



mDR Limited

First Quarter Financial Statements for the Period Ended 31 March 2019

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

In S\$'000	Notes	1Q-19	1Q-18	Inc/(Dec) %
Continuing operations				
Revenue	1	69,369	64,710	7%
Cost of sales	1	(61,439)	(58,260)	5%
Gross profit	1	7,930	6,450	23%
Other income	2	264	161	64%
Administrative expenses	3	(4,762)	(4,234)	12%
Other operating expenses	4	(1,464)	(1,454)	1%
Finance costs	5	(220)	(83)	165%
Total expenses		(6,446)	(5,771)	12%
Operating profit before share of profit of associate and income tax				
		1,748	840	108%
Share of profit of associate		1	3	-67%
Profit before income tax				
		1,749	843	107%
Income tax expense	6	(181)	(79)	129%
Profit for the period from continuing operations		1,568	764	105%
Discontinued operations				
(Loss) Profit for the period from discontinued operations	7	(2)	20	N.M.
Profit for the period		1,566	784	100%
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net fair value changes in equity securities carried at fair value through other comprehensive income		2,947	(1,543)	N.M.
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising on consolidation		83	121	-31%
Other comprehensive income (loss) for the period, net of tax		3,030	(1,422)	N.M.
Total comprehensive income (loss) for the period		4,596	(638)	N.M.
Profit attributable to:				
Owners of the Company		1,548	756	105%
Non-controlling interests		18	28	-36%
Total comprehensive income		1,566	784	100%
Total comprehensive income (loss) attributable to:				
Owners of the Company		4,577	(665)	N.M.
Non-controlling interests		19	27	-30%
		4,596	(638)	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) and Digital Inkjet Printing for Out-Of-Home Advertising Solutions (DPAS) and Investment.

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

In S\$'000	1Q-19	1Q-18
Revenue		
AMS	5,228	6,386
DMS	61,377	56,382
DPAS	1,552	1,529
Investment	1,212	413
	<u>69,369</u>	<u>64,710</u>
Cost of Goods Sold and Spare Parts		
AMS	(3,840)	(4,774)
DMS	(56,457)	(52,397)
DPAS	(1,142)	(1,089)
Investment	-	-
	<u>(61,439)</u>	<u>(58,260)</u>
Gross Profit		
AMS	1,388	1,612
DMS	4,920	3,985
DPAS	410	440
Investment	1,212	413
	<u>7,930</u>	<u>6,450</u>
GP%		
AMS	27%	25%
DMS	8%	7%
DPAS	26%	29%
Investment	100%	100%
	<u>11%</u>	<u>10%</u>

Note 2 Other income consists of the following:

In S\$'000	1Q-19	1Q-18
Interest income on fixed deposits	17	13
Rental income	155	5
Wage credit	61	113
Others	31	30
	<u>264</u>	<u>161</u>

Higher rental income in 1Q-19 was due to the recovery of rental support from principal, classified as other income in 1Q-19 while the rental support was recorded net of rental expenses in 1Q-18, following the adoption of SFRS (I) 16 Leases on 1 January 2109, as explained in Section 5.

Note 3 Administrative expenses

The administrative expenses comprise mainly staff cost.

In S\$'000	1Q-19	1Q-18
Staff Cost		
AMS	955	1,079
DMS	1,808	1,747
DPAS	172	151
Management and HQ support staff costs (including Directors' fees)	1,066	613
	<u>4,001</u>	<u>3,590</u>

The increase in staff costs for management and HQ support was mainly due to an increase in headcount, annual salary increment, bonus provision and other performance related adjustments.

Note 4 Other operating expenses consist of the following:

In S\$'000	1Q-19	1Q-18
Rental expenses	246	1,123
Depreciation expenses	1,266	199
Plant and equipment written off	1	17
(Gain) Loss on disposal of plant and equipment	(7)	1
(Reversal of) loss allowance for trade receivables	(1)	3
Allowance for inventories	93	155
Foreign currency exchange gain	(134)	(44)
	<u>1,464</u>	<u>1,454</u>

Lower rental expenses in 1Q-19 mainly pertains to the adoption of SFRS (I) 16 which requires lessees to recognise new assets and liabilities under an on-balance sheet accounting model and details are explained in Section 5.

Included in depreciation expenses is the depreciation of right-of-use assets amounting to \$1,024,000 (1Q-18: \$Nil).

Lower allowance for inventories in 1Q-19 was due to a lower stock provision made against its handset inventory.

Note 5 Finance costs consist of the following:

In S\$'000	1Q-19	1Q-18
Interest expense on bank loans	106	66
Interest expense on lease liabilities	114	17
	<u>220</u>	<u>83</u>

Note 6 Income tax expenses

The tax expense provision is calculated for profitable subsidiaries.

Note 7 Income statement for discontinued operations

In S\$'000	1Q-19	1Q-18
Revenue	-	-
Cost of sales	-	-
Gross Profit	<u>-</u>	<u>-</u>
Administrative expenses	-	-
Other operating expenses	(2)	20
(Loss) Profit before income tax	<u>(2)</u>	<u>20</u>
Income tax expense	-	-
(Loss) Profit for the period from discontinued operations	<u>(2)</u>	<u>20</u>
(Loss) Profit attributable to:		
Owners of the Company	-	(2)
Non-controlling interests	(2)	22
	<u>(2)</u>	<u>20</u>

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	
		31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
ASSETS					
Current assets					
Cash and bank balances		17,501	8,447	2,674	1,082
Trade receivables	1	23,943	23,768	1,837	1,522
Other receivables and prepayments	2	10,366	5,621	35,225	28,917
Inventories	3	30,534	29,921	1,409	1,174
Total current assets		82,344	67,757	41,145	32,695
Non-current assets					
Investment in subsidiaries		-	-	20,835	20,835
Investment in an associate		16	14	-	-
Property, plant and equipment	4	18,622	11,097	1,490	885
Goodwill		2,798	2,798	-	-
Investment in equity securities	5	62,624	79,054	62,624	79,054
Investment in debt securities	6	23,603	-	23,603	-
Cash pledged		50	49	-	-
Total non-current assets		107,713	93,012	108,552	100,774
Total assets		190,057	160,769	149,697	133,469
Current liabilities					
Bank loans	7	21,808	14,626	17,655	8,986
Trade payables	8	20,498	10,779	4,514	1,515
Other payables	9	5,545	5,450	1,438	1,372
Lease liabilities	10	4,004	335	621	36
Income tax payable		176	8	-	-
Total current liabilities		52,031	31,198	24,228	11,909
Non-current liabilities					
Lease liabilities	10	4,637	411	201	71
Deferred tax liabilities		365	364	-	-
Total non-current liabilities		5,002	775	201	71
Capital, reserves and non-controlling interests					
Share capital		220,351	220,312	220,351	220,312
Treasury shares		(3)	-	(3)	-
Capital reserve		(325)	(325)	22	22
Investment revaluation reserve		(2,555)	(5,868)	(2,555)	(5,868)
Property revaluation reserve		751	751	-	-
Foreign currency translation reserve		121	39	-	-
Accumulated losses		(83,831)	(84,609)	(92,547)	(92,977)
Equity attributable to owners of the Company		134,509	130,300	125,268	121,489
Non-controlling interests		(1,485)	(1,504)	-	-
Total equity		133,024	128,796	125,268	121,489
Total liabilities and equity		190,057	160,769	149,697	133,469

Notes

1 Trade receivables

The Group's trade receivables turnover as at 31 March 2019 is 31 days (31 December 2018: 31 days).

2 Other receivables and prepayments

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

S\$'000	31-Mar-19	31-Dec-18
Rental deposits	1,168	1,105
Other receivables	7,907	3,509
Prepayments	332	319

Other receivables of \$7.9 million as at 31 March 2019 comprised mainly of \$2.3 million to be received from principals in relation to sell through, advertising and promotion support and \$2.5 million loan to a third party. Other receivables also included advance payment for inventory purchase of \$2.0 million.

3 Inventories

The Group's inventory turnover for the quarter ended 31 March 2019 is 44 days (31 December 2018: 37 days).

The higher inventory turnover days mainly resulted from the higher volume of handsets purchased in March 2019 for an incentive program.

4 Property, plant and equipment

S\$'000	31-Mar-19	31-Dec-18
Property, plant and equipment	11,228	11,097
Right-of-use assets	7,394	-
	<u>18,622</u>	<u>11,097</u>

Property, plant and equipment increased by \$7.5 million mainly due to the recognition of right-of-use assets of \$7.4 million on the adoption of SFRS (I) 16 Leases as disclosed in Section 5, on 1 January 2019.

The right-of-use assets as at 31 March 2019 were mainly related to leases of its office premises, retail outlets and service centres. Accordingly, there was a corresponding increase in lease liabilities of \$7.9 million as at 31 March 2019.

5 Investment in equity securities

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

In 1Q-19, the Group has disposed \$19.7 million of equity securities. As at 31 March 2019, the Group invested in investment securities of companies which are broadly categorised within the following business sectors:

Business Sectors	%
Real estate	41.8%
Infrastructure	34.0%
Sports	12.8%
Leisure and hospitality	6.4%
Transportation	2.5%
Agriculture	1.5%
Commodities	1.0%
TOTAL	100.0%

Below is the key information of the investment securities as at 31 March 2019:

By Market Concentration	%
\$1 billion and above	86.2%
\$500 million to \$1 billion	12.8%
\$200 million to \$500 million	1.0%
\$200 million and below	0.0%
TOTAL	100.0%

By Geographical (based on market value)	%
SGX	96.2%
HKEX	3.8%
TOTAL	100.0%

By Currencies (based on market value)	%
SGD	62.2%
USD	34.0%
HKD	3.8%
TOTAL	100.0%

Weighted portfolio Information (based on simple weighted average calculation)	
Market Capitalisation	\$2.30 billion
Dividend Yield	5.89%
5-year Beta	0.663
P/B	0.65x
EV/EBITDA	27.19x
Debt/EBITDA	14.92x

(Data derived from SGX "Stock Screener" or Yahoo Finance as at 31 March 2019)

6 Investment in debt securities

In 1Q-19, the Group has invested \$23.6 million in debt securities. As at 31 March 2019, the Group invested in bonds and the issuers of the debt securities are of companies broadly categorised within the following business sectors:

Business Sectors	%
Real estate	75.9%
Consumer products	23.1%
Agriculture	1.0%
TOTAL	100.0%

Below is the key information of the bonds as at 31 March 2019:

By Geographical (based on purchase consideration)	%
SGX	60.3%
HKEX	39.7%
TOTAL	100.0%

By Currencies (based on purchase consideration)	%
USD	91.5%
SGD	8.5%
TOTAL	100.0%

By Credit Rating (based on purchase consideration)	%
BBB	11.5%
BB+	28.1%
BB	23.1%
BB-	20.3%
B+	17.0%
TOTAL	100.0%

(Data extracted from S&P Global Ratings)

Weighted portfolio Information (based on simple weighted average calculation)	
Yield to Maturity	5.5%
Duration	1.54 years

7 Bank loans

Bank loans comprised mainly of bank loans of \$4.1 million secured for the financing of property in Malaysia for DPAS operations and term loans of \$17.7 million for the investment in debt securities.

8 Trade payables

The Group's trade payables turnover as at 31 March 2019 is 23 days (31 December 2018: 17 days).

Higher trade payables turnover days mainly pertained to the pending settlement for the purchase of debt securities amounting to \$2.8 million at period end and higher payables for inventories purchased.

9 Other payables

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

S\$'000	31-Mar-19	31-Dec-18
Advertising, promotion and sell through funds from principals	1,173	1,372
Accrued staff costs	1,400	1,390
Other accrued operating expenses	688	874

10 Lease liabilities

The significant increase in lease liabilities in the quarter mainly pertained to the adoption of SFRS (I) 16 Leases as disclosed in Section 5, on 1 January 2019.

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

Amount repayable in one year or less, or on demand

As at 31-Mar-19		As at 31-Dec-18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
22,148	3,664	14,961	-

Amount repayable after one year

As at 31-Mar-19		As at 31-Dec-18	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
437	4,200	411	-

Details of collateral

The secured borrowings comprise mainly of outstanding finance lease of \$0.8 million on certain motor vehicles and machinery, bank loan of \$4.1 million secured against an open legal mortgage over a commercial property in Malaysia and term loan of \$17.7 million secured against the debt 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	1Q-19	1Q-18
Operating activities		
Profit before income tax from continuing business	1,749	843
(Loss) Profit before income tax from discontinued business	(2)	20
	<u>1,747</u>	<u>863</u>
Adjustments for:		
Depreciation expense	1,452	399
Interest expense	220	83
Interest income from fixed deposits	(17)	(13)
Interest income from loan to a third party	(63)	(324)
Interest income from investment in bonds	(34)	-
Dividend income	(1,115)	(89)
(Reversal of) Loss allowance for trade receivables	(1)	3
(Gain) Loss on disposal of plant and equipment	(7)	1
Plant and equipment written off	1	17
Allowance for inventories	93	155
Share of profit of an associate	(1)	(3)
Net foreign exchange (gain) loss	(114)	61
	<u>(114)</u>	<u>61</u>
Operating cash flows before movements in working capital	2,161	1,153
Trade receivables	(174)	1,056
Other receivables and prepayments	(2,164)	17
Inventories	(706)	(5,266)
Trade payables	6,936	6,156
Other payables	90	(414)
	<u>6,143</u>	<u>2,702</u>
Cash generated from operations	6,143	2,702
Interest received	17	13
Income tax expense	(51)	(57)
	<u>(51)</u>	<u>(57)</u>
Net cash from operating activities	<u>6,109</u>	<u>2,658</u>
Investing activities		
Proceeds from disposal of plant and equipment	2	2
Purchase of plant and equipment (Note A)	(295)	(187)
Proceeds from disposal of investment securities	19,377	-
Purchase of debt securities	(20,719)	-
Loan to a third party	(2,500)	-
Interest received from loan to a third party	94	227
Dividend income from investment securities	1,115	89
Repayment of loan from a third party	-	3,600
	<u>-</u>	<u>3,600</u>
Net cash (used in) from investing activities	<u>(2,926)</u>	<u>3,731</u>
Financing activities		
Proceeds from issuance of ordinary shares, net	39	-
Purchase of treasury shares	(3)	-
Interest paid	(210)	(83)
Repayment of lease liabilities	(1,107)	(101)
Proceeds from bank borrowings	19,374	-
Repayment of bank borrowings	(12,211)	(141)
	<u>(12,211)</u>	<u>(141)</u>
Net cash from (used in) financing activities	<u>5,882</u>	<u>(325)</u>
Net increase in cash and cash equivalents	9,065	6,064
Cash and cash equivalents at beginning of period	8,447	11,579
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(11)	-
	<u>(11)</u>	<u>-</u>
Cash and cash equivalents at end of period (Note B)	<u>17,501</u>	<u>17,643</u>

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

In 1Q-19, the Group acquired plant and equipment with an aggregate cost of \$425,000 (1Q-18: \$ 187,000) of which \$130,000 (1Q-18: \$Nil) was acquired under finance lease arrangements.

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

In S\$'000	1Q-19	1Q-18
Cash	17,551	19,084
Less: Cash pledged	<u>(50)</u>	<u>(1,441)</u>
Cash and cash equivalents	<u>17,501</u>	<u>17,643</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>Treasury shares</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>
Balance as at 31 December 2018	220,312	-	(325)	(5,868)	751	-	39	(84,609)	130,300	(1,504)	128,796
Effects of adopting SFRS (I) 16*	-	-	-	-	-	-	-	(404)	(404)	-	(404)
Balance as at 1 January 2019	220,312	-	(325)	(5,868)	751	-	39	(85,013)	129,896	(1,504)	128,392
Total comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	1,548	1,548	18	1,566
Loss on disposal of investment securities transferred between reserves	-	-	-	366	-	-	-	(366)	-	-	-
Other comprehensive income for the period	-	-	-	2,947	-	-	82	-	3,029	1	3,030
Total	-	-	-	3,313	-	-	82	1,182	4,577	19	4,596
Transactions with owners, recognised directly in equity											
Issue of shares pursuant to rights cum warrants issue	39	-	-	-	-	-	-	-	39	-	39
Purchase of treasury shares	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Total	39	(3)	-	-	-	-	-	-	36	-	36
Balance as at 31 March 2019	<u>220,351</u>	<u>(3)</u>	<u>(325)</u>	<u>(2,555)</u>	<u>751</u>	<u>-</u>	<u>121</u>	<u>(83,831)</u>	<u>134,509</u>	<u>(1,485)</u>	<u>133,024</u>
Balance as at 31 December 2017	153,652	-	(859)	(1,850)	751	145	(738)	(85,465)	65,636	(1,518)	64,118
Adoption of the SFRS (I)	-	-	-	-	-	-	825	(825)	-	-	-
Balance as at 1 January 2018	153,652	-	(859)	(1,850)	751	145	87	(86,290)	65,636	(1,518)	64,118
Total comprehensive income (loss) for the period											
Profit for the period	-	-	-	-	-	-	-	756	756	28	784
Other comprehensive (loss) income for the period	-	-	-	(1,543)	-	-	122	-	(1,421)	(1)	(1,422)
Total	-	-	-	(1,543)	-	-	122	756	(665)	27	(638)
Balance as at 31 March 2018	<u>153,652</u>	<u>-</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>

* The Group has adopted SFRS (I) 16 on 1 January 2019 and adjusted the opening retained earnings by the cumulative effect of initially applying the standards. Please refer to Section 5 for further details.

<u>In S\$'000</u> Company	<u>Share capital</u>	<u>Treasury shares</u>	<u>Capital reserve</u>	<u>Investment revaluation reserve</u>	<u>Share options reserve</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance as at 31 December 2018	220,312	-	22	(5,868)	-	(92,977)	121,489
Adoption of the SFRS (I) 16*	-	-	-	-	-	(53)	(53)
Balance as at 1 January 2019	<u>220,312</u>	<u>-</u>	<u>22</u>	<u>(5,868)</u>	<u>-</u>	<u>(93,030)</u>	<u>121,436</u>
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	849	849
Loss on disposal of investment securities	-	-	-	366	-	(366)	-
Other comprehensive income for the period	-	-	-	2,947	-	-	2,947
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,313</u>	<u>-</u>	<u>483</u>	<u>3,796</u>
Transactions with owners, recognised directly in equity							
Issue of shares pursuant to rights cum warrants issue	39	-	-	-	-	-	39
Purchase of treasury shares	-	(3)	-	-	-	-	(3)
Total	<u>39</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36</u>
Balance as at 31 March 2019	<u><u>220,351</u></u>	<u><u>(3)</u></u>	<u><u>22</u></u>	<u><u>(2,555)</u></u>	<u><u>-</u></u>	<u><u>(92,547)</u></u>	<u><u>125,268</u></u>
Balance as at 1 January 2018	153,652	-	22	(1,850)	145	(94,220)	57,749
Total comprehensive income (loss) for the period							
Profit for the period	-	-	-	-	-	436	436
Other comprehensive loss for the period	-	-	-	(1,543)	-	-	(1,543)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,543)</u>	<u>-</u>	<u>436</u>	<u>(1,107)</u>
Balance as at 31 March 2018	<u><u>153,652</u></u>	<u><u>-</u></u>	<u><u>22</u></u>	<u><u>(3,393)</u></u>	<u><u>145</u></u>	<u><u>(93,784)</u></u>	<u><u>56,642</u></u>

* The Company has adopted SFRS (I) 16 on 1 January 2019 and adjusted the opening retained earnings by the cumulative effect of initially applying the standards. Please refer to Section 5 for further details.

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

Share Buy Back

Under the Share Buy Back Mandate (first approved by the Shareholders on 28 September 2018 and last renewed at the Annual General Meeting on 29 April 2019), the Company bought back 2,480,800 ordinary shares during 1Q- 2019. The amount paid, including brokerage fees, totaled \$2,484 and was deducted against shareholders' equity.

Share Capital and Treasury Shares

In 1Q-19, the Company issued an additional 35,643,000 new ordinary shares through conversion of 35,643,000 Tranche 2 warrants at \$0.0011. As a result, the total number of ordinary shares in issue was 64,958,920,197 of which 2,480,800 was held by the Company as treasury shares as at 31 March 2019. The share capital was \$220,350,885. The treasury shares held represents 0.004% of the total number of issued shares (excluding treasury shares).

As at 31 March 2018, the Company's issued and paid-up capital was \$153,652,141 divided into 12,528,241,084 shares.

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 31 March 2019 is as follows:

	31-Mar-19
Tranche 2 warrants, \$0.0011 per warrant expiring on 17 December 2019	49,652,924,677
Tranche 3 warrants, \$0.0070 per warrant expiring on 17 June 2021	<u>49,732,237,977</u>
	<u>99,385,162,654</u>

There were 35,643,000 Tranche 2 warrants exercised in the quarter ended 31 March 2019. Tranche 1 warrants expired on 17 December 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 31 March 2018, there were 7,300,000 outstanding share options which would entitle the holders to subscribe for a total of 7,300,000 ordinary shares. Following the expiry of the outstanding share options in May 2018, there are no valid and exercisable option under the scheme as at 31 March 2019.

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 31 March 2019, 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.

	Number of ordinary shares	
	31-Mar-19	31-Dec-18
Total number of issued shares	64,958,920,197	64,923,277,197
Less: Treasury shares	(2,480,800)	-
Total number of issued shares excluding treasury shares	<u>64,956,439,397</u>	<u>64,923,277,197</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 2018 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

Application of SFRS (I) 16 Leases

SFRS (I) 16, Leases takes effect from financial year beginning on 1 January 2019. This standard requires lessees to adopt a single lease accounting model with most leases recognised in balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments. Recognition exemptions for low value assets and short term leases can be applied. The standard continues to adopt dual accounting lease model for lessor accounting.

The Group and the Company have applied SFRS (I) 16 using modified retrospective approach, with the cumulative effect of initial application amounting to \$404,000 and \$53,000 respectively as an adjustment to the opening retained earnings as at 1 January 2019. The comparative information has not been restated and to be reported under FRS 17.

Subsequent to initial recognition, the Group and the Company depreciate the right-of-use assets over the lease term and recognise interest expenses on the lease liabilities.

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 per ordinary share <i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	1Q-19 cents	1Q-18 cents
From continuing and discontinued operations:		
- Basic	0.002	0.006
- Fully diluted	0.002	0.006
From continuing operations:		
- Basic	0.002	0.006
- Fully diluted	0.002	0.006
From discontinued operations:		
- Basic	N.M.	N.M.
- Fully diluted	N.M.	N.M.

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 64,950,644,309 (1Q-18: 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 72,590,517,721 (1Q-18 : 12,528,241,084).

In 1Q-18, the share options were antidilutive and hence disregarded in the calculation of diluted earnings (losses) per share.

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

	Group		Company	
	31-Mar-19 Cents	31-Dec-18 Cents	31-Mar-19 Cents	31-Dec-18 Cents
Net Asset Value ("NAV") per share	<u>0.21</u>	<u>0.20</u>	<u>0.19</u>	<u>0.19</u>

The NAV per share as at 31 March 2019 is calculated based on 64,956,439,397 (excluding 2,480,800 ordinary shares held as treasury shares) (31 December 2018: 64,923,277,197) ordinary shares.

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

Revenue and Profit after income tax

The Group's revenue increased by 7% from \$64.7 million in 1Q-18 to \$69.4 million in 1Q-19, mainly due to the increase in revenue from DMS business, DPAS business and Investment segment.

Revenue from DMS business increased by 9% quarter-on-quarter from \$56.4 million in 1Q-18 to \$61.4 million in 1Q-19, mainly due to higher sales volume generated from its retail operations. Gross margin for DMS business increased by 1% from 7% to 8% compared to previous corresponding period.

Revenue from DPAS business reported a slight increase by 2% from \$1.5 million in 1Q-18 to \$1.6 million in 1Q-19 but the gross margin decreased by 3% from 29% in 1Q-18 to 26% in 1Q-19, mainly due to more jobs with lower-margin being taken up to gain market share after the General Election took place in Malaysia last year.

Revenue from Investment segment increased by 193% from \$0.4 million in 1Q-18 to \$1.2 million in 1Q-19, mainly from dividend income received from investment in marketable securities of \$1.1 million.

Revenue from AMS business, in contrast decreased by 18% quarter-on-quarter from \$6.4 million in 1Q-18 to \$5.2 million in 1Q-19, due to lower repair volumes. However, gross margin increased by 2% to 27% in 1Q-19, mainly from a change in products mix and higher supports from principals compared to previous period.

Administrative expenses increased by \$0.5 million from \$4.2 million in 1Q-18 to \$4.7 million in 1Q-19, mainly due to an increase in staff cost.

Finance expenses increased by \$0.1 million, mainly due to the recognition of interest expense on lease liabilities.

The Group's net profits increased by \$0.8 million from \$0.8 million in 1Q-18 to \$1.6 million in 1Q-19, mainly due to higher sales and gross margins generated in 1Q-19, but was partially offset by the increase in administrative expenses and finance costs.

Cash Flows

The Group registered cash and cash equivalents of \$17.5 million as at 31 March 2019, representing an inflow of \$9.1 million since 31 December 2018.

Net cash from operating activities of \$6.1 million in 1Q-19 arose mainly from operating cash flows before movements in working capital of \$2.2 million and changes in working capital of \$4.0 million.

Net cash outflow from investing activities of \$2.9 million in 1Q-19 was mainly due to investment in debt securities of \$20.7 million and loan to a third party of \$2.5 million, partially offset by the proceeds received from the disposal of an equity securities and the receipt of dividend income from equity securities of \$19.4 million and \$1.1 million respectively.

Net cash from financing activities of \$5.9 million in 1Q-19 was attributable to the net bank borrowings received of \$7.2 million. This was offset by the repayment of lease liabilities of \$1.1 million.

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 delivered higher revenue and profitability in 1Q-19 as compared with 1Q-18.

DMS retail operations fared better than expected in 1Q-19, which is usually highly dependent on the telco's offerings of products and services. Singapore's 4th operator has commenced its trial mobile services to the public and we anticipate price competition to intensify with aggressive promotions, though we expect the existing operators to cushion any potential impact with their ongoing transformation towards SIM-only plans and various value-add services and offerings.

As planned infrastructure projects are under review and domestic spending remains sluggish in Malaysia, DPAS division will review its pricing strategy to gain more market share and to work on expanding its customer base to provide outsourced printing services for overseas projects.

The Investment division continues to contribute positively to the profitability of the Group with a steady stream of dividend income from the invested marketable securities and has invested in debt securities to balance its portfolio of investments. Barring any major economic headwinds, the division expects to significantly contribute to the performance of the Group.

The Group will continue to seek opportunities, explore potential investment opportunities to strengthen its performance and improve shareholders' returns.

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	101	-

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 31 March 2019, 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 ¹	\$'000 67,027
Less:	
Investments in quoted securities	(45,838)
Repayment of loan to finance the investment in quoted securities	(11,235)
Utilisation towards working capital – purchases of inventories	(9,915)
Balance of net proceeds	39

¹Aggregate proceeds from Rights and conversion of Warrants as at 31 March 2019

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

14 May 2019

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 first quarter 2019 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, 14 May 2019