<b>Total liabilities and equity</b>		<u>137,776</u>	<u>89,791</u>	<u>85,239</u>	<u>104,164</u>	<u>62,018</u>

## Notes

### 1 Trade receivables

The Group's trade receivables turnover as at 30 September 2018 is 33 days (31 December 2017: 27 days).

### 2 Other receivables and prepayments

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

<b>S\$'000</b>	<b>30-Sep-18</b>	<b>31-Dec-17</b>
Rental deposits	1,198	1,362
Other receivables	4,354	5,752
Prepayments	476	425

Other receivables of \$4.4 million as at 30 September 2018 comprised mainly of \$2.9 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.5 million as at 30 September 2018 comprised mainly of prepayment of professional fee of \$0.1 million, prepayment of road tax and insurance of \$0.1 million and 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 2018 is 31 days (31 December 2017: 27 days).

Group inventories as at 30 September 2018 stood at \$20.2 million (31 December 2017: \$18.9 million) with the increase in inventory holding mainly due to the purchase of handsets and pre-paid cards towards quarter end.

### 4 Property, plant and equipment

Property, plant and equipment as at 30 September 2018 mainly pertain to leasehold land and building of \$7.5 million in Malaysia for DPAS operation.

### 5 Investment securities

Investment securities pertain to the investment in marketable securities during the period.

The securities are of companies broadly categorised within the following business sectors:

<b>Business Sectors</b>	<b>% of Holdings</b>
Telecommunications	39.3%
Infrastructure	34.5%
Real estate	10.5%
Leisure and hospitality	6.6%
Sports	4.5%
Transportation	3.3%
Commodities	1.3%
<b>TOTAL</b>	<b>100%</b>

### 6 Bank loans

Bank loans comprised mainly of bank loans of \$4.3 million secured for the financing of new property in Malaysia for DPAS operations and term loans of \$4.4 million for the investment in marketable securities.

## 7 Trade payables

The Group's trade payables turnover as at 30 September 2018 is 32 days (31 December 2017: 18 days).

Higher trade payables turnover days mainly pertained to the pending settlement for the purchase of marketable securities amounting to \$10.8 million at period end.

## 8 Other payables

The Group's other payables consist of the following:

<b>S\$'000</b>	<b>30-Sep-18</b>	<b>31-Dec-17</b>
Advertising, promotion and sell through funds from principals	1,151	1,568
Accrued staff costs	1,012	1,078
Other accrued operating expenses	693	717

### 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-Sep-18		As at 31-Dec-17	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
8,977	-	5,946	-

#### Amount repayable after one year

As at 30-June-18		As at 31-Dec-17	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
431	-	645	-

#### Details of collateral

The secured borrowings comprise of outstanding finance lease of \$0.8 million on certain motor vehicles and machinery, bank loan of \$4.3 million secured against fixed deposits and an open legal mortgage over a commercial property in Malaysia and term loan of \$4.4 million secured against the investment securities.

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-18	3Q-17	YTD-18	YTD-17
<b>Operating activities</b>				
Profit before income tax from continuing operations	544	1,521	2,111	3,274
Profit (Loss) before income tax from discontinued operations	2	7	(63)	(334)
	<u>546</u>	<u>1,528</u>	<u>2,048</u>	<u>2,940</u>
Adjustments for:				
Depreciation expenses	413	408	1,247	1,141
Interest expenses	106	89	284	226
Interest income from fixed deposits	(83)	(15)	(121)	(85)
Interest income from loan to a third party	-	(525)	(319)	(593)
Dividend income	(491)	(317)	(905)	(384)
(Gain) Loss on disposal of plant and equipment	(8)	2	(3)	(119)
Plant and equipment written off	8	40	42	108
Reversal of liabilities written back	50	-	50	-
Provision for shop closure costs	-	-	-	205
Allowance for inventories	107	132	351	361
(Reversal of) Allowance for doubtful trade receivables	(3)	(9)	9	28
Bad debts written off - trade	-	-	-	2
Share of loss (profit) of an associate	3	(3)	(2)	(5)
Net foreign exchange loss	120	14	173	128
<b>Operating cash flows before movements in working capital</b>	<u>768</u>	<u>1,344</u>	<u>2,854</u>	<u>3,953</u>
Trade receivables	(4,298)	(6,943)	(2,624)	477
Other receivables and prepayments	(1,255)	(996)	(2,229)	(303)
Inventories	4,553	(1,454)	(1,612)	(3,526)
Trade payables	3,200	11,668	6,673	6,604
Other payables	(781)	(3,401)	(1,435)	(933)
<b>Cash generated from operations</b>	<u>2,187</u>	<u>218</u>	<u>1,627</u>	<u>6,272</u>
Income tax (paid) refund	(25)	70	(145)	429
Interest received	83	540	121	678
<b>Net cash generated from operating activities</b>	<u>2,245</u>	<u>828</u>	<u>1,603</u>	<u>7,379</u>
<b>Investing activities</b>				
Proceeds from disposal of plant and equipment	4	-	4	622
Purchase of plant and equipment (Note A)	(69)	(374)	(1,186)	(6,798)
Purchase of investment securities	-	(3,790)	(7,361)	(15,084)
Loan to a third party	-	-	-	-
Repayment of loan from a third party	-	-	3,600	-
Interest received from loan to a third party	-	-	551	-
Dividend income from investment securities	491	317	905	384
<b>Net cash generated from (used in) investing activities</b>	<u>426</u>	<u>(3,847)</u>	<u>(3,487)</u>	<u>(20,876)</u>
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares, net	223	-	31,070	-
Interest paid	(64)	(89)	(242)	(226)
Repayment of obligations under finance leases	(149)	(148)	(386)	(430)
Uplift of cash pledge	1,400	-	1,400	(1,400)
Dividends paid to shareholders	-	(500)	(1,000)	(1,800)
Loan to a third party	-	-	-	(5,000)
Repayment of bank borrowings	(1,360)	(943)	(1,693)	(2,112)
Proceeds from bank borrowings	(138)	982	4,664	8,466
<b>Net cash used in financing activities</b>	<u>(88)</u>	<u>(698)</u>	<u>33,813</u>	<u>(2,502)</u>
Net increase (decrease) in cash and cash equivalents	2,583	(3,717)	31,929	(15,999)
Cash and cash equivalents at beginning of period	40,925	18,496	11,579	30,778
<b>Cash and cash equivalents at end of period (Note B)</b>	<u>43,508</u>	<u>14,779</u>	<u>43,508</u>	<u>14,779</u>

**Notes**

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

In 3Q-18, the Group acquired plant and equipment with an aggregate cost of \$101,000 (3Q-17: \$ 474,000) of which \$32,000 (3Q-17: \$100,000) was acquired under finance lease arrangements.

In YTD-18, the Group acquired plant and equipment with an aggregate cost of \$1,218,000 (YTD17: \$ 6,898,000) of which \$32,000 (YTD-17: \$100,000) was acquired under finance lease arrangements.

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

<b>In S\$'000</b>	<b>3Q-18</b>	<b>3Q-17</b>
Cash	43,548	16,217
Less: Cash pledged	(40)	(1,438)
Cash and cash equivalents	<u>43,508</u>	<u>14,779</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> Group	<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>Balance as at 31 December 2017</b>	153,652	(859)	(1,850)	751	145	(738)	(85,465)	65,636	(1,518)	64,118
<b>Adoption of the SFRS (I)</b>	-	-	-	-	-	825	(825)	-	-	-
<b>Balance as at 1 January 2018</b>	153,652	(859)	(1,850)	751	145	87	(86,290)	65,636	(1,518)	64,118
<b>Total comprehensive (loss) income for the period</b>										
Profit for the period	-	-	-	-	-	-	756	756	28	784
Other comprehensive (loss) income for the period	-	-	(1,543)	-	-	122	-	(1,421)	(1)	(1,422)
<b>Total</b>	-	-	(1,543)	-	-	122	756	(665)	27	(638)
<b>Balance as at 31 March 2018</b>	<u>153,652</u>	<u>(859)</u>	<u>(3,393)</u>	<u>751</u>	<u>145</u>	<u>209</u>	<u>(85,534)</u>	<u>64,971</u>	<u>(1,491)</u>	<u>63,480</u>
<b>Total comprehensive loss for the period</b>										
Profit (loss) for the period	-	-	-	-	-	-	576	576	(43)	533
Other comprehensive (loss) income for the period	-	-	(1,393)	-	-	(20)	-	(1,413)	9	(1,404)
<b>Total</b>	-	-	(1,393)	-	-	(20)	576	(837)	(34)	(871)
<b>Transactions with owners, recognised directly in equity</b>										
Issue of shares pursuant to rights cum warrants issue	31,166	-	-	-	-	-	-	31,166	-	31,166
Expense in relation to issuance of right shares	(319)	-	-	-	-	-	-	(319)	-	(319)
Dividends	-	-	-	-	-	-	(1,000)	(1,000)	-	(1,000)
Transfer between reserves upon expiry of share options	-	-	-	-	(145)	-	145	-	-	-
<b>Total</b>	<u>30,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>-</u>	<u>(855)</u>	<u>29,847</u>	<u>-</u>	<u>29,847</u>
<b>Balance as at 30 June 2018</b>	<u>184,499</u>	<u>(859)</u>	<u>(4,786)</u>	<u>751</u>	<u>-</u>	<u>189</u>	<u>(85,813)</u>	<u>93,981</u>	<u>(1,525)</u>	<u>92,456</u>
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	428	428	12	440
Other comprehensive (loss) income for the period	-	-	(30)	-	-	(158)	-	(188)	69	(119)
<b>Total</b>	-	-	(30)	-	-	(158)	428	240	81	321
<b>Transactions with owners, recognised directly in equity</b>										
Issue of shares pursuant to rights cum warrants issue	232	-	-	-	-	-	-	232	-	232
Expense in relation to issuance of right shares	(9)	-	-	-	-	-	-	(9)	-	(9)
Waiver of loan from related party	-	534	-	-	-	-	-	534	-	534
<b>Total</b>	<u>223</u>	<u>534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757</u>	<u>-</u>	<u>757</u>
<b>Balance as at 30 September 2018</b>	<u>184,722</u>	<u>(325)</u>	<u>(4,816)</u>	<u>751</u>	<u>-</u>	<u>31</u>	<u>(85,385)</u>	<u>94,978</u>	<u>(1,444)</u>	<u>93,534</u>

<u>In S\$'000</u> Group	<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>Balance as at 31 December 2016</b>	153,652	(859)	-	-	311	(825)	(87,933)	64,346	(1,706)	62,640
<b>Adoption of the SFRS (I)</b>	-	-	-	-	-	825	(825)	-	-	-
<b>Balance as at 1 January 2017</b>	153,652	(859)	-	-	311	-	(88,758)	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>	153,652	(859)	-	-	290	(73)	(88,549)	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 options	-	-	-	-	(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	(48)	(88,513)	64,441	(1,794)	62,647
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	-	-	1,396	1,396	29	1,425
Other comprehensive 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 options	-	-	-	-	(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	(49)	(87,607)	65,531	(1,753)	63,778

<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 2018</b>	153,652	22	(1,850)	145	(94,220)	57,749
<b>Total comprehensive loss for the period</b>						
Profit for the period	-	-	-	-	436	436
Other comprehensive loss for the period	-	-	(1,543)	-	-	(1,543)
	-	-	(1,543)	-	436	(1,107)
<b>Balance as at 31 March 2018</b>	153,652	22	(3,393)	145	(93,784)	56,642
<b>Total comprehensive loss for the period</b>						
Profit for the period	-	-	-	-	165	165
Other comprehensive loss for the period	-	-	(1,393)	-	-	(1,393)
<b>Total</b>	-	-	(1,393)	-	165	(1,228)
<b>Transactions with owners, recognised directly in equity</b>						
Issue of shares pursuant to rights cum warrants issue	31,166	-	-	-	-	31,166
Expense in relation to issuance of right shares	(319)	-	-	-	-	(319)
Dividends	-	-	-	-	(1,000)	(1,000)
Transfer between reserves upon expiry of share options	-	-	-	(145)	145	-
<b>Total</b>	30,847	-	-	(145)	(855)	29,847
<b>Balance as at 30 June 2018</b>	184,499	22	(4,786)	-	(94,474)	85,261
<b>Total comprehensive income for the period</b>						
Profit for the period	-	-	-	-	206	206
Other comprehensive loss for the period	-	-	(30)	-	-	(30)
<b>Total</b>	-	-	(30)	-	206	176
<b>Transactions with owners, recognised directly in equity</b>						
Issue of shares pursuant to rights cum warrants issue	232	-	-	-	-	232
Expense in relation to issuance of right shares	(9)	-	-	-	-	(9)
<b>Total</b>	223	-	-	-	-	223
<b>Balance as at 30 September 2018</b>	184,722	22	(4,816)	-	(94,268)	85,660
<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 for the period	-	-	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 for the period</b>						
Profit for the period	-	-	-	-	634	634
Other comprehensive loss for the period	-	-	(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

**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**

In 3Q-18, the Company issued an additional 231,520,500 new ordinary shares through conversion of 225,577,500 Tranche 1 Warrants at \$0.001 and 5,943,000 Tranche 2 Warrants at \$0.0011. As a result, the Company's issued and paid-up capital increased to \$184,721,803 divided into 29,337,174,243 shares as at 30 September 2018.

As at 30 September 2017, the Company's issued and paid-up capital was \$153,652,141 divided into 12,528,241,084 shares. There were no movements in the Company's issued share capital for the quarter ended 30 September 2017.

**Warrants**

On 18 June 2018, the Company issued 149,196,713,931 warrants and these warrants were subsequently listed on the SGX-ST on 22 June 2018. Each warrant carries the right to subscribe for one new ordinary shares in the capital of the Company.

The number of shares that may be issued on conversion of the Group's outstanding warrants as at 30-Sep-18 is as follows:

	<b>30-Sep-18</b>
Tranche 1 Warrants, \$0.0010 per Warrant expiring on 17 December 2018	49,506,660,477
Tranche 2 Warrants, \$0.0011 per Warrant expiring on 17 December 2019	49,726,294,977
Tranche 3 Warrants, \$0.0070 per Warrant expiring on 17 June 2021	<u>49,732,237,977</u>
	<u>148,965,193,431</u>

There were 225,577,500 Tranche 1 Warrants and 5,943,000 Tranche 2 Warrants exercised in the quarter ended 30 September 2018.

**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 2018, there were Nil (30 September 2017: 7,300,000) outstanding share options which would entitle the holders to subscribe for a total of Nil (30 September 2017: 7,300,000) ordinary shares. Following the expiry of the share options in May 2018, there will be no valid and exercisable option under the scheme.

### **Share Award Scheme**

On 28 September 2018, the shareholders of the Company approved the share award scheme known as mDR Share Plan 2018. Under the mDR Share Plan 2018, the Company will deliver shares granted under an award by issuing new shares and/or transferring treasury shares free of charge, upon the participant satisfying such conditions as specified by the Committee administering the mDR Share Plan. As at 30 September 2018, no share award had been granted.

- 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-Sep-18</b>	<b>31-Dec-17</b>
Issued and paid up	<u>29,337,174,243</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 2017 except as explained in Note 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**

In December 2017, the Accounting Standards Council (ASC) has issued a new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS (I)), which is to be adopted by Singapore-incorporated companies listed on the Singapore Exchange (SGX), for annual periods beginning on or after 1 January 2018. SFRS (I) is identical to the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The Group has adopted the new financial reporting framework on 1 January 2018. The impact arising from the adoption of SFRS (I) on the Group's financial statements are set out as follow:

#### **Application of SFRS (I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)**

The Group is required to apply retrospectively all SFRS (I) effective at end of the first SFRS (I) reporting period (financial quarter ended 31 March 2018), subject to the mandatory exceptions and optional exemptions under

SFRS (I) 1. The Group has elected the option to reset the foreign currency translation reserve to zero as at date of transition to SFRS (I) on 1 January 2017. As a result, foreign currency translation deficit as at 1 January 2017 of S\$825,000 has been reclassified to accumulated losses.

The line items on the Group's financial statements that have been adjusted from the adoption of SFRS (I) as described above are summarized below:

	<b>As previously reported \$'000</b>	<b>Adjustments \$'000</b>	<b>As restated \$'000</b>
<b>Balance Sheet</b>			
<b>As at 1 January 2017</b>			
<b>Equity</b>			
Foreign currency translation reserve	(825)	825	-
Accumulated losses	(87,933)	(825)	(88,758)
<b>As at 31 December 2017</b>			
<b>Equity</b>			
Foreign currency translation reserve	(738)	825	87
Accumulated losses	(85,465)	(825)	(86,290)

In addition, the Group has adopted the following new SFRS (I), amendments and interpretations of SFRS (I) which took effect from financial period beginning 1 January 2018:

- SFRS (I) 15 *Revenue from Contracts with Customers*

Except for SFRS(I) 1 as disclosed above, the adoption of SFRS(I) 15, amendments and interpretations of SFRS(I) 15 did not have any significant impact on the financial statements of the Group.

On 18 June 2018, the Company issued 16,577,412,659 ordinary shares arising from exercise of rights issue in June 2018. Following the issue of right shares, the aggregate number of issued shares increased from 12,528,241,084 shares to 29,105,653,743 shares. As a result, the number of ordinary shares used for the per share calculations has been adjusted for retrospectively as required by SFRS(I) 1-33.

**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>	<b>3Q-18</b>	<b>3Q-17</b>	<b>YTD-18</b>	<b>YTD-17</b>
<i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
		<b>(restated)</b>		<b>(restated)</b>
<b>From continuing and discontinued operations:</b>				
- Basic	0.002	0.011	0.008	0.021
- Fully diluted	0.001	0.011	0.003	0.021
<b>From continuing operations:</b>				
- Basic	0.002	0.011	0.008	0.023
- Fully diluted	0.001	0.011	0.003	0.023

**From discontinued operations:**

- Basic	-	-	-	(0.002)
- Fully diluted	-	-	-	(0.002)

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 21,871,383,655 (3Q-17: 12,528,241,084).

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 29,538,512,593 (3Q-17: 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-18 Cents	31-Dec-17 Cents	30-Sep-18 Cents	31-Dec-17 Cents
Net Asset Value ("NAV") per share	<u>0.32</u>	<u>0.52</u>	<u>0.29</u>	<u>0.46</u>

The NAV per share as at 30 September 2018 is calculated based on 29,337,174,243 (31 December 2017: 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-18 revenue increased by 2% from \$66.1 million in 3Q-17 to \$67.4 million in 3Q-18. The increase was mainly due to higher sales from all business segments except for the decrease in revenue from DPAS business segment. However, the Group's revenue decreased by 5% year-on-year from \$201.8 million in YTD-17 to \$192.4 million in YTD-18, mainly due to the decrease in sales from all business segments except for positive revenue from investment division. Overall, the Group's gross profit margin remained at 10% quarter-on-quarter and year-on-year.

Revenue from DMS business increased by 2% quarter-on-quarter from \$58.4 million in 3Q-17 to \$59.4 million in 3Q-18 but was decreased by 5% year-on-year from \$176.2 million in YTD-17 to \$167.5 million in YTD-18, mainly due to slow market demand and lower sales volume from its distribution operations. Gross margin for DMS business decreased by 1% from 8% to 7% for both quarter-on-quarter and year-on-year comparisons.

Revenue from AMS business increased by 5% quarter-on-quarter from \$5.9 million in 3Q-17 to \$6.2 million in 3Q-18 but the gross margin decreased by 6% from 30% in 3Q-17 to 24% in 3Q-18, mainly due to change in products

mix. The AMS's YTD revenue, however decreased by 6% from \$20.1 million in YTD-17 to \$19.0 million in YTD-18, due to lower repair volumes and the gross margin decreased by 1% from 26% in YTD-17 to 25% in YTD-18.

Revenue from DPAS business decreased by 27% quarter-on-quarter from \$1.8 million in 3Q-17 to \$1.3 million in 3Q-18 and a 15% decrease year-on-year from \$5.5 million in YTD-17 to \$4.7 million YTD-18. The business was affected by the uncertain economic condition after the general election in Malaysia. Gross margin for DPAS business, however increased by 1% quarter-on-quarter from 27% in 3Q-17 to 28% in 3Q-18 and a 2% increase year-on-year from 29% in YTD-17 to 31% in YTD-18, due to the reduction in production staff cost resulting from the restructuring exercise conducted in the beginning of this year.

In 3Q-18 and YTD-18, revenue from Investment segment derived mainly from dividend income received from investment in marketable securities of \$0.5 million and \$0.9 million respectively.

Other income registered a lower amount by \$1.0 million in 3Q-18, mainly due to the reclassification of interest income from loan to a third party and dividend income from investment in marketable securities from other income to revenue.

Administrative expenses decreased by \$0.2 million from \$4.7 million in 3Q-17 to \$4.5 million in 3Q-18, mainly due to a decrease in staff cost.

The Group's 3Q-18 net profits decreased by \$1.0 million from \$1.4 million in 3Q-17 to \$0.4 million in 3Q-18, mainly due to the decrease in gross profits and interest income.

The Group's YTD-18 net profits decreased by \$0.9 million from \$2.7 million in YTD-17 to \$1.8 million in YTD-18, mainly due to the decrease in gross profit from DMS, AMS and DPAS business segments by \$2.2 million and interest income from loan to a third party by \$0.3 million. The decrease was partially offset by the increase in dividend income received from investment in marketable securities by \$0.6 million and reduction in staff cost by \$0.7 million.

## **Cash Flows**

On a quarter-on-quarter and year-on-year basis, the higher cash position in 2018 was mainly due to net proceeds raised from the Rights cum Warrants issue.

### **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's local operations, AMS and DMS expect to deliver positive results in the year, though operating environment is likely to be challenging from increasing competition in the telecommunication market from the Mobile Virtual Network Operators (MVNOs) and the impending entry of the 4<sup>th</sup> telco.

The cut-back in projects and infrastructure investments in Malaysia by the new government had created multiplier effect on the local markets and signs of economic slow-down has affected the performance of DPAS operations.

The Group has built a steady stream of income from its investment division, through investment income from the invested marketable securities and expects continued contributions from the division barring any major headwinds in economy and equity markets.

The Group remains committed to explore potential investment opportunities and continues to strive for operational efficiencies to strengthen its performance and results.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

None

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

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

None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

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

No dividend has been declared or recommended for the period.

**13. Interested Person Transactions**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
	\$'000	\$'000
Pacific Organisation Pte Ltd - Rental expenses	302	-
<b>Total</b>	302	-

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**

As at 30 September 2018, the proceeds from the Rights cum Warrants Issue have been utilized in accordance with its stated use and the breakdown is as follows:

Net proceeds from the Rights cum Warrants Issue <sup>1</sup>	\$'000 31,398
<b>Less:</b> Investments in quoted securities	 (10,847)
<b>Balance of net proceeds</b>	<hr/> <b>20,551</b> <hr/>

<sup>1</sup>Aggregate proceeds from Rights and conversion of Warrants as at 30 September 2018

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

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

**BY ORDER OF THE BOARD**

**Ong Ghim Choon**  
**Chief Executive Officer**  
**12 November 2018**

**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 2018 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, 12 November 2018