



mDR Limited

Second Quarter Financial Statements for the Period Ended 30 June 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	2Q-18	2Q-17	Inc/(Dec) %	YTD-18	YTD-17	Inc/(Dec) %
Continuing operations							
Revenue	1	60,303	73,110	-18%	125,013	135,750	-8%
Cost of sales	1	(53,729)	(65,599)	-18%	(111,989)	(121,740)	-8%
Gross profit	1	6,574	7,511	-12%	13,024	14,010	-7%
Other income	2	54	203	-73%	215	366	-41%
Administrative expenses	3	(4,300)	(4,724)	-9%	(8,534)	(9,204)	-7%
Other operating expenses	4	(1,511)	(1,553)	-3%	(2,965)	(3,284)	-10%
Finance costs	5	(95)	(113)	-16%	(178)	(137)	30%
Total expenses		(5,906)	(6,390)	-8%	(11,677)	(12,625)	-8%
Operating profit before share of profit of associate and income tax		722	1,324	-45%	1,562	1,751	-11%
Share of profit of associate		2	2	0%	5	2	N.M.
Profit before income tax		724	1,326	-45%	1,567	1,753	-11%
Income tax expense	6	(106)	(120)	-12%	(185)	(154)	20%
Profit for the period from continuing operations		618	1,206	-49%	1,382	1,599	-14%
Discontinued operations							
(Loss) Profit for the period from discontinued operations	7	(85)	65	N.M.	(65)	(341)	-81%
Profit for the period		533	1,271		1,317	1,258	
Other comprehensive income							
Items that will not be reclassified subsequently to profit or loss							
Net fair value changes in equity securities carried at fair value through other comprehensive income		(1,393)	54	N.M.	(2,936)	54	N.M.
Items that may be reclassified subsequently to profit or loss							
Currency translation differences arising on consolidation		(11)	35	N.M.	110	(5)	N.M.
Other comprehensive (loss) profit for the period, net of tax		(1,404)	89	N.M.	(2,826)	49	N.M.
Total comprehensive (loss) income for the period		(871)	1,360	N.M.	(1,509)	1,307	N.M.
Profit (Loss) attributable to:							
Owners of the Company		576	1,201	-52%	1,332	1,389	-4%
Non-controlling interests		(43)	70	N.M.	(15)	(131)	-89%
Total comprehensive income		533	1,271	-58%	1,317	1,258	5%
Total comprehensive (loss) income attributable to:							
Owners of the Company		(837)	1,280	N.M.	(1,502)	1,395	N.M.
Non-controlling interests		(34)	80	N.M.	(7)	(88)	-92%
		(871)	1,360	N.M.	(1,509)	1,307	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	2Q-18	2Q-17	YTD-18	YTD-17
Revenue				
AMS	6,382	6,247	12,768	14,179
DMS	51,741	64,597	108,123	117,836
DPAS	1,860	2,266	3,389	3,735
Investment	320	-	733	-
	<u>60,303</u>	<u>73,110</u>	<u>125,013</u>	<u>135,750</u>
Cost of goods sold				
AMS	(4,746)	(4,524)	(9,520)	(10,781)
DMS	(47,752)	(59,502)	(100,149)	(108,344)
DPAS	(1,231)	(1,573)	(2,320)	(2,615)
Investment	-	-	-	-
	<u>(53,729)</u>	<u>(65,599)</u>	<u>(111,989)</u>	<u>(121,740)</u>
Gross profit				
AMS	1,636	1,723	3,248	3,398
DMS	3,989	5,095	7,974	9,492
DPAS	629	693	1,069	1,120
Investment	320	-	733	-
	<u>6,574</u>	<u>7,511</u>	<u>13,024</u>	<u>14,010</u>
GP%				
AMS	26%	28%	25%	24%
DMS	8%	8%	7%	8%
DPAS	34%	31%	32%	30%
Investment	100%	N.M.	100%	N.M.
	<u>11%</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	2Q-18	2Q-17	YTD-18	YTD-17
Interest income				
- Fixed deposits	25	38	38	70
- Loan to a third party	-	68	-	68
Dividend income	-	67	-	67
Rental income	5	-	10	-
Wage credit	-	-	113	121
Others	24	30	54	40
	<u>54</u>	<u>203</u>	<u>215</u>	<u>366</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	2Q-18	2Q-17	YTD-18	YTD-17
Staff Cost				
AMS	1,041	1,172	2,120	2,379
DMS	1,748	1,933	3,495	3,767
DPAS	174	209	325	410
Management and HQ support staff costs (including Directors' fees)	640	670	1,253	1,209
	<u>3,603</u>	<u>3,984</u>	<u>7,193</u>	<u>7,765</u>

Note 4 Other operating expenses

Other operating expenses consist of the following:

In S\$'000	2Q-18	2Q-17	YTD-18	YTD-17
Rental expenses	1,070	1,245	2,193	2,495
Depreciation expenses	230	181	429	355
Plant and equipment written off	17	2	34	2
Loss (Gain) on disposal of plant and equipment	4	(22)	5	(47)
Allowance for doubtful trade receivables	9	15	12	14
Bad debts written off - trade	-	2	-	2
Allowance for inventories	89	123	244	245
Foreign exchange loss	92	7	48	218
	<u>1,511</u>	<u>1,553</u>	<u>2,965</u>	<u>3,284</u>

Lower allowance for inventories in 2Q-18 was mainly due to the reversal of stock provision made against its inventory.

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

In S\$'000	2Q-18	2Q-17	YTD-18	YTD-17
Revenue	-	7	-	10,246
Cost of sales	(40)	(10)	(40)	(9,936)
Gross (loss) profit	<u>(40)</u>	<u>(3)</u>	<u>(40)</u>	<u>310</u>
Other operating income	-	9	-	9
Administrative expenses	-	(4)	-	(378)
Other operating expenses	(45)	63	(25)	(282)
(Loss) Profit before income tax	<u>(85)</u>	<u>65</u>	<u>(65)</u>	<u>(341)</u>
Income tax expense	-	-	-	-
(Loss) Profit for the period from discontinued operations	<u><u>(85)</u></u>	<u><u>65</u></u>	<u><u>(65)</u></u>	<u><u>(341)</u></u>
(Loss) Profit attributable to:				
Owners of the Company	(36)	3	(38)	(189)
Non-controlling interests	(49)	62	(27)	(152)
	<u><u>(85)</u></u>	<u><u>65</u></u>	<u><u>(65)</u></u>	<u><u>(341)</u></u>

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

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

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

In S\$'000	Notes	Group			Company	
		30-Jun-18	31-Dec-17 Restated	1-Jan-17 Restated	30-Jun-18	31-Dec-17
ASSETS						
Current assets						
Cash and bank balances		40,925	11,579	30,817	32,808	3,015
Trade receivables	1	20,544	22,230	20,867	2,426	2,450
Other receivables and prepayments	2	5,517	8,362	5,401	16,851	19,052
Inventories	3	24,846	18,925	20,232	1,156	1,535
Total current assets		<u>91,832</u>	<u>61,096</u>	<u>77,317</u>	<u>53,241</u>	<u>26,052</u>
Non-current assets						
Investment in subsidiaries		-	-	-	20,835	20,835
Investment in an associate		29	24	14	-	-
Property, plant and equipment	4	11,642	11,199	4,271	867	497
Goodwill		2,798	2,798	2,798	-	-
Investment securities	5	17,659	13,234	-	17,659	13,234
Cash pledged		1,441	1,440	-	1,400	1,400
Other receivables and prepayments		-	-	839	-	-
Total non-current assets		<u>33,569</u>	<u>28,695</u>	<u>7,922</u>	<u>40,761</u>	<u>35,966</u>
Total assets		<u>125,401</u>	<u>89,791</u>	<u>85,239</u>	<u>94,002</u>	<u>62,018</u>
Current liabilities						
Bank loans	6	10,072	5,485	-	4,751	-
Trade payables	7	15,341	11,868	13,572	1,692	1,968
Other payables	8	6,047	6,704	7,341	2,208	2,159
Current portion of finance leases		384	461	570	25	68
Income tax payable		147	69	7	-	-
Total current liabilities		<u>31,991</u>	<u>24,587</u>	<u>21,490</u>	<u>8,676</u>	<u>4,195</u>
Non-current liabilities						
Finance leases		505	645	991	65	74
Deferred tax liabilities		449	441	118	-	-
Total non-current liabilities		<u>954</u>	<u>1,086</u>	<u>1,109</u>	<u>65</u>	<u>74</u>
Capital, reserves and non-controlling interests						
Share capital		184,499	153,652	153,652	184,499	153,652
Capital reserve		(859)	(859)	(859)	22	22
Investment revaluation reserve		(4,786)	(1,850)	-	(4,786)	(1,850)
Property revaluation reserve		751	751	-	-	-
Share options reserve		-	145	311	-	145
Foreign currency translation reserve		189	87	-	-	-
Accumulated losses		(85,813)	(86,290)	(88,758)	(94,474)	(94,220)
Equity attributable to owners of the Company		<u>93,981</u>	<u>65,636</u>	<u>64,346</u>	<u>85,261</u>	<u>57,749</u>
Non-controlling interests		(1,525)	(1,518)	(1,706)	-	-
Total equity		<u>92,456</u>	<u>64,118</u>	<u>62,640</u>	<u>85,261</u>	<u>57,749</u>
Total liabilities and equity		<u>125,401</u>	<u>89,791</u>	<u>85,239</u>	<u>94,002</u>	<u>62,018</u>

Notes

1 Trade receivables

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

2 Other receivables and prepayments

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

S\$'000	30-Jun-18	31-Dec-17
Rental deposits	1,266	1,362
Other receivables	3,142	5,752
Prepayments	242	425

Other receivables of \$3.1 million as at 30 June 2018 comprised mainly of \$1.2 million to be received from principals in relation to sell through, advertising and promotion support.

Prepayments of \$0.2 million as at 30 June 2018 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 \$0.1 million for DPAS operation.

3 Inventories

The Group's inventory turnover for the quarter ended 30 June 2018 is 35 days (31 December 2017: 27 days).

Group inventories as at 30 June 2018 stood at \$24.8 million (31 December 2017: \$18.9 million) with the increase in inventory holding mainly due to the purchase of handsets towards quarter end.

4 Plant and equipment

Property, plant and equipment as at 30 June 2018 mainly pertain to leasehold land and building of \$7.7 million in Malaysia for DPAS operation.

5 Investment securities

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

6 Bank loans

Bank loans comprised mainly of bank loans of \$5.3 million secured for the financing of new property in Malaysia for DPAS operations and term loans of \$4.8 million for the investment of marketable securities.

7 Trade payables

The Group's trade payables turnover as at 30 June 2018 is 22 days (31 December 2017: 18 days).

8 Other payables

The Group's other payables consist of the following:

S\$'000	30-June-18	31-Dec-17
Advertising, promotion and sell through funds from principals	1,155	1,568
Accrued staff costs	789	1,078
Other accrued operating expenses	674	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-June-18		As at 31-Dec-17	
Secured (\$'000)	Unsecured (\$'000)	Secured (\$'000)	Unsecured (\$'000)
10,456	-	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)
505	-	645	-

Details of collateral

The secured borrowings comprise of outstanding finance lease of \$0.9 million on certain motor vehicles and machinery, bank loan of \$5.3 million secured against fixed deposits and an open legal mortgage over a commercial property in Malaysia and term loan of \$4.8 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	2Q-18	2Q-17	YTD-18	YTD-17
Operating activities				
Profit before income tax from continuing operations	724	1,326	1,567	1,753
(Loss) profit before income tax from discontinued operations	(85)	65	(65)	(341)
	<u>639</u>	<u>1,391</u>	<u>1,502</u>	<u>1,412</u>
Adjustments for:				
Depreciation expenses	435	350	834	733
Interest expenses	95	113	178	137
Interest income from fixed deposits	(25)	(38)	(38)	(70)
Interest income from loan to a third party	5	(68)	(319)	(68)
Dividend income	(325)	(67)	(414)	(67)
(Loss) Gain on disposal of plant and equipment	4	(54)	5	(121)
Plant and equipment written off	17	12	34	68
Provision for shop closure costs	-	7	-	205
Allowance for inventories	89	127	244	229
Allowance for (Reversal of) doubtful trade receivables	9	(44)	12	37
Bad debts written off - trade	-	2	-	2
Share of profit of an associate	(2)	(2)	(5)	(2)
Net foreign exchange loss	(8)	30	53	114
	<u>(8)</u>	<u>30</u>	<u>53</u>	<u>114</u>
Operating cash flows before movements in working capital	933	1,759	2,086	2,609
Trade receivables	618	1,425	1,674	7,420
Other receivables and prepayments	(991)	288	(974)	693
Inventories	(899)	(3,771)	(6,165)	(2,072)
Trade payables	(2,683)	(859)	3,473	(5,064)
Other payables	(240)	2,491	(654)	2,468
	<u>(3,262)</u>	<u>1,333</u>	<u>(560)</u>	<u>6,054</u>
Cash (used in) generated from operations	(3,262)	1,333	(560)	6,054
Income tax (paid) refund	(63)	(16)	(120)	359
Interest received	25	106	38	138
	<u>25</u>	<u>106</u>	<u>38</u>	<u>138</u>
Net cash (used in) generated from operating activities	(3,300)	1,423	(642)	6,551
	<u>(3,300)</u>	<u>1,423</u>	<u>(642)</u>	<u>6,551</u>
Investing activities				
Proceeds from disposal of plant and equipment	(2)	228	-	622
Purchase of plant and equipment	(930)	(649)	(1,117)	(6,424)
Purchase of investment securities	(7,361)	(11,294)	(7,361)	(11,294)
Loan to a third party	-	(5,000)	-	(5,000)
Repayment of loan to a third party	-	-	3,600	-
Interest received from loan to a third party	324	-	551	-
Dividend income from investment securities	325	67	414	67
	<u>324</u>	<u>67</u>	<u>414</u>	<u>67</u>
Net cash used in investing activities	(7,644)	(16,648)	(3,913)	(22,029)
	<u>(7,644)</u>	<u>(16,648)</u>	<u>(3,913)</u>	<u>(22,029)</u>
Financing activities				
Proceeds from issuance of ordinary shares, net	30,847	-	30,847	-
Interest paid	(95)	(113)	(178)	(137)
Repayment of obligations under finance leases	(136)	(142)	(237)	(282)
Cash pledged	-	-	-	(1,400)
Dividends paid to shareholders	(1,000)	(1,300)	(1,000)	(1,300)
Repayment of bank borrowings	(192)	(1,125)	(333)	(1,169)
Proceeds from bank borrowings	4,802	1,800	4,802	7,484
	<u>4,802</u>	<u>1,800</u>	<u>4,802</u>	<u>7,484</u>
Net cash generated from (used in) financing activities	34,226	(880)	33,901	3,196
	<u>34,226</u>	<u>(880)</u>	<u>33,901</u>	<u>3,196</u>
Net increase (decrease) in cash and cash equivalents	23,282	(16,105)	29,346	(12,282)
Cash and cash equivalents at beginning of period	17,643	34,601	11,579	30,778
	<u>17,643</u>	<u>34,601</u>	<u>11,579</u>	<u>30,778</u>
Cash and cash equivalents at end of period (Note A)	40,925	18,496	40,925	18,496
	<u>40,925</u>	<u>18,496</u>	<u>40,925</u>	<u>18,496</u>

Notes

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

In S\$'000	2Q-18	2Q-17
Cash	42,366	19,935
Less: Cash pledged	<u>(1,441)</u>	<u>(1,439)</u>
Cash and cash equivalents	<u>40,925</u>	<u>18,496</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>
Group										
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	<u>153,652</u>	<u>(859)</u>	<u>(1,850)</u>	<u>751</u>	<u>145</u>	<u>87</u>	<u>(86,290)</u>	<u>65,636</u>	<u>(1,518)</u>	<u>64,118</u>
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	<u>-</u>	<u>-</u>	<u>(1,543)</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>756</u>	<u>(665)</u>	<u>27</u>	<u>(638)</u>
Balance as at 31 March 2018	<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>
Total comprehensive income for the period										
Profit (loss) for the period	-	-	-	-	-	-	576	576	(43)	533
Other comprehensive (loss) income for the period	-	-	(1,393)	-	-	(20)	-	(1,413)	9	(1,404)
Total	<u>-</u>	<u>-</u>	<u>(1,393)</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>576</u>	<u>(837)</u>	<u>(34)</u>	<u>(871)</u>
Transactions with owners, recognised directly in equity										
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	-	-	-
Total	<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>
Balance as at 30 June 2018	<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>

<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>
Balance as at 31 December 2016	153,652	(859)	-	-	311	(825)	(87,933)	64,346	(1,706)	62,640
Adoption of the SFRS (I)	-	-	-	-	-	825	(825)	-	-	-
Balance as at 1 January 2017	153,652	(859)	-	-	311	-	(88,758)	64,346	(1,706)	62,640
Total comprehensive income (loss) for the period										
Profit (Loss) for the period	-	-	-	-	-	-	188	188	(201)	(13)
Other comprehensive (loss) income for the period	-	-	-	-	-	(73)	-	(73)	33	(40)
Total	-	-	-	-	-	(73)	188	115	(168)	(53)
Transactions with owners, recognised directly in equity										
Transfer between reserves upon expiry of share options	-	-	-	-	(21)	-	21	-	-	-
Total	-	-	-	-	(21)	-	21	-	-	-
Balance as at 31 March 2017	153,652	(859)	-	-	290	(73)	(88,549)	64,461	(1,874)	62,587
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	1,201	1,201	70	1,271
Other comprehensive income for the period	-	-	54	-	-	25	-	79	10	89
Total	-	-	54	-	-	25	1,201	1,280	80	1,360
Transactions with owners, recognised directly in equity										
Dividends	-	-	-	-	-	-	(1,300)	(1,300)	-	(1,300)
Transfer between reserves upon expiry of share options	-	-	-	-	(135)	-	135	-	-	-
Total	-	-	-	-	(135)	-	(1,165)	(1,300)	-	(1,300)
Balance as at 30 June 2017	153,652	(859)	54	-	155	(48)	(88,513)	64,441	(1,794)	62,647

<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>
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)
	-	-	(1,543)	-	436	(1,107)
Balance as at 31 March 2018	153,652	22	(3,393)	145	(93,784)	56,642
Total comprehensive income (loss) for the period						
Profit for the period	-	-	-	-	165	165
Other comprehensive loss for the period	-	-	(1,393)	-	-	(1,393)
Total	-	-	(1,393)	-	165	(1,228)
Transactions with owners, recognised directly in equity						
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	-
Total	30,847	-	-	(145)	(855)	29,847
Balance as at 30 June 2018	184,499	22	(4,786)	-	(94,474)	85,261
Balance as at 1 January 2017	153,652	22	-	311	(94,872)	59,113
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(485)	(485)
Transactions with owners, recognised directly in equity						
Transfer between reserves upon expiry of share options	-	-	-	(21)	21	-
Total	-	-	-	(21)	21	-
Balance as at 31 March 2017	153,652	22	-	290	(95,336)	58,628
Total comprehensive income for the period						
Profit for the period	-	-	-	-	997	997
Other comprehensive income for the period	-	-	54	-	-	54
Total	-	-	54	-	997	1,051
Transactions with owners, recognised directly in equity						
Dividends	-	-	-	-	(1,300)	(1,300)
Transfer between reserves upon expiry of share options	-	-	-	(135)	135	-
Total	-	-	-	(135)	(1,165)	(1,300)
Balance as at 30 June 2017	153,652	22	54	155	(95,504)	58,379

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 2Q-18, the Company issued an additional 16,577,412,659 new ordinary shares at \$0.00188 per share arising from exercise of rights issue in June 2018. As a result, the Company's issued and paid-up capital increased to \$184,498,974 divided into 29,105,653,743 shares as at 30 June 2018.

As at 30 June 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 June 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 is as follows:

	30-June-18
Tranche 1 Warrants, \$0.0010 per Warrant expiring on 17 December 2018	49,732,237,977
Tranche 2 Warrants, \$0.0011 per Warrant expiring on 17 December 2019	49,732,237,977
Tranche 3 Warrants, \$0.0070 per Warrant expiring on 17 June 2021	<u>49,732,237,977</u>
	<u>149,196,713,931</u>

There were no warrants being exercised for the quarter ended 30 June 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 June 2018, there were Nil (30 June 2017: 7,800,000) outstanding share options which would entitle the holders to subscribe for a total of Nil (30 June 2017: 7,800,000) ordinary shares. Following the expiry of the share options in May 2018, there will be no valid and exercisable option under the scheme.

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

	Number of ordinary shares	
	30-June-18	31-Dec-17
Issued and paid up	<u>29,105,653,743</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:

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

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

Earnings (Losses) per ordinary share <i>(based on consolidated net profit (loss) attributable to equity holders of the Company)</i>	2Q-18	2Q-17	YTD-18	YTD-17
	cents	cents	cents	cents
		(restated)		(restated)
From continuing and discontinued operations:				
- Basic	0.003	0.009	0.006	0.011
- Fully diluted	<u>0.003</u>	<u>0.009</u>	<u>0.006</u>	<u>0.011</u>
From continuing operations:				
- Basic	0.003	0.009	0.006	0.012
- Fully diluted	<u>0.003</u>	<u>0.009</u>	<u>0.006</u>	<u>0.012</u>
From discontinued operations:				
- Basic	-	-	-	(0.001)
- Fully diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>(0.001)</u>

Basic earnings per ordinary share is computed based on the weighted average number of shares in issue during the period of 21,793,425,145 (2Q-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 21,793,425,145 (2Q-17: 12,528,241,084).

In 2Q-18 and 2Q-17, the share options were antidilutive and hence disregarded in the calculation of diluted earnings (losses) per share.

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

	Group		Company	
	30-Jun-18 Cents	31-Dec-17 Cents	30-Jun-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 June 2018 is calculated based on 29,105,653,743 (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 2Q-18 revenue decreased by 18% from \$73.1 million in 2Q-17 to \$60.3 million in 2Q-18, with a 8% decrease year-on-year from \$135.8 million to \$125.0 million. The decrease was mainly due to lower sales from all business segments except for the increase in revenue from AMS and investment business segments in 2Q-18. Overall, the Group's gross profit margin increased by 1% from 10% in 2Q-17 to 11% in 2Q-18 but remained at 10% year-on-year.

Revenue from DMS business decreased by 20% quarter-on-quarter from \$64.6 million in 2Q-17 to \$51.7 million in 2Q-18 and a 8% decrease year-on-year from \$117.8 million in YTD-17 to \$108.1 million in YTD-18, mainly due to slow market demand and lower sales volume from its distribution operations. Gross margin for DMS business remained at 8% quarter-on-quarter and decreased by 1% from 8% in YTD-17 to 7% in YTD-18.

Revenue from DPAS business decreased by 18% quarter-on-quarter from \$2.3 million in 2Q-17 to \$1.9 million in 2Q-18 and a 9% decrease year-on-year from \$3.7 million in YTD-17 to \$3.4 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 3% quarter-on-quarter from 31% in 2Q-17 to 34% in 2Q-18 and a 2% increase year-on-year from 30% in YTD-17 to 32% in YTD-18, due to the reduction in production staff cost resulted from the restructuring exercise conducted in the beginning of this year.

Revenue from AMS business remained stable quarter-on-quarter but decreased by 10% year-on-year from \$14.2 million in YTD-17 to \$12.8 million in YTD-18, due to lower repair volumes. Gross margin increased by 1% year-on-year from 24% in YTD-17 to 25% in YTD-18, mainly due to the change in repair mix.

In 2Q-18, revenue from Investment segment derived mainly from dividend income received from investment in marketable securities of \$0.3 million.

Other income registered a lower amount by \$0.1 million in 2Q-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 \$0.4 million from \$4.7 million in 2Q-17 to \$4.3 million in 2Q-18, mainly due to a decrease in staff cost.

The Group's 2Q-18 net profits decreased by \$0.8 million from \$1.3 million in 2Q-17 to \$0.5 million in 2Q-18, mainly due to lower revenue and gross profit. The Group's YTD-18 net profits however remained at \$1.3 million, similar to the corresponding period YTD-17.

Cash Flows

In 2Q-18, the Group has a deficit cash of \$3.3 million from operations, mainly due to higher working capital needs. 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 delivered positive results in the 1st half of the year. DMS performance was however relatively flat due to a sluggish demand in the distribution and retail businesses, which increasingly have become dependent on the launch of newer flagship models of mobile phones from the Principals and their success in terms of sales.

The entry of Mobile Virtual Network Operators (MVNOs) and the expected entry of 4th telco in 2H-2018 may further intensify competition in the market. We believe, the telcos however should be able to cushion the impact of the heightened competition by the ongoing transformation towards digital-centric products, SIM-only plans, handset leasing plans, newer data plans, and value added services. Overall, phones being an essential necessity, the industry will remain relevant, despite the competitive headwinds.

AMS delivered a stable performance in 1H-2018 and we are optimistic of the same for the rest of the financial year.

With policy uncertainty after the recent political transition in Malaysia, private sector activities are showing some signs of a slow-down which may have a bearing on the performance of the DPAS operations.

With the completion of the Rights cum Warrants exercise in June 2018, the Group is actively exploring potential investment opportunities to build new revenue streams and to improve shareholders' returns. The Group has made some investments in marketable securities. Dividend income from marketable securities contributed positively to the Group's income for 1H-2018. While the Group takes a longer term position, marketable securities may be prone to short term volatility because of various economic factors including market movements.

The Group will be seeking shareholders' approval for the First Major Transaction under the Investment Business (as required under the Circular to shareholders' dated 10 April 2018). Such shareholders' approval would allow the Group to make further investments under the Investment Business.

The Group will continue to strive for greater operational efficiencies and disciplined cost management, in order to deliver positive results.

Subject to the full-year results, the Company will endeavour to pay a higher final dividend for the financial year.

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?

Yes

Name of Dividend	First and Interim
Dividend Type	Cash
Dividend per share	\$0.0000399 per share
Dividend Amount	\$0.5 million (approximate)
Tax rate	Tax exempt (One-Tier tax)

(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	201	-
Total	201	-

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

On 18 June 2018, the Company issued 16,577,412,659 new ordinary shares at S\$0.00188 per share pursuant to the Rights cum Warrants Issue and raised net proceeds of approximately S\$30.8 million.

There were no proceeds being utilised for the quarter ended 30 June 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
14 August 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 second 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, 14 August 2018